

Bread for all responds to Addax Bioenergy

August 2011

Introduction

On June 15, 2011, the Sierra Leone Network the Right to Food (SiLNoRF) and Bread for all published "[Independent study report of the Addax Bioenergy sugarcane-to-ethanol project in the Makeni region in Sierra Leone](#)", written by Mike Anane and Cosmos Abiwu, June 2011.

On June 17, 2011, Addax Bioenergy published the following response: "[Addax Bioenergy response re report alleging human rights abuses at an Addax Bioenergy project in Sierra Leone](#)".

Bread for all wants to respond to the statement of Addax Bioenergy.

Bread for all response

Addax: *"All project informations and environmental and social impact studies have been disclosed publicly".*

Bread for all: Bread for all commends Addax Bioenergy for publishing the different reports of the ESHIA. This allows civil society organisations to assess what benefits and risks the project will bring.

Addax: *"the strongly biased report"*

Bread for all: The report has been written by two independent senior researchers from Ghana . The report analyses the concerns of the communities as well as the commitment of the company to human rights and corporate social responsibility on 3 pages¹, including the Farmer Development Programme. The Annex of the report also includes the written answers that Addax sent to the researchers.

Addax: *"[The] report which neither reflects the reality on the ground"*

Bread for all: The report is based on numerous tape recorded interviews in 12 affected communities. The communities were given the opportunity to express their concerns openly and without fear of intimidation. The reality on the ground is different than what Addax describes in their documents (see below).

Addax: *[the report does not] "takes any notice of the unprecedented efforts deployed on the ground to engage with local communities [...]."*

Bread for all: The report recognises that "over a period from June 2009 to March 2010, many information and consultation meetings were held between the communities and their lawyers"². But the researchers also came to the conclusion that "many land owners have not set eyes on their legal representatives. During the negotiation process, Addax made juicy but unenforceable promises of the eradication of poverty, provision of development packages such as health facilities, school buildings, community centers, jobs for all the youth, technical-vocational training, building of good roads, etc. All these promises aroused the excitement of farmers and were responsible for their decision to give up their lands. The research shows that communities had limited or no knowledge of the terms of the Land

¹ Anane, M. Abiwu, C. 2011. Independent Study Report of the Addax Bioenergy sugarcane-to-ethanol project in the Makeni region in Sierra Leone. Accra. P. 30-33.

² Anane, M. Abiwu, C. 2011. Independent Study Report of the Addax Bioenergy sugarcane-to-ethanol project in the Makeni region in Sierra Leone. Accra. P. 31.

Lease Agreement (LLA)³. The report concludes that “claims that Addax secured the free prior and informed consent of communities for the takeover of their lands are very doubtful as it was gained through promises to the land owners and users”⁴.

Addax: “*The project already employs more than 700 people*”

Bread for all: This is true. However, among the 700 workers, there are 600 temporary workers⁵ who are laid off after a two or three months⁶. The Independent Study reports that “people hired from the communities work as casual labourers and hardly worked longer than three months, the people are angry and feel betrayed. [...] Usually workers are also laid off when the planting season is over and that means having to wait till the next planting season to continue with life as a farmer. This situation unleashes frustration, poverty and hunger on the unemployed casual workers who have families to feed”⁷. Moreover, among the 100 permanent workers, 50% are expatriates⁸.

Addax: “*According to a report by the BBC, “it is difficult to find anyone, in the villages, opposed to the operations of Addax”*⁹.”

Bread for all: The Independent Study report mentions “fuming community members” that “reveal a simmering conflict over land acquisition, the disruption of traditional sources of income, increasing poverty and failed promises by Addax.”¹⁰ Moreover, the Study reports that “many informants were also quick to add that they cannot continue to bottle up their feelings, the pent up emotions may one day erupt into violent confrontations with Addax.”

Moreover, media reports, including a Swiss Television report in June 2011¹¹ and a Reuters article in November 2010¹², also mentions the promises made by Addax and that anger is growing in the communities.

Two staff of Bread visited the communities at the end of May 2011 and learnt that Addax workers went on strike twice in May 2011. One strike ended into violent confrontations with the police and several Addax workers were jailed during many days without a fair trial¹³. It has to be noted that Addax has a shared responsibility in possible human rights abuses committed by police forces on areas leased by Addax.

³ Anane, M. Abiwu, C. 2011. Independent Study Report of the Addax Bioenergy sugarcane-to-ethanol project in the Makeni region in Sierra Leone. Accra. P. 8.

⁴ Anane, M. Abiwu, C. 2011. Independent Study Report of the Addax Bioenergy sugarcane-to-ethanol project in the Makeni region in Sierra Leone. Accra. P. 8.

⁵ Jörgen Sandstrom, Deputy Project Managing Director, Addax Bioenergy. Direct communication on May 29, 2011.

⁶ Anane, M. Abiwu, C. 2011. Independent Study Report of the Addax Bioenergy sugarcane-to-ethanol project in the Makeni region in Sierra Leone. Accra. P. 41.

⁷ Anane, M. Abiwu, C. 2011. Independent Study Report of the Addax Bioenergy sugarcane-to-ethanol project in the Makeni region in Sierra Leone. Accra. P. 41-2.

⁸ Jörgen Sandstrom, Deputy Project Managing Director, Addax Bioenergy. Direct communication on May 29, 2011.

⁹ <http://www.bbc.co.uk/podcasts/series/twia#playepisode1>

¹⁰ Anane, M. Abiwu, C. 2011. Independent Study Report of the Addax Bioenergy sugarcane-to-ethanol project in the Makeni region in Sierra Leone. Accra. P. 45.

¹¹ Swiss Television, ECO report, June 20, 2011, accessed under:

<http://www.sendungen.sf.tv/eco/Nachrichten/Archiv/2011/06/20/Uebersicht/Schweizer-Rohstoff-Firma-laesst-afrikanische-Bauern-verzweifeln>

¹² Reuters, Africa mulls biofuels as land grab fears grow, November 30, 2010. Accessed under <http://www.reuters.com/article/2010/11/30/us-africa-biofuels-idUSTRE6AT3ZE20101130>

¹³ Interviews with SiLNORF, May 2011.

Addax: *“It is surprising that the report raises concerns over food security but completely omits to mention the fact that Addax has already ploughed and sown for free over 1500 hectares of ricelands for the communities.”*

Bread for all: The report does describe the efforts made by Addax and its commitment to CSR on 3 pages (see p. 30-32 of the report¹⁴). The report describes that “2,000ha [are] developed as part of the project’s Farmer Development Programme (FDP), [...]”

However, the report also notes that: “According to many interviewed informants in the Pilot Phase Area (Lungi Acre, Romaro; Madrisa, Yainkisa, Woreh Yeama), the promised ploughing, harrowing and seeds arrived too late in 2010, planting usually begins in May 2010 but the seeds arrived in July 2010. The promised fertilizer is also yet to arrive. As a consequence, there is less food in the communities as farmers were not able to plant on time. Now the community members stated that they are starting to worry that they will soon not have enough food.”¹⁵

Addax managers recognized that the FDP failed in 2010 in the Pilot Phase Area¹⁶. Addax trains farmers to new agricultural techniques (that need fertilizers) and the first farmers graduated in January 2011. When interviewed by Bread for all in May 2011, farmers trained by Addax mentioned that they cannot apply the new techniques as they have no money to buy fertilizers¹⁷. Moreover, in order to access to subsidised fertilisers from the Government, farmers reported they should create and register a farmer cooperative and open a bank account but they lack the knowledge to do it. The Addax system is not sufficiently adapted to the social context and farmers face the risk to have too low yields for ensuring their food security.

Addax: *“Through voluntary omission, these NGOs stay completely silent on the petition written by the representatives of the local civil society in which they had welcomed the Addax Bioenergy project for bringing on economic development.”¹⁸*

Bread for all: Bread for all does not want to omit any information of interest on this petition that was sent to Bread for all by the „Civil Society Coalition for Peace and Development” (CSOPAD) in March 2011. The petition says that “the communities are well informed about the project and welcome the development”. The petition was signed by about 180 landowners and farmers in the affected villages. During a visit in Sierra Leone in May 2011, Bread for all conducted an investigation on this petition and interviewed many land owners and farmers who had signed.

The interviewed owners and farmers were completely unaware of the content of the paper they signed with their thumb (as the vast majority of farmers cannot read and write). In different villages, they were told by local politicians and/or Addax managers that they should sign a document for the following reasons:

- a) If they do not sign, Addax will not fulfil its promises, or
- b) it will help solve a land dispute with a neighbouring village more quickly, or
- c) farmers had to acknowledge that they have received some money.

Some persons even claimed not to have signed and that their signature (i.e. their thumb) was a fraud.

In conclusion, this so-called “Civil Society Coalition” does not seem to defend the interests of all the farmers but rather the interests of the company and of the local elite which will receive

¹⁴ Anane, M. Abiwu, C. 2011. Independent Study Report of the Addax Bioenergy sugarcane-to-ethanol project in the Makeni region in Sierra Leone. Accra. P. 30-2.

¹⁵ Anane, M. Abiwu, C. 2011. Independent Study Report of the Addax Bioenergy sugarcane-to-ethanol project in the Makeni region in Sierra Leone. Accra. P. 32.

¹⁶ Denham King, Farmer Development Programme Manager, Addax Bioenergy. Direct communication on May 29, 2011.

¹⁷ Villagers in Lungi Acre and Maronko, Direct communication on May 28, 2011 and May 31, 2011.

¹⁸ Coalition of the Civil Society for Peace and Development of the Bombali and Tonkolili districts to the organizers of the Geneva Symposium (undated)

part of the Land Lease Agreement payment from Addax. Indeed, the local elite will greatly benefit from this project: 20% of Land Lease Agreement payment goes to the 3 Chiefdom Administrators (USD 24,540), 20% to the 2 District Councils (USD 25,450) while the Government of Sierra Leone will receive 10% (USD 12'700¹⁹) each year.

Compensations

Addax: *“The report obviously does not even mention the important compensations paid according to World Bank criteria and official rates.”*

Bread for all: The report mentions the lease payment of USD 12 per ha at two places (p. 26 and p. 31)²⁰. The report concludes that this compensation “does not seem to represent “fair and adequate compensation” for the land. Such an amount is not even able to feed one person for one meal in the Regional Capital of the Northern Province of Sierra Leone let alone being compensation for the use of land for a whole year.”²¹

Water issues

Addax: *“Where water sources have been impacted by the plantation, they have been replaced by new deep water wells which ensure potable water quality.”*

Bread for all: The report found that a serious water crisis had hit the Maronko village because two waterways („Kirbent,, and „Domkoni,,)²² were canalised and covered with earth²³ by Addax. Moreover, in Woreh Yeama, Addax plans to “fill a natural water source with debris so the company can use the surrounding land for their monoculture plantations”²⁴. On June 20th, 2011, the Swiss Television reported that women in the village of Romaro need to walk long distances to fetch water²⁵. On June 25, 2011, the Environmental Protection Agency of Sierra Leone made a monitoring visit in two villages as a result of the Independent Report of SiLNoRF among others²⁶. The EPA representative could witness that, in Romaro, there is no clean water to drink except the dilapidated hand pump²⁷. The EPA representative “called the company to provide boreholes in all the villages the company is operating”²⁸.

Addax: *“Access to water is equally preserved as the only source of irrigation is the Rokel river of which only 2% of the annual water flow will be used for the project.”*

Bread for all: It also has to be noted that, during the dry season (January to April), when the water flow of the River Rokel will be the lowest and when water gets a precious resource,

¹⁹ Calculations of Bread for all based on data included in African Development Bank. 2010a. Executive Summary of the Environmental, Social and Health Impact Assessment. Tunis.

²⁰ Anane, M. Abiwu, C. 2011. Independent Study Report of the Addax Bioenergy sugarcane-to-ethanol project in the Makeni region in Sierra Leone. Accra. P. 26 and 31.

²¹ Anane, M. Abiwu, C. 2011. Independent Study Report of the Addax Bioenergy sugarcane-to-ethanol project in the Makeni region in Sierra Leone. Accra. P. 31.

²² Anane, M. Abiwu, C. 2011. Independent Study Report of the Addax Bioenergy sugarcane-to-ethanol project in the Makeni region in Sierra Leone. Accra. P. 39.

²³ Villagers in Maronko, Direct communication on May 31, 2011. Direct observations of Bread for all on May 31, 2011.

²⁴ Anane, M. Abiwu, C. 2011. Independent Study Report of the Addax Bioenergy sugarcane-to-ethanol project in the Makeni region in Sierra Leone. Accra. P. 39.

²⁵ Swiss Television, ECO report, June, 20, 2011, accessed under:

<http://www.sendungen.sf.tv/eco/Nachrichten/Archiv/2011/06/20/Uebersicht/Schweizer-Rohstoff-Firma-laesst-afrikanische-Bauern-verzweifeln>

²⁶ The Standard Times, “Environmental Protection Agency investigates Addax activities in Makeni communities”. June 28th, 2011, Freetown. Accessed under: <http://farmlandgrab.org/post/view/18887>.

²⁷ The Standard Times, “Environmental Protection Agency investigates Addax activities in Makeni communities”. June 28th, 2011, Freetown. Accessed under: <http://farmlandgrab.org/post/view/18887>.

²⁸ The Standard Times, “Environmental Protection Agency investigates Addax activities in Makeni communities”. June 28th, 2011, Freetown. Accessed under: <http://farmlandgrab.org/post/view/18887>.

Addax water consumption will correspond to 25% of the water flow²⁹, with inevitable negative consequences for other users downstream.

Addax: “Certain waterways which the authors found to have been affected by the Addax plantation are actually drying up naturally at the end of each dry period.”

Bread for all: The report does not mention the drying up of water waterways but the destruction of two waterways („Kirbent,, and „Domkoni,,)³⁰ at the Maronko village in the Makari Gbanti Chiefdom. Addax canalised and covered two streams with earth³¹, so that villagers cannot access to this water and fish anymore.

Promises

Addax: “The report mentions many broken promises but fails to account for their sources. This is because Addax has always taken great care not to raise exaggerated expectations and has formalized its support programs.”

Bread for all: The report reveals that all 12 communities interviewed reported almost the same story: “In all the 12 communities visited and interviewed, informants openly declared, there was a common trend observed as mention was made of juicy but unenforceable promises by Addax of the eradication of poverty, provision of development packages such as health facilities, school buildings, community centers, jobs for all the youth, technical-vocational training for both the youth and adults, building of good roads etc. All these aroused their excitement and were responsible for their decision to give up their lands without a second thought.”³² It must be noted that, in a context of high illiteracy rate, oral promises have more value than written contracts.

Another investigation, conducted by Canadian advocacy and research group Oakland Institute, also revealed that “Addax promised, for example, development in the form of schools, health facilities, a community center, and water wells. To date, none of these promises have been fulfilled.”³³

The report of the Swiss Television in June 2011 also reported the promises made by Addax³⁴.

Landowners have given consent to Addax based on verbal promises which have not been realized. So they could not give an informed consent. Bread for all is alarmed by this situation that has a large potential for conflict, in a country recovering from an 11-year civil war, which lasted from 1991 until 2002. Until now, the company does not seem to be aware of this conflict potential.

²⁹ Calculations of Bread for all, based on consumption peak of peak consumption of 7 m³/s during the dry season (source: African Development Bank. 2010a. Executive Summary of the Environmental, Social and Health Impact Assessment. Tunis. P. 1) and Rokel river outflow data (January-April):

Table 5.1 Mean inflow and outflow predicted at the Bumbuna Dam over the period of a year (Bumbuna Hydrological studies update 2006)

| m ³ /s | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-------------------|-----|-----|-----|-----|-----|-----|-----|------|------|-----|-----|-----|
| inflow | 31 | 17 | 7.6 | 5.4 | 24 | 103 | 168 | 266 | 339 | 300 | 135 | 66 |
| outflow | 33 | 27 | 28 | 27 | 39 | 73 | 128 | 255 | 338 | 302 | 138 | 67 |
| % diff | 6 | 55 | 267 | 473 | 57 | -28 | -23 | -4.2 | -0.3 | 0.7 | 2 | 2 |

³⁰ Anane, M. Abiwu, C. 2011. Independent Study Report of the Addax Bioenergy sugarcane-to-ethanol project in the Makeni region in Sierra Leone. Accra. P. 39.

³¹ Villagers in Maronko, Direct communication on May 31, 2011. Direct observations of Bread for all on May 31, 2011.

³² Anane, M. Abiwu, C. 2011. Independent Study Report of the Addax Bioenergy sugarcane-to-ethanol project in the Makeni region in Sierra Leone. Accra. P. 37.

³³ Oakland Institute. 2011. Understanding Land Investment Deals in Africa. Country Report: Sierra Leone. Oakland. P. 29. Accessed under:

http://media.oaklandinstitute.org/sites/oaklandinstitute.org/files/OI_SierraLeone_Land_Investment_report_0.pdf

³⁴ Swiss Television, ECO report, June, 20, 2011, accessed under:

<http://www.sendungen.sf.tv/eco/Nachrichten/Archiv/2011/06/20/Uebersicht/Schweizer-Rohstoff-Firma-laesst-afrikanische-Bauern-verzweifeln>

Other issues

Addax: *“It was as if the [European] NGOs felt embarrassed by the fact that Africans could openly support agricultural investment projects in their own country.”*

Bread for all: Every investment project brings losers and winners. The 50 Sierra-Leonean workers permanently employed by Addax are clearly winners of this project, alongside with the local elite that will receive part of Addax land lease payments.

Addax: *“to develop a sustainable investment model”*

Bread for all: Bread for all has concerns about the adequacy of this “sustainable investment model” to produce biofuels for export in a country which is not food self-sufficient as it has to import 80’000 tonnes of rice in 2010³⁵ and where malnutrition is responsible for one of the world’s highest child and mother mortality³⁶. Unintended but possible effects of investment (but also of development) projects have to be taken into account in order to prevent not desired backlashes or other risks (according to the “do no harm” principle). As 60% of the financing is provided by public development banks³⁷, Bread for all intends to follow up this investment model and its consequences for Sierra Leone.

Addax: *“It is wicked to see some NGOs promote their own agendas on the backs of the African people without offering any credible alternative to help them rise out of poverty.”*

Bread for all: Bread for all has the objective to empower people to build sustainable livelihoods in the South. Furthermore, Bread for all supports strategic capacity building of selected partners in the South, so that they are better able to promote human rights, including the right to food.

Addax: *“real economic development will only materialize with the capacity of the people to look after themselves through their own work”*

Bread for all: This is true. The fact that the project will supply power³⁸ in a country that faces frequent power shortages will have positive consequences on the economic development of the country. However, it is interesting to ask whether the project will bring “real economic development” if we analyse the tax issue: Addax obtained an exemption from corporate tax on income until 2022, import duty exemption for non agricultural inputs during 5 years and an unlimited import duty exemption for agricultural inputs³⁹. In 2023, when Addax will have to pay corporate tax on income of 30%, it will be allowed to make three different deductions in order to reduce its corporate tax obligations⁴⁰.

³⁵ Oakland Institute. 2011. Understanding Land Investment Deals in Africa. Country Report: Sierra Leone. Oakland. P. 10. Accessed under:

http://media.oaklandinstitute.org/sites/oaklandinstitute.org/files/OI_SierraLeone_Land_Investment_report_0.pdf

³⁶ World Food Programme. 2010. WFP in Sierra Leone: Annual report 2009. Freetown.

<http://www.wfp.org/sites/default/files/Sierra%20Leone%20Annual%20Report%202009.pdf>

³⁷ EUR 133 million are provided by development banks out of a total investment of EUR 220 million. Source: Addax Bioenergy Signs Loan Agreement for €258 Million Renewable Energy Project in Sierra Leone, Press release of Addax Bioenergy of June 17th, 2011. Accessed under: www.addax-oryx.com.

³⁸ Addax Bioenergy Signs Loan Agreement for €258 Million Renewable Energy Project in Sierra Leone, Press release of Addax Bioenergy of June 17th, 2011. Accessed under: www.addax-oryx.com.

³⁹ Addax Bioenergy. 2010. Memorandum of Understanding and Agreement between the Government of Sierra Leone, Addax Bioenergy Sierra Leone Limited and Addax & Oryx Holdings BV. Makeni. Accessed under: <http://farmlandgrab.org/uploads/attachment/ADDAX%20MOU0001.pdf>

⁴⁰ Addax Bioenergy. 2010. Memorandum of Understanding and Agreement between the Government of Sierra Leone, Addax Bioenergy Sierra Leone Limited and Addax & Oryx Holdings BV. Makeni. Accessed under: <http://farmlandgrab.org/uploads/attachment/ADDAX%20MOU0001.pdf>