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## **Bad for Business: New Research Shows Deadly, Expensive and Prolonged Land Conflicts Bust Bottom Lines in Forest Nations; 88 Percent of Disputes in Southeast Asia Have Not Been Resolved**

***Released at major land rights event in Stockholm, new research reveals that respecting rights of Indigenous Peoples and local communities—not forcing them off their lands—slashes business risk while safeguarding natural resources***

STOCKHOLM (3 October 2017)—More than half of 288 land-based conflicts since 2001, pitting companies and governments against indigenous and local communities in the developing world, have not been resolved—61 percent in all—according to new research from TMP Systems and the Rights and Resources Initiative. Conflicts in Southeast Asia are the most intractable—only 6 out of 51 have been resolved. Unresolved conflicts are a significant financial and reputational risk for companies: over 65 percent of the conflicts in Southeast Asia delayed operations, and 71 percent resulted in lawsuits.

The most common cause of these often violent and even deadly disputes in Southeast Asia, the focus of the research, is when companies and governments force communities from their customary lands to make way for private investments in land-based sectors like agriculture, mining, forestry and hydroelectric power. These conflicts occur in all types of economic developments—from palm oil plantations in Indonesia, to sugar plantations in Cambodia, to energy projects in Myanmar. In many cases, they play out in remote border zones—average disputes in Southeast Asia were only 33 kilometers from the border—where the rule of law is lax and communities and companies alike must fend for themselves.

“Many investors in land in Southeast Asia have become embroiled in intractable disputes because they did not recognize the legitimacy and importance of customary tenure rights,” said Ben Bowie, a TMP Systems partner who led the research. “Our work demonstrates that local people will hold companies and investors to account in whatever way they can, dealing real damage to finances as well as reputations. It therefore reinforces arguments for better due diligence and local engagement processes that are increasingly hard to ignore.”

The research, consisting of three reports, was released by TMP Systems and the Rights and Resources Initiative (RRI) at a high-profile gathering at the Swedish International Development Cooperation Agency (Sida) in Stockholm on the eve of the Stockholm Conference on community land and resources rights. The event showcased the growing global consensus in government halls, legal chambers and boardrooms that securing the land rights of indigenous and local communities would address the murders and violence against community members, stem the deforestation driving climate change, and resolve lingering land conflicts that stymie economic development. Clarifying land rights is also good for business: according to [previous research](#), conflicts over land can increase operating costs by as much as 29-fold and even result in the abandonment of up-and-running operations.

The reports analyze 51 conflicts that started after 2001 between local communities and companies seeking to develop their lands for agriculture, logging, tourism, energy, dams and other large-scale projects in eight countries—Indonesia, Philippines, Malaysia, Laos, Thailand, Cambodia, Vietnam and Myanmar. They compare the cause, location, duration, level of violence and impact on business operations for the 51 cases against recent conflicts in other parts of Asia, Latin America and Africa. RRI released a companion set of papers on [tenure disputes in Africa](#) earlier in 2017.

Key highlights of the research released today include:

- Only 6 out of the 51 recent cases of land-related conflicts in Southeast Asia have been resolved. Almost three quarters (74 percent) have lasted more than six years, creating spiraling costs and considerable uncertainty.
- In Southeast Asia, 47 percent of cases involved violence, with 18 percent resulting in fatalities. These levels were slightly greater than those found elsewhere around the world, in which 44 percent involved violence and 15 percent resulted in fatalities.
- More than three quarters of these conflicts (76 percent) started before operations began, which typically reveals a lack of initial good-faith negotiations with the affected communities. In comparison, a little more than half of African conflicts (56 percent) started before operations began.
- Displacement of local peoples—forcing entire communities to leave their customary lands—was the primary driver of almost half of these disputes (45 percent). In comparison, displacement was the primary driver in almost two-thirds of African disputes (63 percent).
- On average, the Southeast Asian conflicts examined were just 33 kilometers from a national border, compared with 61 kilometers in Africa. Border regions typically have less oversight from governments and third-party observers, presenting a greater level of investment risk.
- Almost two thirds of the disputes (65 percent) led to significant material impact for project backers, either as a result of direct action or regulatory intervention, compared to 52 percent in the rest of the world. Almost three quarters (71 percent) of the cases involved legal action.

“It’s tragic that we still see governments and private sector partners grabbing land, forcing out the inhabitants and leveling their forests,” said Victoria Tauli-Corpuz, UN Special Rapporteur on the Rights of Indigenous Peoples. “Around the world, Indigenous Peoples are literally dying to

protect their lands. The September [massacre of uncontacted Indigenous Peoples](#) in Vale do Javari, in the far west of Brazil, is yet another unspeakable tragedy. Our right to continue defending the lands that all humanity relies on has to be an essential business practice—it’s key to peace and prosperity for emerging economies.”

The research examines in detail three Indonesian palm oil projects in Sumatra and Kalimantan whose operations generated dispute, environmental damage and violent conflict since the turn of the century. The country’s palm oil developers have become infamous for destroying native, community forests to make way for their operations. [Palm oil development in rural Indonesia](#) is responsible for terrible social and environmental impacts, devastating many livelihoods and driving rapid ecosystem loss. As a result of palm oil plantations and other large-scale developers, Indonesia is second only to Brazil in carbon emissions due to deforestation. Though many companies operating across the archipelago have pledged to end deforestation in their supply chains, in practice, companies continue to struggle with local communities over land.

The report also highlights emerging land rights flashpoints, such as Myanmar, where local communities are battling land grabs by Chinese-owned energy projects, and Cambodia, where three sugar plantation operations connected to an important politician forcibly relocated entire communities. In the Philippines, conflicts have resulted in increased assassinations of land rights and environmental defenders and the country now has more of these assassinations than any other Asian country.

The Stockholm event formally launched a new institution dedicated to solving the root cause of these conflicts. [The International Land and Forest Tenure Facility](#) is the world’s first and only funding institution dedicated solely to supporting Indigenous Peoples’ and local communities’ efforts to secure their land and resources rights. With funding from the Swedish International Development Cooperation Agency (Sida), the Ford Foundation, the Climate and Land Use Alliance (CLUA) and Acacia, and committed finance from the Norwegian International Climate and Forests Initiative (NICFI) administered by the Norwegian Agency for Development Cooperation (Norad), the Tenure Facility’s pilot projects have already slowed deforestation in Indonesia, protected uncontacted indigenous communities in Peru, and resolved land-based conflicts blocking Mali’s civil war recovery.

### **Business case studies show bottom-line benefits to collaboration**

At the Stockholm event, the Interlaken Group—a network of private sector and civil society leaders working to improve operational practices to respect local land rights—released guidance on how private sector entities can handle “legacy land issues,” which arise when companies acquire land where the seller and the local communities are already in conflict.

The Interlaken Group also presented several case studies that show how companies can adjust their operations to negotiate these issues. In one of the case studies, New Forests, an international real asset manager specializing in forestry, land management and conservation projects, invested in 25,000 hectares of established hardwood plantations in Northern Sabah,

Malaysia in 2013. This land was leased by Acacia Forest Initiatives (AFI). Working with respected local and international partners, New Forests and AFI helped map out community territories throughout the concession area and identify important sites for the community. AFI also worked to create economic opportunities for community members and established a grievance mechanism for communities to use when operations encroach on their rights.

In another case study, Illovo Sugar Africa—the largest sugar producer in sub-Saharan Africa—did not carry out due diligence when purchasing land in Malawi for a new plantation in 1997. Had they conducted proper due diligence, they would have learned that the company previously holding the 40,000-hectare area had been in conflict with an affected community since 1983 over the terms of the lease, the community’s usage rights and the details of the compensation, adding a significant degree of risk to the investment.

After a 2012-13 court case upheld Illovo’s right to the land, the company worked to resolve the conflict, collaborating with communities to identify and map out their territories. The conflicts have ebbed as a result and the company’s operations have proceeded without further damage to the local communities.

“Private companies and investors that recognize the risk of insecure land rights and work with Indigenous Peoples and local communities—like Nestle, New Forests and Illovo—are setting examples for other corporations on how to address land rights,” said Andy White, coordinator of RRI. “They are addressing the land issues in their operations and supply chains and strengthening their business positions. If we are to achieve the Sustainable Development Goals and lay the foundation for global peace and prosperity, we will need this transformation to continue and dramatically expand.”

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The Rights and Resources Initiative (RRI) is a global coalition consisting of 15 Partners, 7 Affiliated Networks, 14 International Fellows, and more than 150 collaborating international, regional, and community organizations dedicated to advancing the forestland and resource rights of Indigenous Peoples and local communities. RRI leverages the capacity and expertise of coalition members to promote secure local land and resource rights and catalyze progressive policy and market reforms. For more information, please visit [www.rightsandresources.org](http://www.rightsandresources.org).