



Land grabbing for palm oil in Uganda

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Friends of the Earth International

mobilize, resist, transform

The case

Wilmar International, one of the largest oilseeds corporations in the world is developing palm oil plantations in biodiverse islands off the coast of Lake Victoria, Uganda. The project is a partnership of Wilmar with the Government of Uganda, the International Fund for Agricultural Development (IFAD) and Kenyan oilseeds company Bidco. The first phase of the project was completed in 2011, and despite a number of social and environmental problems raised¹, the second phase of the project is currently going ahead. The second phase will expand palm oil plantations onto several more islands. The project is being promoted as a poverty-reducing endeavour, yet it is causing displacement, food insecurity and deforestation.

There are serious questions about the justification for donor funding and private investment in the project. Friends of the Earth International is backing the demands of the affected communities for the return of land improperly taken, guarantees for the protection of community land rights, compensation for crop damage, and long term protection of community forests, water, and other natural resources.

What is the palm oil project in Uganda?

- The Vegetable Oil Development project (VODP) was initiated in 1998 by the Government of Uganda, the World Bank and the International Fund of Agricultural Development (IFAD). The stated goal of the project was to tackle poverty and increase palm oil production for domestic consumption in Uganda. In 2004, the World Bank withdrew from the project on the grounds that it might not comply with the Bank's internal forestry policies.²
- The project in Bugala Island in the Kalangala area is carried out by Oil Palm Uganda Limited (OPUL). OPUL is a subsidiary of Bidco Uganda, which holds 90% of its shares. Bidco Uganda is a joint venture formed between Wilmar International, Josovina Commodities and Bidco Oil Refineries, a Kenya-based company. Wilmar International holds at least 39% of the shares of the joint venture. The project has also received \$12 million in financing from the Government of Uganda and \$20 million from IFAD.³
- The agreement commits to planting 40,000 hectares of palm oil in total. The first phase of the project aimed to plant 10,000 hectares of oil palm in the Kalangala islands, which involved conversion of about one quarter of the land on the main island, Bugala.⁴ So far, only 7,500 hectares has been planted.⁵

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- In 2010/11 an internal evaluation of the first phase recommended continuing the project and the next phase is currently acquiring another 10,000 hectares of land.⁶
- The tripartite agreement binds the Government of Uganda into acquiring land 'free of encumbrances' to the project under a 99 year lease. The parties to the agreement claim the land will come from willing landowners on a willing buyer-willing seller sales basis.⁷ Nonetheless, there has been active involvement by the private sector in the land acquisition process, and the president of Wilmar International visited the islands to "pave the way for rapid land acquisition".⁸
- A study on the gender impacts of the project found that it was difficult for women to benefit from the palm oil plantations. It also found that the project could further marginalise women by removing access to communally owned land, forests and other resources that women most rely on. The study recommended a detailed analysis of the effects of the project on the most vulnerable groups, including women.¹⁵

Questions on the implementation of the project:

What are the impacts of the palmoil project in Uganda?

- Communities living and working on the land acquired for palm oil plantations have been displaced, often with no compensation or alternative livelihood options. Many were promised that through joining the project they would be able to legalise their claim on the land, but this has not happened.⁹
- Although IFAD claims that the project has provided employment, its own analysis shows that 95% of the jobs provided by the plantations go to migrant workers brought in from other parts of Uganda, not to local communities. The migrant workers are paid wages far below the average wage on the island.¹⁰
- A large proportion of the palm oil plantations are in areas previously covered by natural forest. Based on IFAD reports, media outlets and interviews with community members, we estimate that 3,600 hectares of forest have been destroyed to make way for the palm oil plantations. In addition to severe environmental and climate impacts, this deforestation has robbed a large number of islanders who depend on the forest of their food, medicine, and livelihood.¹¹
- Two villages have registered complaints that their main water sources have been rendered unusable by pollution or by the plantation blocking access to them and that this has left the hundreds of people without access to clean water.¹²
- Communities complain of rising food insecurity on the island since large areas that formerly produced food crops for local consumption have been converted to oil palm. The local district council of Kalangala, the main target area for phase one of the project, has complained that the project is contributing to food insecurity.¹³
- The project has also fuelled land speculation, encroachment and community conflicts: wealthy landlords from the mainland have tried to acquire more land on the island without regard for prior land tenure arrangements.¹⁴
- The expansion of the project is going ahead without the required Environmental Impact Assessment (EIA). IFAD and the Government of Uganda claim that they have incorporated the lessons learned from the first phase about effective environmental management and addressing farmers' incentives and constraints. This was to be addressed through a full social and environmental impact assessment which has not materialised.¹⁶
- The initial project design committed to several initiatives for socio-economic improvement in the communities such as building roads, and providing healthcare. Yet many areas still lack roads. The infrastructure is being financed by the Government, yet the benefits from these are being attributed to the project.
- IFAD and the Government of Uganda have repeatedly justified the project on the basis of its stated goal 'to reduce Uganda's heavy reliance on imported vegetable oils, by promoting domestic vegetable oil production'. Yet IFAD admits that the 40,000 hectare target set for the plantation area will produce double the quantity needed for Uganda's domestic consumption. The private sector has also invested heavily in a processing plant, with a capacity far above that required for domestic consumption.¹⁷ Therefore, a significant part of the production will likely be exported, depriving communities of land that they could have used to grow food for local consumption.
- Several national land laws have been violated: i) Section 26 (2) (a) of the Constitution which prevents land from being compulsorily acquired; ii) the Land Acquisition Act which lays out the compensation procedures for land acquired by the government; and iii) the National Environmental Act 1988, which is being violated because the project does not respect a 200 metre buffer zone between the plantation and Lake Victoria.¹⁸

Friends of the Earth demands of Wilmar International, Government of Uganda and IFAD to stop land grabbing in Uganda:

1. The demands of the communities should be addressed immediately:
 - Land taken, or land of equal value should be returned to them.
 - They must be given adequate compensation for crops destroyed
 - There must be resolution of on-going disputes and security of tenure for remaining pieces of land
2. The project should not go ahead without obeying national laws. This includes concluding the Environmental Impact Assessment involving a consultative process with stakeholders
3. Free Prior Informed Consent must be applied for all project areas, and no land should be taken without community consent
4. There should be no conversion of natural forest areas to palm oil plantations and no planting of palm oil in areas that have been deforested in the last 3 years
5. All information about social and environmental impacts of the project should be available for communities

The Government of Uganda should also:

1. Ensure it is respecting the provisions of the Constitution and Uganda Land Act and not allowing compulsory acquisition of land for investments
2. Ensure communities have access to redress and fair judicial procedure
3. Monitor land projects for violations of law, conflicts with communities and human rights violations and take necessary action

Investors financing Wilmar International should:

1. Use their influence on the company to solve the problems in Wilmar operations and pull out of any loans or sell their shares if this is not done
2. Ensure they are not investing in land grabs by applying due diligence prior to land investments
3. Develop and implement policies to ensure that investments in land do not contribute to conflicts with communities, deforestation or violations of the law in host or home countries
4. Factor in the long term, wider impacts of their investments on shareholders and society and move towards more sustainable models of investment
5. Ensure that their investments are in line with established Human Rights and Environmental principles ratified in their home as well as host countries eg. As outlined in the FAO Voluntary Guidelines for the Responsible Governance of Tenure of Land, Fisheries, and Forests

Right: Some of the men and their machines on a newly cleared site of hundreds of acres by the lakeside. This land assumed by locals to be common land and therefore for public use was all of a sudden in the hands of the plantation owner, BIDCO.

Locals were shown a piece of paper and told that BIDCO were now the new owners. Many people were invited to a meeting where they were given between 5'000 and 7'000 shillings (€1.5- €2) and then asked to sign for it. Their signatures have now been used to prove that compensation for the land has been given.

Within three months the forest was destroyed, trees felled and pushed into the ground to rot and provide nutrients for the soils.



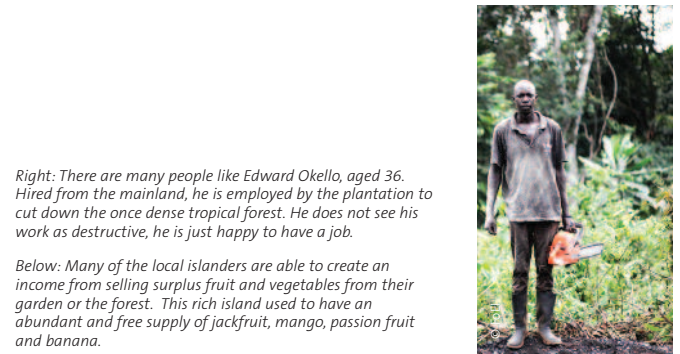
EU Governments should:

1. Scrap EU targets and subsidies for biofuels, which are driving expansion of palm oil plantations overseas.
2. Stop subsidising the production of palm oil in developing countries, especially for biofuel production.
3. Ensure access for communities to legal redress in countries where investment originates.
4. Ensure that in Europe, companies and investors provide information on the social and environmental impacts of their operations and investments, and that communities and NGOs have access to reliable information - by including this information in mandatory Company Reporting requirements.

- 1 Friends of the Earth International (2012), "Land, life and justice: How land grabbing in Uganda is affecting the environment, livelihoods, and food sovereignty of communities," <http://www.foeeurope.org/new-report-uncovers-land-grabs-230412>
- 2 IFAD (2011), "Republic of Uganda Vegetable Oil Development Project Interim Evaluation", http://www.ifad.org/evaluation/public_html/eksyst/doc/prj/region/pf/uganda/vodp.pdf
- 3 Republic of Uganda, Vegetable Oil Development Project 2 (VODP2), Project Design Document, Working Paper 4: Oil Palm Development
- 4 Ibid.
- 5 Email exchange with BIDCO staff, April 2013
- 6 IFAD (2011), Vegetable Oil Development Project Interim Evaluation http://www.ifad.org/evaluation/public_html/eksyst/doc/prj/region/pf/uganda/vodp.pdf
- 7 IFAD letter to Friends of the Earth International, March 2013
- 8 Physical Progress Report for Buvuma District Palm Development Project, 2012
- 9 Friends of the Earth survey of displaced people in Kalangala, 2013
- 10 Republic of Uganda: Vegetable Oil Development Project 2 (VODP2), Project Design Document, Working Paper 4: Oil Palm Development
- 11 Friends of the Earth interviews with communities, primary research, 2013
- 12 Community Letter to District Water Office, Kalangala – Polluted Water source 2012
- 13 Friends of the Earth/Nature Palace Foundation, 2013
- 14 Friends of the Earth/Nature Palace Foundation, 2013
- 15 Piacenza, Claudia (2012), "Negotiating gendered property relations over land: oil palm expansion in Kalangala district, Uganda", University of Wageningen, Netherlands, http://www.academia.edu/2079767/Negotiating_gendered_property_relations_over_land_oil_palm_expansion_in_Kalangala_district_Uganda
- 16 Friends of the Earth/Nature Palace Foundation 2013
- 17 Republic of Uganda: Vegetable Oil Development Project 2 (VODP2), Project Design Document, Working Paper 4: Oil Palm Development
- 18 Constitution of the Republic of Uganda <http://www.ec.or.ug/docs/Constitution.pdf>

Left: Nathaniel Bagira is one of only a few in the small village of Kasenyi who have not lost land. He, however, is worried that once the forestland has been consumed by the plantation, his 3.7 acre plot may be given to the company. Without the plot he has nothing and no way of supporting himself.

Right: Edison Musiimenta, Rosemary Nabukeera and daughter Maureen Nuwagaba have come from the mainland. Around eight years ago Edison came looking for work. He was so impressed with the quality of the soil and crop that he asked someone for a small plot of land to farm on. Edison is now one of the larger charcoal producers selling huge bags of the fuel to a mainland agent. For each sack he says he receives around 10'000 shillings (€3). All this is now at stake due to the development of the plantation



Right: There are many people like Edward Okello, aged 36. Hired from the mainland, he is employed by the plantation to cut down the once dense tropical forest. He does not see his work as destructive, he is just happy to have a job.

Below: Many of the local islanders are able to create an income from selling surplus fruit and vegetables from their garden or the forest. This rich island used to have an abundant and free supply of jackfruit, mango, passion fruit and banana.



This is a joint publication of Friends of the Earth Europe (FoEE) and Friends of the Earth International (FoEI).

Friends of the Earth International is an international federation of 75 grassroots-based environmental organizations with over 2 million members and supporters around the world. We challenge the current model of economic and corporate globalization, and promote solutions that will help to create environmentally sustainable and socially just societies.



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