

## Critical Reflection

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Following the KOFF Roundtable on Natural Resource Conflicts on  
18<sup>th</sup> November 2014

Rubber in a Rice Bowl:  
Dynamics and effects of large-scale land acquisitions  
on local communities in Cambodia

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August 2015

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### Introduction

The phenomenon of large-scale land acquisitions has been discussed in depth at previous KOFF Roundtables on Natural Resource Conflicts. The discussions have shown some of the challenges linked to large scale land acquisitions, the roles of international and national investors and the changing dynamics that tend to change at a fast pace, often having negative impacts on local populations and their capacity to adapt and earn a livelihood.

The roundtable on dynamics and effects of large-scale land acquisitions on local populations in Cambodia offered two different perspectives on the phenomenon of large-scale land acquisitions, often referred to as 'land grabbing'<sup>1</sup>: On the one hand, it provided an in-depth reflection of the phenomenon at a local level through the documentary "Rubber in a Rice Bowl" directed by Christophe Gironde from the Graduate Institute in Geneva. On the other hand, an analysis of some

of the global dimensions of the phenomenon through a study presented by Yvan Maillard-Ardenti from Bread for all on the involvement of Swiss financial institutions in global 'land grabbing'.

Discussions at the roundtable reflected on different approaches and instruments to address large-scale land acquisitions by different actors, be it academic researchers, advocacy organizations or platforms for political dialogue such as KOFF. Two particular and distinct approaches were presented and discussed. First, the opportunities and challenges of conducting qualitative academic research with communities on the ground that resulted in a documentary and aimed at raising awareness and understanding of the dynamics at the local level. Second, a more practice-oriented quantitative desk-study on the involvement of financial institutions in land grabbing, used to sensitize and pressure the international finance sector to introduce stricter guidelines for financing land investments. Despite the different levels, foci and methods of the two approaches, both aimed at providing a foundation for and thus, being an instrument for future advocacy work.

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<sup>1</sup> At the roundtable, the term land grabbing was used by one of the speakers, Yvan Maillard-Ardenti from Bread for all. The organisation defines land grabbing along certain characteristics, outlined in the second part of this Critical Reflection.

One of the previous KOFF Roundtables on Natural Resource Conflicts explored advocacy campaigns as an instrument for addressing large-scale land acquisitions, which has gained considerable attentions in the recent years. The Critical Reflection on this roundtable states that “in spite of small successes, advocacy on land grabbing remains a difficult endeavour.”<sup>2</sup> Participants at the roundtable in November 2014 confirmed this impression and expressed a clear need and desire for more exchange and collaboration among the different actors, in order to jointly analyse the situation and define strategies which will have stronger impact in preventing and addressing the negative impacts of large-scale land acquisitions.

This Critical Reflection provides some insights into the perspectives, analyses and discussions held at the roundtable. The first part outlines the main findings of the research in two local communities in Cambodia carried out by Christophe Gironde from the Graduate Institute, while the second part focuses on the findings of a study on the involvement of Swiss finance institutions by Yvan Maillard-Ardenti from Bread for all. The concluding part offers some reflections on the different roles of different actors as well as an outlook into future KOFF activities regarding the prevention of negative impacts of large-scale land acquisitions on local conflict dynamics and the human rights situation in different contexts.

## Large-scale land acquisitions in Cambodia

The phenomenon of large-scale land acquisitions (LSLA) has expanded in the last ten years in Cambodia, as the government has leased vast areas of land to companies to invest in large-scale agricultural production.

Land leases are on paper intended to boost the exportation of industrial crops, rubber being one of the most important ones.

However, the phenomenon of LSLAs as a whole has existed for much longer than the current boom with land deals having been one of the

facets of neo-patrimonialism and abusive asset and power accumulation by some Cambodian elites.

Field research enables analysis to go beyond figures on thousands of hectares of land being granted on paper; it provides empirical material on how land acquisitions are implemented on the ground and analyses in what ways and to what magnitude they transform local populations' access to and use of livelihoods assets. The below main findings are based on research carried out in two communes of Ratanakiri province between 2010 and 2012.<sup>3</sup>

## Cambodia, a singular case

Cambodia is nowadays a particular case among countries affected by LSLA, also called ‘land grabbing’. First, because of the magnitude of the phenomenon: 25% of the total national territory has been granted as Economic Land Concessions (ELC) to companies<sup>4</sup>.

Second, different from the common North-South picture, whereby industrialized capital-rich countries from the global North acquire land in natural resource-rich countries of the global South, LSLA is predominantly a Cambodian-Cambodian phenomenon, with about half of the ELC total area held by Cambodian companies. Land is held by different actors, sometimes through a complex and unrevealed consortium of financial corporation, industrial companies, government representatives, individual tycoons, etc. This makes it particularly challenging to identify the different owners, leasing companies and users of the land. This differs, for example, from the availability of public information on the involvement of Swiss financial institutions (see second part below).

Third, LSLA must be approached with a regional lens. In this case Cambodia and the Greater Mekong, with powerful neighbours – such as Vietnam, Thailand, China – all in search of natural resources in Cambodia, Laos and Myanmar for their industrialization. Land deals must also be

<sup>2</sup> [http://www.swisspeace.ch/fileadmin/user\\_upload/pdf/KOFF/KOFF\\_FriEnt\\_Land\\_Grabbing\\_in\\_Fragile\\_and\\_Conflict-Affected\\_Contexts.pdf](http://www.swisspeace.ch/fileadmin/user_upload/pdf/KOFF/KOFF_FriEnt_Land_Grabbing_in_Fragile_and_Conflict-Affected_Contexts.pdf)

<sup>3</sup> [http://www.snis.ch/system/files/gironde\\_working\\_paper\\_1sla\\_southeast\\_asia\\_17.08.2014\\_0.pdf](http://www.snis.ch/system/files/gironde_working_paper_1sla_southeast_asia_17.08.2014_0.pdf)

<sup>4</sup> An economic land concession, or ELC, is a long-term lease – up to 99 years – that allows the beneficiary to clear land in order to develop industrial agriculture.

understood as a facet of regional geopolitics, as illustrated by the different involvements of regional neighbours into each other's politics, elections and land processes.

### Land rush in Ratanakiri, North-eastern Cambodia

Ratanakiri province is often depicted as remote and with high levels of poverty in reference to the dominance of swidden farming and cultural attributes of indigenous populations, which are denigrated as 'backward'. The province was historically rich in natural resources, forest areas and fertile soils. Indigenous populations did not experience any limitations in access to land and forests other than the working force needed to clear them. There were relatively food secure, thanks to the diversity of vegetables and fruits cultivated and other dietary supplements that could be obtained from the forest in case of bad rice harvest<sup>5</sup>.

However, the province has been the scene of massive LSLAs involving a broad range of actors: ELC companies in consortium with international financial institutions<sup>6</sup>, high-ranked administration officers and well-connected individuals, low-land Khmer migrants, as well as local elites and ordinary peasant families who sold part of their land as it provided substantial amount of cash.

Land was acquired in several ways: thousands of hectares of one tenant were leased to companies in the case of ELC, hundreds of hectares were purchased by individuals, and dozens of hectares were progressively bought by Khmer in-migrants, 1 or 2 only in the case of the last comers. In addition, much land has been encroached, illegally and forcibly occupied by powerful outsiders that indigenous peoples fear to oppose, as well as by opportunistic local government and village elites. Local government has facilitated LSLAs and in return benefited as they socialized with the new landholders.

Overall, only a few indigenous peoples have received compensation for the land they lost, and

these are not commensurate with the market price of land or the income it can bring.

Land acquisitions in Ratanakiri are almost all dedicated to rubber plantation; with the exceptions of a few cases where new landholders logged the area, which is rich in precious wood, and did not re-plant rubber.

### The consequences on local livelihoods

Changes in livelihoods started before the mid-2000s land rush and rubber boom. Indigenous livelihoods were actually made vulnerable by public policies from the 1990s: some villages were displaced and inhabitants were assigned land areas for which their users' rights were weakened. At the same time, the 'Khmerization' policy brought many newcomers from other provinces who settled in Ratanakiri with more capital (financial and social) than the indigenous populations from whom they bought land. Public policies thus paved the way for LSLA.

For communities who did not know any limitation in access to land and forests other than the working force needed to clear them, and who derived the core of their subsistence from farming, the foremost difference in their livelihood is linked to the a reduction of the access to land for farming, which is roughly half of the natural areas when compared to about 10 years ago.

The reduction of available land has led to an intensification of land use, typically farming the same plot more times and reducing fallow duration, until rice yield significantly declines. Typical 10-15 year fallows no longer exist.

Another major transformation is the increasing share of farmed land dedicated to cassava, as it provides more money than rice, in a context of increasing needs of cash for inputs purchase, consumption and new lifestyle.

Families are increasingly in search for salary jobs, as farming outputs do not meet their needs. Yet, job creation much more benefits migrants than native populations.

<sup>5</sup> See *The Indigenous Highlanders of the Northeast: An Uncertain Future* by Joanna White

<sup>6</sup> See below Yvan Maillard-Ardenti who provides more information on the involvement of international actors, specifically the Swiss finance institutions such as the Cr dit Suisse.

## Uneven consequences, rising inequality

The process and magnitude of dispossession varies significantly among communes, villages, as well as among families. Inequalities have increased, not only between in-migrants and indigenous peoples, but also amongst the latter. Some village elites have managed to engage in rubber due to initial political capital and control over land, and to the relations they developed with new landholders as they facilitated their settlement. In return, landholders have provided them with the inputs (good quality seedlings), the know-how (technical advice for fertilizing) and the skilled work force (hired for the preparation and sowing) needed to develop their rubber plantations. A second well off group includes shop-owners, traders, and service providers (transport, restaurant, reparation, brokerage, etc.). They are mostly outsiders to the places where they have settled their business; some of them have invested in rubber at the time when land was still cheap, and they nowadays hold plantations similar in size to those of the first group.

A third group has kept farming activities as the core with an increasing share of land dedicated to cash crops, cassava mostly, and little rubber (1-2 ha). Planting rubber took time, as these households did not hold the start-up capital and were not acquainted to rubber companies. A fourth group, more than half of the surveyed sample, is increasingly in need of salary labour, as farming output and income do not meet their basic needs anymore. Rubber is out of reach, as they lack land, start-up financial capital and know-how. For this majority, the drama has not come yet but they are increasingly vulnerable to further land loss.

Those who reap the gains of the rubber boom also undermine the majority of indigenous populations who cannot engage into the rubber boom.

## Adapting, coping, but for how long?

Insofar, in the sites studied in Ratanakiri, mostly of indigenous populations, have insofar managed to keep or spare some land. However, this is unlikely to last as large-scale companies increase

their expansion and the flow of outsiders in search for land is continuing.

Furthermore, the intensification of land use, in particular repeated cassava crops, are certainly not sustainable.

The land rush and the rubber boom have created tremendous pressure on land availability and price. Especially indigenous youth are increasingly worried about their possibilities to have access to land in the future.

For the majority of indigenous populations, the future is unlikely to be in family farming. However, indigenous populations do not have the capability to catch much of the new opportunities such as petty trade and services, as Khmer in-migrants have taken control of these businesses.

Turning to off-farm activities – salary labour – is challenging for indigenous populations as plantations prefer to hire Khmer workers who are better skilled and more easily socialize with recruiters and employers.

Thus, the promised job creation from large-scale agriculture and the opportunities of expected rural development have not compensated for the loss of resources indigenous populations have suffered.

Currently, one cannot see any alternative livelihoods for the majority in Ratanakiri; out-migration is not yet an option as indigenous peoples are not connected outside their community. They are then at high risk to be exposed to the worst forms of labour and other forms of exploitation the day they will have no other choice than to migrate.

## Research, results and awareness raising

Doing research on the ground within communities shows that the common picture of foreign investors leasing large areas of land in the Global South is just one component of a broader and deeper process of commercialization of natural resources by a broad range of actors including local government and village elites.

Dispossession cannot be assessed in reference to contracts or other documents from which land transactions are measured. Land and related-assets' loss is often larger, as companies en-

croached land beyond the area they were granted and hamper access to areas and natural resources located beyond their border.

The research goes beyond the assessment of immediate impact: it analyses also how households respond to the new constraints and opportunities, and to what extent they have managed – or have not managed – to adapt their productive activities into sustainable livelihoods over a 5 to 7 years period.

The research also goes beyond the winners-losers picture as it includes the process of differentiation among the various groups of populations.

It shows that the current wave of land acquisitions and their trickling effect – rising price of land, increasing need for cash, in-migration – have undermined local livelihoods: the majority of local populations have witnessed a decline of return from farming. Insofar, contrary to the argument of those who promote large-scale agriculture, the current agrarian transition does not allow for a modernization of family farming; and it does not offer alternative livelihoods to Ratanakiri indigenous populations who do not have the capability to benefit from new opportunities.

The research should help policy-makers to reconsider and update their intervention accordingly to where the process of land grabbing stands. For instance, the common advocacy for better land governance does not correspond to local contexts whereby the land has now 'gone'.

Indigenous populations in Ratanakiri are not experienced with rubber technics and they suffer competition from Khmer in-migrants coming from low-land rubber areas. However, indigenous peoples are in general highly skilled for the use of natural resources and training them for rubber work (planting, tapping) could give them a chance to engage into what has become a must for a living in the area.

In Ratanakiri, there is a growing number of peoples, youth in particular, who are in search for work and who will be left with no other choice than moving out. For those, vocational and awareness training on the risks associated with migration could make a great difference.

## Involvement of Swiss banks in the financing of land grabbing companies

### Methodology

Yvan Maillard-Ardenti presented a study<sup>8</sup> of Bread for all on the involvement of Swiss banks in the financing of land grabbing companies. The study assessed the financial relationships of 17 international companies involved in land grabbing with 17 selected Swiss banks and institutional investors since January 2011. The 17 companies have been selected based on the Land Matrix database and on the farmland grab website where Bread for all was able to find credible information on accusations of land grabbing or illegal logging from NGO sources. For detailed information on the companies and the banks, please refer to the study.

It is to note that not all large scale land acquisitions or leases lead to land grabbing. Bread for all defines land grabbing as an acquisition or a lease of land with the following characteristics:

- No Free Prior Informed Consent (FPIC) or a lack of it;
- No or inadequate compensation for land owners and/or users;
- Increase in food insecurity as a result of loss of land.

If we want to stop (or at least to slow down) the phenomena of land grabbing, Bread for all thinks that it is key to analyse how these land deals are financed. And it is very important to inform and sensitize the financiers in order to pressure them to introduce stricter guidelines for financing land investments.

In 2012, Bread for all released a first study<sup>9</sup> of the public financiers of land grabbing. The study revealed that a number of deals in Africa and

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<sup>7</sup> This term is a conscious choice of the author, relating to the following characteristics defining land grabbing.

<sup>8</sup> Bread for all. „Swiss banks and institutional investors financing land grabbing companies“. November 2014. Available on [www.brotfueralle.ch](http://www.brotfueralle.ch).

<sup>9</sup> Bread for all. When development cooperation becomes land grabbing: the role of Development Finance Institutions. November 2012.



Asia were financed by development banks with public money. For example, the large scale land lease in Sierra Leone of the Geneva-based company, Addax Bioenergy, has been financed by the African Development Bank as well as some European development banks (from Germany, Belgium and the Netherlands).

In 2014, Bread for all decided to analyse the private financial flows from Switzerland to land grabbing companies worldwide. Unfortunately, very few public data are available on these financial flows. This is why Bread for all commissioned the financial research provider, Profundo, based in the Netherlands, to conduct a research in specialized financial databases.

Financial links between the selected banks and the selected companies were researched by using annual reports, stock exchange filings and relevant publications of the companies, archives of trade magazines, local newspapers, financial press as well as specialized financial databases<sup>10</sup>.

Banks can provide financial services to companies in different ways. This is why the financing categories were included in the study: 1) shareholdings, 2) bond holdings, 3) share- and bond issuances and 4) corporate loans.

## Results

The study found out that, out of the 17 banks, 14 institutions have financial relationships with land grabbing companies for a total value of CHF 768 million. The bank with the largest involvement is Bank J. Safra Sarasin with a shareholding of CHF 404 million in IOI Corporation, a Malaysian palm oil company (this corresponds to 4.4% of the share capital of IOI). IOI Corporation has been accused of land grabbing and illegal logging in Indonesia via its strategic partner, Bumitama Agri. Credit Suisse (CHF 270 million) and UBS (CHF 36 million) follow Bank J. Safra Sarasin at some distance.

<sup>10</sup> Such as Thomson ONE Banker and Bloomberg.

## Investments in Cambodia

Two companies (out of the 17) are accused by several NGOs of land grabbing in Cambodia: Hoang Anh Gia Lai (HAGL) from Vietnam and Bolloré from France.

HAGL owns large tracts of land for palm oil plantations in the Ratanakiri Province in the East of Cambodia. According to a report of Global Witness<sup>11</sup>, HAGL has bulldozed local communities' land and cleared large areas of intact forest in Cambodia and Laos to make way for its plantations. Communities and Cambodian NGOs filed a complaint on land grabbing against HAGL with the International Finance Corporation's internal watchdog, the Compliance Advisor Ombudsman (CAO)<sup>12</sup>. The CAO subsequently investigated the case and documented villager claims against HAGL of depleted fish levels in waterways, encroachment and destruction of sacred land, deaths of hundreds of livestock, and sexual abuse by company employees<sup>13</sup>. A mediation process between the communities and HAGL with the support of the CAO is now undergoing.

Credit Suisse is one of the main shareholders of HAGL: Credit Suisse (Hong Kong) holds 10% of HAGL shares with a total value of CHF 68 million. Furthermore, in 2011, HAGL issued bonds and Credit Suisse was the sole book runner, underwriting an estimated amount of CHF 80 million. It appears that this investment is in direct contravention of Credit Suisse's commitments to human rights (as stated in its Human Rights Statement)<sup>14</sup>

<sup>11</sup> <http://www.globalwitness.org/library/credit-suisse-ignored-human-rights-commitments-and-became-major-shareholder-vietnamese>

<sup>12</sup> <http://farmlandgrab.org/post/view/23502#sthash.5GrAaRHE.dpuf>

<sup>13</sup> <http://farmlandgrab.org/post/view/23502#sthash.5GrAaRHE.dpuf>

<sup>14</sup> Credit Suisse has a Human Rights Statement where it states the following: "Credit Suisse is committed to human rights and respects them as a key element of responsible business conduct" [...] „However, we are aware that some of our products and services (e.g., the provision of financing) may lead to adverse human rights impacts." [...] "Credit Suisse therefore examines aspects of client relationships or transactions that are sensitive from a human rights perspective using a clearly defined, comprehensive risk review process." Available here: <https://www.credit-suisse.com/media/cc/docs/responsibility/human-rights-statement-en.pdf>

where Credit Suisse claims it conducts a “comprehensive risk review process”.

Interestingly, not only private money finance HAGL, but also public money: The International Finance Corporation (IFC) invests in HAGL via a Vietnamese intermediary fund called Dragon Capital Group (for a total amount of USD 16 million). The International Finance Corporation is partly financed by Swiss taxpayers’ money via the Swiss State Secretariat on Economic Affairs (SECO) through its Multilateral Cooperation Division.

Bolloré is also active in Cambodia where it operates oil palm plantations through a joint-venture (Socfin-KCD) in the Mondulhiri Province (Eastern part of Cambodia). An assessment of the International Federation for Human Rights (FIDH)<sup>15</sup> found irregularities in the approval process of the concessions of Socfin-KCD. Forced evictions also took place. The report also found a lack of adequate consultation and compensation.

Bolloré is supported by at least two Swiss banks: UBS holds shares of Bolloré for a total value of CHF 8.6 million while CSG holds shares for a value of CHF 3.6 million.

### Way forward

Bread for all published the facts in a report<sup>16</sup> in November 2014, where it called the banks to divest the companies accused of land grabbing and to stop providing financial services to them. This call followed similar calls at international level from other NGOs such as FIDH or Global Witness. The goal is to convince a growing number of banks to refuse providing financial services to land grabbing companies that will have to improve their performance, if they want to keep an unhindered access to capital markets.

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<sup>15</sup> International Federation for Human Rights (FIDH). Cambodia, Land Cleared, Rights Bulldozed. 2011. Available here:

[https://www.fidh.org/IMG/pdf/report\\_cambodia\\_socfin-kcd\\_low\\_def.pdf](https://www.fidh.org/IMG/pdf/report_cambodia_socfin-kcd_low_def.pdf)

<sup>16</sup> Bread for all. „Swiss banks and institutional investors financing land grabbing companies“. November 2014. Available on [www.brotfueralle.ch](http://www.brotfueralle.ch).

Bread for all will conduct further research on the financing of land grabbing and is now in a process of developing future strategies on this topic.

### Roles of different actors in addressing large-scale land acquisitions

The above insights and reflections provide two approaches to researching and addressing large-scale land acquisitions and demonstrate the high complexity of actors and dynamics at all levels. The phenomenon of large-scale land acquisitions cannot be addressed by one single approach at one specific level or by one specific actor. There is a need for linking the different approaches, levels and actors in order to get a comprehensive analysis of the situation and define long-term strategies to prevent and mitigate negative impacts on local communities.

KOFF’s member organizations are very diverse: There are small and big organizations, state and non-state actors, some oriented towards implementation and others towards advocacy and lobbying, active in different fields such as development, peacebuilding and human rights, using different approaches and instruments and connected to different networks, global debates and local partner organizations. As a platform for policy dialogue and joint learning processes, KOFF aims at bringing these different actors together and provide spaces for exchange, joint analysis and learning. It tries to create a stronger link between different levels in order to make local knowledge and practice relevant to policy debates and discourses at an international level and vice versa. The lessons and results from the discussions at the roundtables in Bern should therefore inform and contribute to the concrete work of KOFF’s member organizations in the field on the one hand, and influence policy debates in Switzerland and at an international level on the other hand.

## swisspeace

swisspeace is a practice-oriented peace research institute. It carries out research on violent conflicts and their peaceful transformation. The Foundation aims to build up Swiss and international organizations' civilian peacebuilding capacities by providing trainings, space for networking and exchange of experiences. It also shapes political and academic discourses on peace policy issues at the national and international level through publications, workshops and conferences. swisspeace therefore promotes knowledge transfer between researchers and practitioners. swisspeace was founded in 1988 as the Swiss Peace Foundation in order to promote independent peace research in Switzerland. Today the Foundation employs more than 40 staff members. Its most important donors are the Swiss Federal Department of Foreign Affairs, the Swiss National Science Foundation and the United Nations.

## Centre for Peacebuilding (KOFF)

The Centre of Peacebuilding (KOFF) of the Swiss Peace Foundation swisspeace was founded in 2001 and is funded by the Swiss Federal Department of Foreign Affairs (FDFA) and 45 Swiss non-governmental organizations. The centre's objective is to strengthen Swiss actors' capacities in civilian peacebuilding by providing information, training and consultancy services. KOFF acts as a networking platform fostering policy dialogue and processes of common learning through roundtables and workshops.

## Critical reflections

In its *critical reflection* publications, swisspeace and its guest speakers critically reflect on topics addressed at roundtables. They both make a note of the arguments put forward during the roundtables and carry on the discussion in order to encourage further debates.