

TITLE: Coffee plantation in Paksong district, Champasak

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| Company and its country of origin: Outspan Bolovens Limited (Vietnam), owned by Olam Group (Singapore) | Data gathered/last updated (month/year): June 2012 |
| Type of case (concession, contract farming, resettlement): Concession | Sector/product: Coffee |
| Location (district, province): Paksong district, Champasak province | Village code (to be filled in by LIWG): |
| Size (ha): Total 3000 ha granted in Paksong by central level gov., partially implemented | Name of village(s): The Xekatom estate (Nongmek, Nonghin, Nongtheum, Nongtouang, Latsasin, Xenamnoi) & Yaisalasin, Yaiseno and Houaykong (possibly others) |
| Number of villages: At least 7 negatively affected villages on 3000 ha of land (overall could be more) | Number of households: Estimated 280 HH |
| Duration/started in: 30 or 35 year, depending on the source (can be extended). Project started in 2009. | Resettlement plans: Not clear, under planning |

1. ACTUAL IMPACT OF THE PROJECT (locally): social, economic, environmental. Specify also main impacts on land, food security, employment.

Positive

Potential employment opportunities and infrastructure development.

Negative

Villagers' crops were partly damaged or destroyed during land clearance, including coffee, rice and bamboo, some close to harvest. Plantation area covers land that villagers used for growing various food and cash crops (coffee, cardamom, bamboo, broom grass, banana, bong trees, etc.). Now they do not have enough land for their livelihoods and are facing rice shortages. Food security and food sovereignty of villagers has significantly decreased (company provided them with emergency food aid in April 2012).

During land clearing sacred forest areas were destroyed. Villagers feel severely disrespected and the event seems to have added up to the mental stress already caused by the investment project taking over their lands (villagers say several people were falling sick). Most of the villagers refuse to work for the company. Migrant laborers come from other areas, causing discontent among original community members. Biodiversity has decreased, risk of soil/water contamination by use of chemicals.

2. FORESEEN FURTHER IMPACT OF THE PROJECT

Positive

A lot will depend on the conflict resolution process that is currently ongoing. The relation between the company and communities is extremely bad due to the way the concession has been implemented. Company is open to offer employment and contract farming opportunities but villagers do not trust the company and currently don't want to interact with it.

Negative

If no sustainable solution is reached for the conflict, and particularly for the villagers' lack of agricultural land (combined with no stable and satisfactory employment opportunities) communities' food security will only further decrease. The desperation and frustration of the affected people may lead to social unrest.

3. DECISION-MAKING PROCESS: interaction with communities, prior access to project information, prior consultation with and approval by communities, written agreements, etc.

No appropriate social or environmental impact assessments were done, nor was there census undertaken to identify affected people. Before land clearing there was no proper land survey and villagers were not properly consulted. Part of the land clearing took place nighttime. Villagers from the Xekatom estate (6 villages) understand that agreement signed by provincial governor with Outspan was for 150 ha land concession, and this is the area they agreed to in 2010, but not more. Area of land cleared is much more (831 ha in Xekatom). All land clearing was done during 2010, whereas the Concession Agreement was not signed before Dec 2011. Everything was agreed between the company and the government with no meaningful community engagement.

In the conflict resolution process which is currently ongoing, villagers have been appointed to take part in the team formed by the Govt. in re-measuring the land in conflict areas in May 2012 - but meaningful participation was limited.

4. COMPENSATION: How was the negotiation process and evaluation of assets? Is there a compensation scheme and/or a written agreement? Implementation of the agreement? Etc.

Land claims by affected people were raised since February 2010 and the compensation issue has been pending since the start of the project. Villagers say that they have paid taxes every year on the land that was taken from them. Provincial and district authorities have organized three dialogues about compensation, and a 22-member committee consisting solely of governmental officials was formed in 2010 - without reaching a solution to the problems. The villagers have approached the local National Assembly Constituency, and sought redress at local govt. levels before contacting central level government in 2012 (NA Petition Unit, PMO, LFNC). Villagers are demanding compensation for damages caused by the clearance and demand back the land that has been cleared in excess of the 150 ha. Villagers claim their losses based on the value of the crop destroyed.

So far, the company have distributed 15 tones of rice to compensate villagers in four villages - Nongmek, Nonghin, Nongtheum, Nongtouang for losing their lands and crops. Three villages of Yaisalasin, Yaisenoi and Houaykong have not received compensation.

5. VOICES OF THE PEOPLE: How does the affected community perceive the project/investment?

A villager from Nongtheum lost his 1.5 ha of land, and stated that 35kg rice/HH for compensation is ridiculous, not enough for his family consumption. He is reluctant to work with the company, because salary paid is too low. All what he wants is simply to get his land back

Villagers are running out of patience. During two weeks, villagers seized company's trucks that sprayed chemicals on coffee plantations, because they were worried about contamination risk in the river. In March 2012 some people threatened to cut down the coffee trees and grow their own crops instead. They're disappointed because despite having paid the land taxes every year, their land was seized. The company and authorities have offered some alternatives: resettlement, possibility to work in the concession, or contract farming. Villagers primary claim is to get their lands back, and a fair compensation for earlier damages. Any contract farming or other solutions may be considered afterwards. The main representative of Nongmek, Nonghin, Nongtheum and Nongtouang villages is very outspoken and has stated that: "This is our dignity and our lives, we are not afraid to die."

6. OTHER REMARKS

Olam Group recognised that several errors have been made in the investment project, and has committed itself to a transparent conflict redress process. In April 2012 the plan was to set up a Grievance Redress Committee consisting of the government, company and community representatives. However, the redress process is currently far from efficient and the situation stagnates.

Villagers do not trust the company. Phoun, one of key representatives of villagers, has said: We do not accept any processes of conflict resolution proposed by company, district and province authorities because they have conspiracy to grab our land . What we need now is to get our land back first and then the talks for other issues come after. If the company and authorities do not give us our lands back, the degree of the problems will be doubled.

Two other companies are operating in the same area: DakLak and Champa Lao. This adds to the confusion and complexity of land use/management problems (communities are not always aware of which company is doing what).

LEGAL PROVISIONS

Were affected communities informed or aware of the below legal provisions? Are legal provisions enforced?

| 1. Prior to project implementation | | | | | | |
|---|--|----------|----|----------|----|---------------------|
| Provision | Content | Provided | | Enforced | | Remarks |
| | | Yes | No | Yes | No | |
| Decree 112/PM (2010): Environmental Impact Assessment Article 7: Rights and duties of project affected people | 1. Right to receive information on the investment project, the benefits and environmental/social impacts during village meetings organized by the local administration and the project developer. | | X | | X | |
| | 2. Right to provide information/data on local environment and society for environment/social assessment and mitigation measures. | | X | | X | |
| | 3. Rights to receive the report information on impact and prevention / mitigation measures. | | X | | X | |
| Decree 112 Article 8: Participation Process | 4. Right to participate in consultation meetings organized by the authorities and the project developer at village, district, and province level, to share their opinions and give comments on the report and plans, from the first drafts until the final drafts. | | X | X | | Unclear plans |
| | 5. Right to participate in discussions on compensation, resettlement and restoration of the living conditions for affected communities; | X | | X | | Limited |
| | 6. Right to make a written proposal to solve the environmental and social problems caused by the investment project (to local and central authorities) | | X | | X | |
| 2. During project implementation | | | | | | |
| Provision | Content | Provided | | Enforced | | Remarks |
| | | Yes | No | Yes | No | |
| Decree 192/PM (2005): Compensation & Resettlement of People Affected by Development Projects | Right to get assistance in surveying assets/property and cost estimation of damages. | | X | | X | |
| | Right to receive fair and adequate compensation for land, crops, trees, property, housing, business, communal facilities, fishing, forest losses + for villagers receiving resettled people. | | X | | X | |
| Decree 112 Article 8: Participation Process | Right to receive support during transition period (in kind/cash) for transport to resettlement site, food allowance, suitable development assistance (until restored livelihood and incomes) | | X | X | | Limited |
| Decree 112 Article 28: Restoration of Living Conditions | Right to collaborate with project developers to solve the grievances submitted by resettled people. | | X | X | | |
| | Right to lodge petitions to be considered by Provincial or Capital Resettlement and Restoration of Living Condition Committee. | | X | | X | |
| Decree 112 Article 8: Participation Process | During survey-exploration, construction and operation of the project, the project developer must inform affected people of project activities which are likely to create environmental and social impact (clearing land, destroying rocks, using of dangerous chemicals, discharging water from the reservoir...) | | X | | X | Seriously neglected |
| Decree 112 Article 33 & 35 : Types of Dispute and Settlement | Environmental and social disputes can occur on: use of natural resources (water, land, mines, forests, wild plants); pollution, environment degradation; allocation of compensation for the loss/damages (land, house, ..). The project developer must listen to complain/petition and solve disputes following the Decree 192. | | X | X | | Redress ongoing |



Clearing land



Disputed area



Field newly planted by the company