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Construction and Contestation of the Palm-oil Hegemony in Honduras:
The land Conflict in the Aguán Region and the Aguán CDM Project

Umut Önder

A thesis submitted to the Department of International Relations of the School of Global Studies for the Degree of Doctor of Philosophy

Brighton, August 2018
I hereby declare that this thesis has not been and will not be submitted in whole or in part to another university for the award of any other degree.

Name: Umut Önder

Signature:............................................................................
Abstract

The Aguán project, registered as a Clean Development Mechanism (CDM) project in 2011, aims to capture and utilize biogas generated at the Exportadora del Atlántico palm oil extraction mill owned by Dinant, one of the largest palm oil extractors in Honduras. It has been one of the most controversial CDM projects registered to date, mainly due to human rights violations that have taken place at and around the project site and the project owner’s alleged involvements in the context of a pre-existing and ongoing land conflict which has claimed over 150 lives in the Aguán region since 2009. Informed by primary and secondary data sources collected during field-research in Honduras, this thesis explores the impacts of the CDM project’s implementation on the region’s ongoing land conflict, by analysing power relations around and through palm oil production in the Aguán Valley and in Honduras prior and during the project’s implementation. In doing so, it draws upon and seeks to contribute to Agrarian Political Economy (APE) and Neo-Gramscian perspectives on social change particularly around the dynamics of dispossession, class formation and agrarian transformation in Honduras. This is done by analysing the emergence and development of the Honduran palm oil industry, as well as the land conflict in the region from a theoretical framework combining an APE approach with a neo-Gramscian perspective. It also provides an empirical grounding for claims that initiatives within global environmental governance are subordinated to the interests of hegemonic social forces. The analysis explores the role that the Aguán CDM project has played in reinforcing the project owner’s power in the Honduran palm oil hegemony within material, institutional/organisational and discursive spheres. Furthermore, this thesis shows how the international civil society campaign against the project’s registration has enabled the Aguán’s (landless) peasant movements to further advance their strategic situation in a war of position.
Acknowledgements

The Earth has turned around the Sun five times since I started my PhD at Sussex. And, if you ask the Earth, it’ll say that it’s not worth mentioning, a microscopic time. And, if you ask me, I will say: it’s five years of my life.

Through adapting these sentences from one of the greatest Communist poets in Turkey, Nazım Hikmet, I mean to express that this PhD has been indeed a long journey.

I would like to begin by thanking my supervisors, Peter Newell and Ben Selwyn, who have both been extraordinarily supportive, patient, understanding, constructive and friendly during this journey.

I could have never made it to this point without the companionship of Virginia Antares Rodriguez Grullon, my love, my partner, my companion, my friend and my wife. I am deeply grateful of everything you have done for me, taught me, and of every way in which you have lead me. Thanks for loving me in all circumstances.

I would also love to express my deepest gratitude to my family for their solidarity, patient and support, Tuğrul, Özge and Gözde. And to my grandparent for being such great examples, Neriman and Mehmet.

My family in Dominican Republic and all of my friends all around the world deserve special thanks for holding my hands and uplifting me during the challenging moments of this journey.

I would like to express my appreciations to all of my interviewees, as well as to all of those who accompanied me, guided me, hosted me and supported me in any ways to make my field-research in Honduras. It was an unforgettable and enriching experience.

Finally, I am obliged to thank Antonio Gramsci for giving me the theoretical and intellectual tools for better understanding the common sense of lived realities and making this thesis possible.
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<tr>
<td>AGDP</td>
<td>Agricultural Gross Domestic Product</td>
</tr>
<tr>
<td>AIPAH</td>
<td>Asociación Industrial de Productores de Aceite de Honduras</td>
</tr>
<tr>
<td>ANACH</td>
<td>Asociacion Nacional de Campesinos Hondureños</td>
</tr>
<tr>
<td>APE</td>
<td>Agrarian Political Economy</td>
</tr>
<tr>
<td>APHIS</td>
<td>Animal and Plant Health Inspection Service</td>
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<tr>
<td>ASAC</td>
<td>Agricultural Sector Adjustment Credit</td>
</tr>
<tr>
<td>BANADESA</td>
<td>Banco Nacional de Desarrollo Agrícola</td>
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<tr>
<td>BANASUPRO</td>
<td>Banco Nacional de Suministros y Productos</td>
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<tr>
<td>BANPROVI</td>
<td>Banco Hondureño para la Producción y la Vivienda</td>
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<tr>
<td>BCIE</td>
<td>Central American Bank for Economic Integration</td>
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<tr>
<td>BI</td>
<td>BioTec International</td>
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<tr>
<td>CCUC</td>
<td>Central Committee of Peasant Unity</td>
</tr>
<tr>
<td>CDM</td>
<td>Clean Development Mechanism</td>
</tr>
<tr>
<td>CDM-EB</td>
<td>CDM Executive Board</td>
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<tr>
<td>CER</td>
<td>Certified Emission Reduction</td>
</tr>
<tr>
<td>CLACDS</td>
<td>Latin American Centre for Competitiveness and Sustainable Development</td>
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<tr>
<td>CMIA</td>
<td>Climate Markets and Investment Association</td>
</tr>
<tr>
<td>CMW</td>
<td>Carbon Market Watch</td>
</tr>
<tr>
<td>CNTC</td>
<td>Central Nacional de Trabajadores del Campo</td>
</tr>
<tr>
<td>COAPALMA</td>
<td>Cooperativa Agroindustrial de la Reforma Agraria de la Palma Africana</td>
</tr>
<tr>
<td>COHEP</td>
<td>Honduran Council of Private Enterprises</td>
</tr>
<tr>
<td>COP</td>
<td>Conference of the Parties</td>
</tr>
<tr>
<td>CREM</td>
<td>Regional Centre for Military Training</td>
</tr>
<tr>
<td>DEG</td>
<td>German Investment Corporation</td>
</tr>
<tr>
<td>DICTA</td>
<td>Directorate of Agricultural Science and Technology</td>
</tr>
<tr>
<td>DNA</td>
<td>Designated National Authority</td>
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<tr>
<td>DoE</td>
<td>Designated operational Entities</td>
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<tr>
<td>ENEE</td>
<td>National Electric Energy Company</td>
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<tr>
<td>EPZs</td>
<td>Export Processing Zones</td>
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<td>European Union</td>
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<td>FAO</td>
<td>Food and Agriculture Organisation</td>
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<td>FECORAH</td>
<td>Federación de Cooperativas y Empresas de la Reforma Agraria</td>
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<tr>
<td>FENAGH</td>
<td>Federación Nacional de Agricultores y Ganaderos de Honduras</td>
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<td>FENAH</td>
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<td>FENAPALMA</td>
<td>National Federation of Palm Producers in Honduras</td>
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<td>FEPROEXAAH</td>
<td>Honduran Federation of Agricultural and Agro-industrial Producers and Exporters</td>
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<tr>
<td>FHIA</td>
<td>Honduras Foundation for Agricultural Research</td>
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<tr>
<td>FNRP</td>
<td>National Front for Popular Resistance</td>
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<td>FPX</td>
<td>Honduran Federation of Agro-exporters</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>Acronym</td>
<td>Description</td>
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<tr>
<td>GHG</td>
<td>Greenhouse Gas</td>
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<tr>
<td>IDB</td>
<td>Inter-American Development Bank</td>
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<tr>
<td>IFC</td>
<td>International Finance Corporation</td>
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<tr>
<td>IHMA</td>
<td>National Agricultural Marketing Board</td>
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<tr>
<td>INA</td>
<td>National Agrarian Institute</td>
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<tr>
<td>LMDSA</td>
<td>Law for the Development and Modernisation of the Agrarian Sector</td>
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<tr>
<td>LoA</td>
<td>Letter of Approval</td>
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<tr>
<td>LSC</td>
<td>Local Stakeholder Consultation</td>
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<tr>
<td>M&amp;P</td>
<td>Modalities and Procedures</td>
</tr>
<tr>
<td>MARCA</td>
<td>Authentic Movement for the Re-vindication of Aguán Peasants</td>
</tr>
<tr>
<td>MCA</td>
<td>Peasant Movement of Aguán</td>
</tr>
<tr>
<td>MUCA</td>
<td>Unified Movement of Aguán Peasants</td>
</tr>
<tr>
<td>OAS</td>
<td>Organisation of the American States</td>
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<tr>
<td>OIRSA</td>
<td>International Regional Organisation for Agricultural Health</td>
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<td>PASH</td>
<td>Sustainable Palm-oil in Honduras</td>
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<td>PCH</td>
<td>Honduran Communist Party</td>
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<tr>
<td>PDD</td>
<td>Project Design Document</td>
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<td>PIN</td>
<td>Project Idea Note</td>
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<tr>
<td>PND</td>
<td>National Development Plan</td>
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<tr>
<td>POME</td>
<td>Palm-Oil Mill Effluent</td>
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<tr>
<td>PRONAGRO</td>
<td>National Agro-food Development Program</td>
</tr>
<tr>
<td>PROPALMA</td>
<td>Program of Agribusiness Development for Small and Medium Producers of African Palm</td>
</tr>
<tr>
<td>SAG</td>
<td>Ministry of Agriculture and Livestock in Honduras</td>
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<tr>
<td>SAP</td>
<td>Structural Adjustment Program</td>
</tr>
<tr>
<td>SD</td>
<td>Sustainable Development</td>
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<tr>
<td>SENASA</td>
<td>National Health Service</td>
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<td>SERNA</td>
<td>Ministry of Energy, Natural Resources, the Environment and Mines</td>
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<tr>
<td>SNV</td>
<td>Netherlands Development Organisation</td>
</tr>
<tr>
<td>UNC</td>
<td>Union Nacional de Campesinos</td>
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<tr>
<td>UNFCCC</td>
<td>United Nations Framework Convention on Climate Change</td>
</tr>
<tr>
<td>USDA</td>
<td>United States Department of Agriculture</td>
</tr>
<tr>
<td>VVM</td>
<td>Validation and Verification Manual</td>
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<tr>
<td>ZADEs</td>
<td>Agricultural Export Zone</td>
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1. Introduction and Approach: Neo-Gramscian Analysis, Agrarian Political Economy & CDM Governance

1.1. Introduction

The Aguán Clean Development Mechanism (CDM) project at the centre of this research consists of the capture and utilization of the biogas generated at the *Exportadora del Atlántico* palm-oil extraction mill in Honduras, which is owned by Dinant, one of the largest palm-oil producers in the country. The project is one of the most controversial CDM projects registered to date due principally to human rights violations which have taken place at and around the project site and to the project owner’s alleged involvement in them. These human rights violations are linked to a pre-existing and ongoing land conflict which has claimed over 150 lives in the Aguán region since 2009, the majority of the victims being members of landless peasant movements (CDM Policy Dialogue, 2012; CMW, 2011c; TERI, 2012).

This controversial CDM project led to the emergence of one of the largest civil society campaigns ever organised to denounce a CDM project’s registration (GII26, 2017); 77 civil society and Non-Governmental Organisations (NGOs), along with grassroots movements, from over 25 countries expressed their opposition to its registration on the basis that it would exacerbate the conflict (CMW, 2011b). Moreover, the project’s implementation process fostered a discussion which put into question the legitimacy of the CDM as the largest compliance carbon offsetting scheme functioning under the aegis of the United Nations. This discussion has been undertaken not only by scholars (Newell, 2015; Schade & Obergassel, 2014; Olawuyi, 2013) but also by international media outlets, giving way to critical headlines around the case, such as ‘EU carbon credits scheme tarnished by alleged murders in Honduras’ (Neslen, 2011; see also Lakhani, 2014; 2016; Carasik, 2013; Gimenez, 2013). A letter signed by the 77 civil society organisations which joined the campaign against the project, including CDM Watch, FIAN International, Friends of the Earth US and Biofuelwatch, called on the UK government to withdraw its authorisation for
the private company EDF Trading to be a project participant in the Aguán CDM project, and stated:

*Such CDM funding could only exacerbate the human rights situation further, providing additional income to a company [Dinant] known to spend substantial sums of money on paying for armed paramilitaries who are responsible for serious human rights violations.* (CMW, 2001b)

The official response of the body in charge of supervising the CDM projects – the CDM Executive Board (CDM-EB) – to this international outcry against the registration of the Aguán project as a CDM project came in the form of a press release stating:

*The Board is aware of violence, even deaths, associated with land disputes in the Aguán Valley, Honduras, specifically disputes over land held by the project owner. This is a matter of grave concern to the Board. Nevertheless, after careful consideration, the Board concluded that it was not in a position to accept responsibility in respect to these incidents of violence ... Following its assessment, the Board found that the project [...] qualified for registration.* (CDM-EB, 2011:2)

The CDM-EB registered the Aguán project activity as a CDM project¹ at its 62nd Meeting, which took place in Marrakesh in Morocco on 15 July 2011 (CDM-EB, 2011a).

The discussion around the contested Aguán CDM project and its impacts on the conflict has been highly polarized around two competing positions. One approach argues that the conflicted situation in the region began prior to the implementation of the Aguán CDM project and, moreover, that there is no evidence that the project has worsened the already existing situations which generated the conflict (CDM Policy Dialogue, 2012; TERI, 2012). The alternative approach puts forward the argument that the project’s implementation has exacerbated the conflict mainly by shifting the balance of power in favour of the project developer and owner, Dinant, as well as by legitimising the company’s illegitimate activities, including violent evictions of landless peasants from the

¹ Its official name is ‘Aguán biogas recovery from Palm Oil Mill Effluent (POME) ponds and biogas utilisation - Exportadora del Atlántico, Aguán/Honduras’; and its project number is 3197 (UNFCCC, 2017).

Although the latter approach has questioned the CDM’s involvement in one of the deadliest land conflicts in Latin America in the twenty-first century, nuanced examinations of the Aguán CDM project’s interaction with the ongoing conflict in the Aguán region are still relatively absent in the literature and in the debates around the case in general. In response to this gap, this current study, informed by primary and secondary data sources collected mainly during field-research conducted in Honduras, was designed to investigate the impacts of the Aguán CDM project’s implementation on the region’s ongoing land conflict by analysing the power relations around and through palm-oil production in the Aguán region prior to and during the project’s implementation.

Following a brief introduction to the CDM, this introductory chapter will describe the research aims and set out the overarching question of the study; outline the literatures which will be engaged with in addressing the research question; and present the structure of the thesis and the research methodologies which were employed.

1.2. The Clean Development Mechanism (CDM)
With the official objective of reducing anthropogenic greenhouse gas (GHG) emissions to tackle climate change, the Kyoto Protocol was adopted by the fourth session of the Conferences of the Parties (COP4) of the United Nations Framework Convention on Climate Change (UNFCCC) in 1997 in Kyoto, Japan, and was opened for signature in 1998. It was signed by 192 countries and came into force in 2005. The Protocol held industrialised countries as historically responsible for anthropogenic GHGs emissions accumulated in the atmosphere and established as a legally binding commitment that they would reduce their collective emissions of GHGs by 5.2% against the base year, which in most cases was 1990 (UNFCCC, 1997). Industrialised countries which ratified the Protocol and are subjected to emission reduction obligations, such as United Kingdom of Great Britain and Northern Ireland (UK hereafter), Germany, France, the Russian
Federation and Australia, were classified as ‘Annex I Parties’ under the UNFCCC. Parties to the Protocol not listed in Annex I, such as Brazil, China, South Africa and India, were identified as ‘Non-Annex I Parties’ which have no legally binding obligations\(^2\) (UNFCCC, 2018d).

As a response to the demands of Annex I Parties, who claimed that meeting their emission reduction commitments solely domestically would harm their economies and sought cost-effective flexibilities for meeting those commitments, and of non-Annex I Parties to be able to benefit from additional financial sources to fund their climate change mitigation strategies, the Kyoto negotiations ended up with the decision that flexibility mechanisms would be established,\(^3\) one of which is the CDM. Article 12 of the Kyoto Protocol defines the purpose of the CDM as:

... to assist Parties not included in Annex I in achieving sustainable development and in contributing to the ultimate objective of the Convention, and to assist Parties included in Annex I in achieving compliance with their quantified emission limitation and reduction commitments under Article 3. (UNFCCC, 1998:11)

Further on, the Protocol states:

*The CDM allows emission-reduction projects in developing countries to earn certified emission reduction (CER) credits, each equivalent to one tonne of CO\(_2\). These CERs can be traded and sold, and used by industrialized countries to meet a part of their emission reduction targets under the Kyoto Protocol.* (UNFCCC, 2018b)

The CDM is the largest compliance carbon offsetting scheme ever devised and had 7,806 projects located in 111 developing countries by August 2018 (UNFCCC, 2017b:4; 2018a). Over “1.9 billion CERs have been issued in total, available for compliance ...,” or for any

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\(^2\) By 7 August 2018, 40 countries were Parties both to the UNFCCC and the Kyoto Protocol as Annex I, and 151 countries are under the categorization of Non-Annex I (UNFCCC, 2018).

\(^3\) For more information on the background of the establishment of flexibility mechanisms under the Kyoto Protocol, please see the book edited by Stephan and Lane (2015).
non-compliance use, for example as part of companies’ social corporate responsibility efforts” (UNFCCC, 2017b:4).

During the first commitment period of the Kyoto protocol (2008-2012), the total investment in CDM projects was USD 215.4 billion (UNFCCC, 2012:8) and foreign investment in projects ranged from USD 21.5 to USD 43 billion (ibid.:50). The total revenue which host countries generated from the sale of CERs during this period was estimated to be between USD 9.5 billion and USD 13.5 billion (ibid.:54). Moreover, “The total lower bound estimate on compliance savings to Annex 1 Parties and their institutions due to the existence of the CDM is USD 3.6 billion” (ibid.:58).

The UNFCCC has claimed that in addition to providing cost-effective flexibility to Annex I Parties to meet their emission targets, the CDM has assisted non-Annex I Parties in moving towards their sustainable development goals by acting as a catalyst for the registration of CDM projects (UNFCCC, 2017). It has also argued that “the mechanism has demonstrated its potential as a tool for mobilizing investment in climate action and as a driver for sustainable development” (ibid.:4).

In line with the CDM’s dual goals of stimulating sustainable development and emission reductions, there are two main requirements to be met for an emission-reduction project implemented in non-Annex I countries to be registered as a CDM project by the CDM-EB. The first is called ‘additionality’ and is defined as “the effect of the CDM project activity […] to reduce anthropogenic GHG emissions below the level that would have occurred in the absence of the CDM project activity” (UNFCCC, 2017:5). Bumpus and Liverman (2011) pointed out that this requirement has two main components: environmental and financial additionality. Whilst the environmental additionality is broadly understood as the requirement that “the offset has [to contribute] to a net reduction in atmospheric CO₂, which is measurably different to a business as usual trajectory of emissions” (ibid.:205), the financial additionality refers to the assumption that “the project would not have been
financially viable without carbon finance" (ibid.:208). The second requirement is that the CDM project activity must provide sustainable development benefits to the host communities and/or the host country. In this regard, the Aguán CDM project, like any other CDM project, is expected to stimulate emission reductions and to provide sustainable development benefits to its host country and/or host communities.

Since its establishment, the CDM has received significant attention from the academic world. On the one hand, some scholars have portrayed the CDM as a win-win strategy by arguing that the CDM has played an important role in reducing GHG emissions (Huang et al., 2014; De Gouvello et al., 2008; Ockwell & Mallett, 2012); its projects have contributed to sustainable development in their host countries (Alexeew et al., 2010; Huang et al., 2012; Popp, 2011; Muller 2007); the mechanism has enabled developing countries to attract foreign investments (De Connick et al., 2007; Hascic & Johnstone, 2011) and has facilitated the transfer of knowledge and technology from industrialised nations to host countries in the south (Cools, 2007; De Connick et al., 2007; Haites et al., 2006). On the other hand, other scholars have critically analysed the CDM, along with its projects, from different theoretical and analytical angles and reached a consensus that the CDM has not significantly contributed to sustainable development in host countries, especially in rural areas, and that its projects have generally failed to meet the additionality requirement, not going beyond ‘business-as-usual’ scenarios (Newell, 2012; 2014; Olsen & Fenhann, 2008; Böhm et al., 2012; Subbaro & Lloyd, 2011; Boyd, 2009; Lohmann, 2009; 2011; Newell & Bumpus, 2012; Lohmann, 2010; 2011; 2012; Bumpus, 2009; Michaelowa, 2011; Aldred, 2012; Bachram, 2004).

While engaging with the critical CDM literature which will be broadly introduced in a following section, this thesis shall provide a nuanced understanding of the interaction between the pre-existing land conflict in the Aguán region and the implementation of the Aguán CDM project, as one of the world’s most contested carbon offsetting projects, by analysing the power relations around and through palm-oil production in the Aguán
region prior to and during the project’s implementation. Before broadly outlining the literatures which this thesis engages, the next section will, however, describe the research aims and set out the overarching question of the study.

1.3. **Research Objective and Overarching Research Question**
The central objective of the research study which has led to this PhD thesis is to provide nuanced and detailed understandings of the Aguán CDM project’s interaction with the land conflict in the Aguán region. In line with this objective and departing from the intellectual problem regarding the CDM’s involvement in an ongoing deadly conflict, I have formulated the overarching research question as *How has the Aguán CDM project’s implementation impacted on the power dynamics in the ongoing land conflict in the Aguán region, Honduras?*

This research question has two main variables: the power dynamics in the conflict and the implementation of the Aguán CDM project. In order to analytically operationalize the research question, as an impact analysis, it is necessary to establish baselines on which the impact(s) of the latter variable on the former can be theoretically and empirically assessed in a plausible and analytically coherent way. These baselines will be built in the first part of the thesis, and the impacts will be evaluated in the second. The study therefore has four main aims which can be seen in the breakdown of the chapters of the thesis in Table 1.1.

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Aim 2  Theorising the structure of the power relations at play behind the rapid expansion of palm-oil production in Honduras within the last two decades.  Chapter 3

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In the next section, I shall introduce and review the relevant literatures combined and brought together – under a broad political economy framework – to address the research question.

1.4.  **Literatures used to address the overarching research question**

1.4.1. The Critical CDM Literature

Political economy accounts within the critical CDM literature have undertaken critiques of carbon offsetting mechanisms, such as CDM, or of the carbon markets in general (Newell & Paterson, 2010; Böhm & Dabhi, 2009; Böhm et al., 2012; Newell, 2012, 2014; Bryant et al., 2015; Bumpus & Liverman, 2008; Bumpus, 2009, 2010; Lohmann, 2010; Lane & Newell, 2016). This perspective critically investigates the construction and development of carbon markets, and situates them “within the broader context of a capitalist and often specifically neoliberal global socio-economic system” (Stephan & Lane, 2015a:8). It shows how “climate change can be seen as both a threat to capital accumulation (from climate risks and expensive mitigation) and a new opportunity for profit” (Bumpus, 2009:25). In its analysis on how carbon markets and offsetting mechanisms signify capital accumulation
strategies, this literature departs from the structuralist Marxist-oriented concept of ‘commodification of nature’ (Castree, 2003) and explains the commodification processes of carbon in offsetting mechanisms (Bumpus, 2010).

By analysing the origins and governance of international carbon offsets, Bumpus and Liverman (2008:144) argue that the fundamental rationale behind the increasing market participation in offset mechanisms is ‘accumulation by decarbonization’, as a process through which offset mechanisms’ governance systems create

considerable opportunities to reduce concentrations of greenhouse gasses, to contribute to sustainable development through offsets, and to provide possibilities for accumulation in the profits from the development of carbon projects and trading in offsets and excess emissions (ibid.:147-148).

By theoretically and empirically taking this argument to a step further, Bryant and his co-authors argue that “the CDM is a spatial fix to the ecological crisis of climate change which secures conditions of production for fossil fuel industries and promotes new sites of accumulation for other companies” (2015:2047). They have illustrated how carbon markets facilitate a displacement of the costs of responding to the climate crisis from polluting industries in the North to communities surrounding carbon offsetting projects in the Global South (ibid.).

Indeed, since the construction of carbon markets and offsetting mechanisms, many case studies analysed from political economy perspectives within the critical CDM literature have shown how offset projects have generated social and ecological dislocations at and around their project sites in the Global South (Bryant et al., 2015; Edstedt, 2017; Vigil, 2018; Scheidel & Work, 2018; Finley-Brook & Thomas, 2010; Gaia, 2011). Böhm and Dabhi’s work (2009) in this regard, provides a remarkable collection of contested CDM projects whose implementations resulted in environmental, social or political conflicts at and around their project sites in the global south. The emergence of the concept of ‘green grabbing’, understood as “the appropriation of land and resources for environmental ends” (Fairhead et al., 2012:237) has further provided a better contextualisation for understanding how environmental green agendas such as the CDM might become “the
core drivers and goals of grabs – whether linked to biodiversity conservation, biocarbon sequestration, biofuels, ecosystem services, ecotourism or ‘offsets’ related to any and all of these” (ibid.:237). Since then, the term has been employed particularly within the critical Agrarian Political Economy (APE) literature to analyse how CDM projects have driven land grabbing in the Global South (Edstedt, 2017; Vigil, 2018; Scheidel & Work, 2018).

The political economy accounts of the critical CDM literature combined with the critical APE literature, which will be addressed below, is therefore best suited to provide theoretical explanations to the overarching research question of this thesis, which aims to analyse the impacts of the implementation of the Aguán CDM project on the power dynamics behind the ongoing land conflict in the Aguán region, Honduras.

The ways in which the contemporary form of the land conflict in the Aguán region has predominantly been framed from a critical perspective provide a familiar terrain particularly for the Marxist political economy accounts of the critical CDM literature and their focus on material aspects and relations. The conflict is presented as a clash between subsistence-oriented landless peasants and the agro-industrial bourgeoisie within the Honduran palm-oil sector, interested in expanding its palm-oil production partly for gaining access to additional financial incentives “in the form of tradable carbon emission reduction credits under the Kyoto Protocol’s Clean Development Mechanism” at the same time as violently dispossessing landless peasants from lands onto which they had settled (Edelman & Leon, 2013:1707).

Based on the desk research which I had conducted on the case before undertaking my field-work in Honduras in 2015, I was strongly influenced by these predominant critical framings of the Aguán conflict, broadly arguing that the CDM finance in the form of carbon credits was further incentivising Dinant to dispossess landless peasants. Indeed, not only NGO reports (Bird, 2013:9) but also the academic and activist literatures (Kerssen, 2013:73; Conant, 2011) and both mainstream and alternative media sources
(Nelson, 2011; Lakhani, 2014) have critically stated that Dinant has “received carbon credits” despite its alleged involvement in human rights violations (Edelman & Leon, 2013:1713). Accordingly, I expected that the contemporary form of the conflict could be understood as a land grab, and that the Aguán CDM project’s implementation associated with this land grab could be theoretically and analytically regarded as a case of green grabbing. Moreover, I thought of presenting the Aguán case as a green grab in which the global environmental agenda, the CDM in this case, had not been the main driver of the land grab, but rather had integrated itself into it. In doing so, this thesis would contribute to the green grabbing debates by analysing a case in which the implementation of a CDM project was not the main drivers or goals of grabs, but rather had integrated into pre-existing grabs on the ground; cases which have so far been overlooked.

During my field-research, however, my presumption of the implementation of the Aguán CDM project being a green grab was disrupted by the finding that Dinant has not expanded its landholdings in the Aguán region since 2003, eight years prior to the Aguán CDM project’s registration. Moreover, Dinant has not completed the post-registration stages of the CDM project cycle and hence has not received any CDM finance out of the project. These empirical findings, which will be further revealed and explained in the following chapters, urged me to look at the case differently and prompted a switch in my interpretation of it from a land/green grabbing focus to a more holistic approach within the critical APE perspective. This approach could supplement the political economy account of the critical CDM literature in my analysis of power relations at and around the project site, prior and during the CDM´s implementation.

Indeed, I realised that, as will be explored in the following chapters, the contemporary form of the conflict in the Aguán region cannot be fully understood without analysing how the implementations of the distributive 1974 agrarian reform and of the 1992 counter-agrarian reform has impacted on the nature of the rural relations in the region and in Honduras in general. I therefore decided to look at the conflict and its historical
background from a class-relational APE approach because it enabled me to better connect today’s land conflict in the Aguán region to its political and economic roots and to traditional APE questions concerning the dynamics of dispossession, class formation and agrarian transformation. This approach allowed me to overcome the problematic tendency within the recent critical land/green grabbing debates of exclusively focusing “on enclosure as the main driving force behind contestation and agrarian social relationships” (Castellanos-Navarrete & Jansen, 2015:791) by looking at the complex agrarian dynamics on the ground from an historical and class-relational perspective.

My research in the field also disrupted my presumptions about the Aguán’s landless peasants’ political and economic positionalities towards palm-oil production. One of the common features of the critical framings of the Aguán conflict has been to present landless peasants in the region as subsistence-oriented people who are opposed to, and fight against, the expansion of an agro-industrial model of export-oriented, monoculture-based African palm plantations and palm-oil production (Bird, 2011 & 2013; FoE, 2014; Lakhani, 2014; Kryt, 2011). Accordingly, I expected to find a landless peasant movement united under the umbrella of food sovereignty, putting forward and pursuing an alternative agricultural model to palm-oil production.

I found, however, that despite their awareness of critiques of palm-oil, almost all of the Aguán’s (landless) peasant movements today are trying to carve out a space to grow oil palm or to integrate themselves into the palm-oil sector in general. In other words, they are not opposed to oil palm cultivations or palm-oil productions, contrary to the suggestions of the predominant critical framings of the case. This third unexpected empirical finding took me into uncharted territory where the theoretical and analytical categories with which I was familiar did not hold, but opened up “the possibility of generating new knowledge and connections” (Li, 2014:5).
My analytical efforts to make better sense of the Aguán landless peasants’ acceptance of, if not their desire for, palm-oil production and oil palm cultivation as an accumulation strategy made me realise that the power relations around and through palm-oil production at play in the region and in the country are hegemonic. Such a complex reality tends to be overlooked by the critical CDM literature accounts of monoculture-based CDM projects, which disregard the role that small and medium scale farmers can play in the expansion of the crops (Núñez and GenderCC, 2009; Wittman et al., 2015; Corbera and Friedli, 2012; Lyons and Westoby, 2014). In line with this realisation, I decided to combine the political economy perspective of the critical CDM literature and the class-relational APE approach with a neo-Gramscian perspective, because it provides a more comprehensive and nuanced understanding of power.

Indeed, the class-relational APE approach within the Marxist political economy tradition grounds the understanding of power merely in an understanding of the material and/or coercive power of the ruling social forces (Morton, 2007:113; Laclau & Mouffe, 2001). On the other hand, inspired by Cox’s categorisation of the configuration of forces and the dialectical moment of hegemony (Cox, 1981:135-138), the neo-Gramscian approach considers material power as just one form of power. It argues that power has three distinct, but dialectic, forms: material, institutional/organisational and discursive (Morton, 2007:155) and it suggests that in order to better unpack the power dynamics, we need to look comprehensively at the interaction, alignment of and reciprocal relations between the three forms. Thus, the problem of the class-relational APE approach’s exclusive focus on the material form of power could be overcome by combining it with the neo-Gramscian approach.

This combination of a class-relational APE approach and a neo-Gramscian perspective as a theoretical framework has enabled me to better explore the changes in the power relations around and through palm-oil production in the region and in the country from an historical political economy point of view, and it has also allowed me to better capture the
complex agrarian dynamics in the Aguán, including small, medium and landless peasants’ positionalities towards palm-oil production in the region and in Honduras by enabling me to overcome the critical APE approach’s tendency of “blaming a crop” – in the words of White and Dasgupta (2010:605) – when analysing the expansion of monoculture-based cash crops in the global South (Alonso-Fradejas, 2012; Gerber, 2011; Marin-Burgos, 2014; Backhouse, 2015).

More importantly, this framework also provided me with an analytical and theoretical ground on which the impacts of the Aguán CDM project’s implementation on the power dynamics behind the conflict can be comprehensively examined. Within the critical CDM literature, there are already scholars applying neo-Gramscian perspectives to the realms of the CDM and of the carbon markets in general (Matt & Okereke, 2014; Stephan, 2011; Matthews & Paterson, 2005; Okereke et al., 2009). Within this literature, the CDM, as well as carbon markets, has been regarded as a ‘hegemonic project’, broadly understood as a concrete political initiative promoted by large fractions of transnational capital, aiming to address climate change and portraying the project and the ideas behind it not only as solutions to the global emission problem, but also “as being universal and in the interest of the entire society” (Stephan, 2011:5). This emerging literature has critically explored how such political initiatives within the global environmental governance structure, including the CDM, are “subordinated to the interests of the neoliberal hegemonic bloc” at the global level (Matt & Okereke, 2014:127).

However, this emerging literature with their exclusive focus on macro-level issues, such as the construction of carbon markets, has not analysed yet the questions of how elites at national and/or local levels use offsetting mechanisms to maintain their (dominant and/or hegemonic) power (Crabb, 2016) and of how such mechanisms are subordinated to the interests of dominant and/or hegemonic social forces at national and/or local settings. This thesis takes the challenge of analysing these questions by grounding the emerging
neo-Gramscian political economy account within the critical CDM literature in a local and/or national level empirical study of the Aguán CDM project.

Indeed, looking at the conflict and the CDM project’s implementation associated with it through the theoretical lens of this framework has enabled me to overcome the problematic tendency within the critical CDM literature of overwhelmingly focusing on financial flows and/or capital accumulation generated out of CDM projects – in the form of carbon credits – particularly when analysing the questions of who wins and who loses as a consequence of projects’ implementations (Bumpus & Liverman, 2008; Wittman et al., 2015; Lohmann, 2012; Bachram, 2004). The framework applied in this thesis enabled me to capture the material impacts of the project’s implementation by looking at the questions of access to and control over not only CDM finance, but also technology, production and natural resources.

More importantly, while enabling me to problematising power relations and power struggles at play throughout the project’s implementation process at multiple scales, this framework assesses the impacts of the project’s implementation on the power dynamics behind the conflict within the spheres of material, institutional/organisational and discursive power and looks at the interaction of these forms of power in an empirical context.

1.4.2. Agrarian Political Economy (APE)
The Aguán conflict is a highly complex case in the theoretical sense and lies at the convergence of some of the most debated subjects in recent decades, particularly within the political economy and political ecology literatures: agrarian transformation (Akram-Lodhi & Kay, 2009b; Bernstein, 2009; 2010; Gweynne & Kay, 2004), the expansion of palm-oil production (Castellanos-Navarrete & Jansen, 2015; Alonso-Fradejas, 2012; Orsato et al., 2013), agrofuel production (Dietz et al., 2015; White & Dasgupta, 2010), the dynamics of dispossession (Bryceson et al., 2000; Borras & Franco, 2012; Akram-Lodhi et al., 2007), peasant movements (Borras et al., 2008; Boyer, 2010), land occupations (Boyer & Penalva,

In an interview which I conducted with a well-known Honduran sociologist, Tomas Andino Mencia, I was given the following advice:

>You need to look at the emergence of an agro-industrial capitalist class within the palm-oil sector and the role of the state in this ... Especially, changing land reforms and agrarian policies will give you the main insights about the changing dynamics of the agrarian capitalism which created the conflict in the Aguán region at the first hand. (ACP5, 2015)

In line with his suggestion, I argue that one of the most appropriate theoretical frameworks for unpacking the nature of the rural relations behind the conflict in the region is a class-relational Agrarian Political Economy (APE) approach, which analyses “the social relations and dynamics of production and reproduction, property and power in agrarian formations and their processes of change, both historical and contemporary” (Bernstein, 2010:1). By considering landed property rights “not as things but as social relationships” (Borras et al., 2007:119), the APE literature enables me to better explore the changes in the power dynamics behind the conflict, around the question of access to and control over land, from a holistic approach.

Wilfredo Paz, a leader of an Aguán’s landless peasant movement, a primary school teacher, local historian and member of parliament, told me that:

>You can never truly understand what is going on here today without understanding the historical formation of landed rural elites in Honduras ... What we, the peasant movements, have experienced since the mid-1990s is just a part of a longstanding struggle over the land. (ACP7, 2015)

In line with Paz’s argument, one of my main engagements with the APE literature has been around the subject of land (tenure) policies. As will be explored in Chapter 2, the historical background of the land conflict in the Aguán region is strongly linked to the
implementation of two land reforms in Honduras. By arguing that land policies implemented by the state play a crucial role in defining and changing the characteristics of the rural structure (Akram-Lodhi et al., 2007), the APE literature provides me with an important lens through which to explore the political economic nature of the land reforms implemented in Honduras and their impacts on landed property rights in the Aguán region.

As scholars within the APE tradition have argued, land laws and policies are not self-implementing; instead, they are in interactions between diverse, usually conflicting, actors (Franco 2008; Roquas 2002; Sikor & Lund 2009). Borras et al. (2007a) suggested that changes in landed property rights mean changes in social relationships and, necessarily, in the structure and distribution of power among different groups in the rural settings. The key terrain on which to analyse land policies is therefore “not the conditions under which property rights are transferred between individuals and social classes; rather, it is the conditions under which property rights are vested in individuals and social classes” (Akram-Lodhi, 2007b:1442). In line with these approaches, when analysing land policies implemented in Honduras and their relations with the land conflict in the Aguán region, my analytical departure point will be that land policies emerge out of, and are embedded in, existing power configurations within the state.

By capturing how the implementations of land policies have facilitated changes in the social relations of production and reproduction in the rural settings in the Aguán region, my analyses will be inspired by the four key, interlinked, questions of APE defined by Bernstein, as “who owns what? who does what? who gets what? what do they do with it?” (2010:22). The first question broadly “concerns the social relations of different property regimes: how the means of production and reproduction are distributed” (ibid.:22); the second reveals ‘the social divisions of labour’ in the sense that it explores who undertakes which jobs of social production and reproduction (ibid.:23). The third question unpacks “the social division of the ‘fruits of labour’”, broadly understood as the
distribution of income in the forms of money or other kinds (*ibid.*:23) and the fourth concerns “social relations of consumption, reproduction and accumulation” (*ibid.*:23). Bernstein provided a clear explanation of the interconnectedness between these four key questions and their “implicit sequence”:

\[ ... \text{social relations of property shape social divisions of labour, which shape social distributions of income, which in turn shape the uses of the social product for consumption and reproduction – which, in the case of capitalism, includes accumulation.} \ (ibid.:24) \]

Bernstein claimed that these questions can be easily applied across scales of economic activity and different sites in different types of society at different historical moments (*ibid.*:24). I shall bear these questions in mind while investigating the dynamics of dispossession, class formation and agrarian transformation within the context of the historical political economic background of the land conflict in the Aguán region.

The class-relational APE approach, like any other Marxist-oriented, structuralist, political economy approach, proposes that “ideational superstructures were mere reflections of the economic base” (Levy & Egan, 2003:805; Peet & Watts, 1996; Mann, 2009; Moore, 1996; Morton, 2007). In this regard, within the Marxist political economy tradition, including the class-relational APE perspective, the understanding of power is grounded in an understanding of the material and/or coercive power of the ruling social forces (Morton, 2007:113; Gill & Law, 1989; Laclau & Mouffe, 2001).

However, in my exploration of the power dynamics behind the land conflict in the Aguán region, and of the power relations around and through palm-oil production in general, I am also concerned with the discursive means of power, which is seriously neglected by the Marxist-oriented APE tradition. In this regard, under the broad political economy framework, I decided to combine class-relational APE approaches with neo-Gramscian perspectives, which will be explained in the following sub-section.
1.4.3. Neo-Gramscian Theory

In line with Gramsci’s concept of ‘absolute historicism’, broadly understood as “an approach to philosophy and concrete political activity that conceived the historical process as a synthesis of past and present” (Morton, 2007:24; see Gramsci, 1971:465), neo-Gramscian theory offers a useful and practical lens through which to approach the Honduran peasantry. It improves my analysis of the differentiation of social forces within the society from a class-relational perspective, and the changes in the constellation of social forces in general, by enabling me to consider the Honduran peasantry as a subordinated social force, broadly understood as those who “are subject to the initiatives [and policies] of the dominant class[es]” (Gramsci, 1996:21). It also provides a clear political and analytical ground on which changes in the constellation of social forces within the Aguán’s rural settings, in particular, can be better grasped.

This approach enables me to better explore the political dynamics behind the implementation of land policies and their impacts on the rural structure in the Aguán, and in Honduras in general, especially when tracing the historical political economic background of the conflict. Gramsci stated that:

*The history of subaltern social groups is necessarily fragmented and episodic. There undoubtedly does exist a tendency to (at least provisional stages of) unification in the historical activity of these groups, but this tendency is continually interrupted by the activity of the ruling groups ... Subaltern groups are always subject to the activity of ruling groups, even when they rebel and rise up.* (1971:54-55)

Moreover, by paying attention to the dynamic interplay between the realms of ideology, culture and history (Levy & Egan, 2003; Mann, 2009), a neo-Gramscian approach provides a more comprehensive and nuanced understanding of power. Inspired by Cox’s categorisation of the configuration of forces and dialectical moment of hegemony (Cox, 1981:135-138; Morton, 2003:156), a neo-Gramscian-oriented concept of power considers that power has three distinct, but dialectic, forms: material, institutional/organisational and discursive (Morton, 2007:155-116; Newell, 2009). This holistic understanding of power enables me to better capture the power relations at play not only behind the
conflict, but also behind the dramatic expansion of palm-oil production in Honduras over the last two decades since it comprehensively looks at the interaction, alignment of and reciprocal relations between the three forms.

In line with this strategic concept of power, the central engagement of this current study with neo-Gramscian theory takes place around the concept of hegemony, as the most influential element of Gramsci’s theoretical and political legacy (Mann, 2009; Matt & Okereke, 2015; Cox, 1981; Levy & Egan, 2003; Levy & Newell, 2002; Stephan, 2011; 2014). From an understanding of power as a combination of consent and coercion (Cox, 1983:164), dominant social forces do not rule solely through coercive force, which is only one dimension of their power (Stephan, 2011). Instead, hegemony entails:

... not only a unison of economic and political aims, but also intellectual and moral unity ... The development and expansion of the [dominant] group are conceived of, and presented, as being the motor force of a universal expansion ... In other words, the dominant group is coordinated concretely with the general interests of the subordinate groups. (Gramsci 1971:181-82)

Hence, Morton considered hegemony

... as an expression of broadly based consent, manifested in the acceptance of ideas and supported by material resources and institutions, which is initially established by social-class forces occupying a leading role. (Morton, 2007:113)

Although hegemony signifies a more consensual order, it is broadly understood as “the articulation and justification of a particular set of interests as a general interest” (Morton, 2007:113).

In this regard, hegemony “rests on coalitions and compromises that provide a measure of political and material accommodation with other groups, and on ideologies that convey a mutuality of interests” (Levy & Newell, 2002:86). As Leopold suggested, “it is not enough for a class or ideology to simply dominate others, rather it must foster widespread societal appeal, consensus and acceptance of its world view, handling resistance through
compromise and co-opting naysayers onto its side” (2015:219). Hence, the acceptance of the interests of the dominant social forces as the universal interest of the society – by linking these interests with those of subordinate forces – is key for the establishment of hegemony (Matt & Okereke, 2015). Thus, actively constituting perceptions of mutual interests by articulating them as common sense is necessary for dominant social forces to stabilise and reproduce social relations of production and meaning (Van Der Pijl, 2009:252). Lopez et al. stated that ‘common sense’ as a constitutive dimension of hegemony is “continually reproduced and/or rearticulated as well as challenged through everyday practices and discourses” (2017:89). Gramsci used the term ‘common sense’ to refer to “the uncritical largely unconscious way of perceiving and understanding the world that has become ‘common’ in any given epoch” (1971:322). Common sense is conservative and maintains the status quo by acquiescing to things as if they are the natural order.

As will be discussed in Chapter 4, my empirical findings show that, in spite of their awareness of critiques of palm-oil production, almost all of the Aguán’s landless peasant movements today are trying to carve out a space to grow oil palms, or to integrate themselves into the palm-oil sector in general. This made me recognise that there is a hegemonic power structure around and through palm-oil production in the Aguán region, and in Honduras in general.

Unpacking the power relations around the Honduran palm-oil sector and the dynamics behind the dramatic expansion of palm-oil production in the country from a theoretical framework combining a class-relational APE approach and a neo-Gramscian perspective enables me to better investigate the construction of this hegemonic power structure against the background of its three underpinnings, material, institutional/organisational and discursive. Moreover, contextualising the conflict within the construction and contestation processes of this hegemonic power structure allows me to better grasp the
power dynamics behind the conflict and assess the impacts of the Aguán CDM project’s implementation against the three pillars of this hegemonic structure.

1.5. **Thesis contributions**

As noted above, this thesis provides a nuanced and detailed understanding of the impacts of the implementation of the Aguán CDM project on the power dynamics behind the ongoing land conflict in the Aguán region, Honduras. In doing this, it makes a contribution to the existing literature in six ways.

First, by exploring the implementation of the 1974 distributive land reform in Honduras within the context of a passive revolution, this thesis provides an empirical grounding for the claim that land laws and policies are formed by interactions between diverse, usually conflicting, social forces (Akram-Lodhi & Kay, 2009; 2009b; Akram-Lodhi, 2007; Franco 2008; Roquas 2002; Sikor & Lund, 2009). By looking at the conditions which led to the reform in Honduras and exploring the constellation of social forces in rural settings, this thesis responds to the call for further empirical investigation into the political economic dynamics behind land reforms implemented in the global south (Borras et al., 2007; Akram-Lodhi et al., 2007; 2009b). Chapter 2 contributes to the literature by illustrating how the 1972 passive revolution carried out by the reformist military regime in Honduras replaced the national peasant organisations’ revolutionary impulses (particularly in the form of their demand to abolish *latifundios*⁴) by partially fulfilling their efforts – through the implementation of the 1974 reform which re-organised a significant part of the landless peasantry into peasant colonies and/or cooperatives to suit the expansion of capitalism as a mode of production.

Second, by analysing the agrarian structure in the Aguán region within the context of the peasant cooperatives prior to and after the implementation of the Structural Adjustment Programmes-oriented 1992 counter-agrarian reform, this thesis gives empirical weight to

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⁴ The term *latifundios* is here understood to mean large landholdings.
Kay’s argument that neo-liberal land policies unravelling the agrarian reform sector have given rise to more complex and heterogenous structures in rural settings (Kay, 2004:233). Along the same lines, Edelman et al. (2013:1517) called for

*connecting analyses of contemporary land grabbing to its historical antecedents (...) and to long-standing agrarian political economy questions concerning forms of dispossession and accumulation, the role of labour and the impediments to the development of capitalism in agriculture.*

Chapter 2 also responds to this call by exploring the dynamics of dispossession, land concentration, the emergence of the agro-industrial bourgeoisie within the Honduran palm-oil sector and agrarian transformation by looking at the re-composition of the rural classes in the Aguán region in the aftermath of the implementation of the 1992 reform.

Third, by looking at the processes which led to the emergence of decentralised landless peasant movements in the Aguán region in the late 1990s within the context of the configuration of rural politics, this thesis provides an empirical ground for the claim that

*... alterations in rural production processes and shifts in traits and rates of rural accumulation could be expected to have an effect on rural politics, because the fulcrum of rural politics is precisely the rural production process and rural accumulation.* (Akram-Lodhi & Kay, 2009:327-328)

Chapter 2 contributes to the literature by showing how everyday forms of resistance, as a predominant character of rural politics in the region, evolved into (international) collective action in this period and looking at the dynamics behind this.

Fourth, by theorising the power structure in the Honduran palm-oil sector within the context of hegemony, this thesis contributes to the literature analysing the dramatic expansion of palm-oil production (Alonso-Fradejas, 2012; Castellanos-Navarrete & Jansen, 2015; Orsato et al., 2013). By unpacking the power relations around and through palm-oil production in the Aguán region, and in Honduras in general, from a theoretical framework
combining APE and neo-Gramscian approaches, this thesis originally claims that since the late 1990s, Honduras has built a palm-oil hegemony, understood as a consensus around the desirability and viability of palm-oil production and oil palm cultivation as a central accumulation strategy. In line with the neo-Gramscian understanding of the dialectic moment of hegemony, the construction of the palm-oil hegemony in Honduras is analytically and empirically explored in this thesis against the background of its three main underpinnings, namely, material, institutional/organisational and discursive, reflecting on the interactions and reciprocal relationships between these three forms of power. Chapter 3 responds to the gap in the literature by offering a nuanced and comprehensive understanding of the power relations at play behind the dramatic expansion of palm-oil production in Honduras since the early 2000s.

Fifth, by exploring the dynamics behind the contemporary form of the land conflict in the Aguán region and looking at the political strategies employed by the main actors involved, this thesis contributes to the APE literature on the relations between peasant movements and agrarian dynamics (Bryceson et al., 2000; Borras & Franco, 2012; Akram-Lodhi et al., 2007; Borras et al., 2008; Boyer, 2010). By analysing agrarian dynamics around the conflict within the context of the palm-oil hegemony in Honduras and exploring the fact that almost all of the Aguán’s landless peasant movements are today trying to carve out a space to grow oil palms, or to integrate themselves into the palm-oil sector in general, from the perspective of the common sense of lived realities, Chapter 4 contributes to and further complicates the land-grabbing literature. It provides an empirical ground for the argument that the land- and green-grabbing debates’ exclusive focus “on enclosure as the main driving force behind contestation and agrarian social relationship” limits our understanding of the complex agrarian dynamics and of the political and material responses of small- and medium-scale peasants to oil palm cultivation and palm-oil production in particular (Castellanos-Navarrete & Jansen, 2015:791).
Finally, by assessing the impacts of the implementation of the Aguán CDM project on the power dynamics in the ongoing land conflict against the background of the three underpinnings of the palm-oil hegemony, and looking at the interaction of these forms of power, this thesis provides an empirical ground for the claim that initiatives within global environmental governance, such as the CDM, are subordinated to the interests of hegemonic social forces (Matt & Okereke, 2015). Chapters 5, 6 and 7 of this thesis contribute to the critical literature by applying neo-Gramscian perspectives to the realms of the CDM and of carbon markets in general (Matt & Okereke, 2015; Stephan, 2011; Newell, 2015; Matthews & Paterson, 2005; Okereke et al., 2009; Bumpus & Liverman, 2011). By analysing the project’s impacts within the material, institutional/organisational and discursive spheres of power, this thesis also responds to the call for unpacking how elites use such mechanisms to maintain their hegemonic power (Crabb, 2016:218).

1.6. **Methods and Fieldwork**

In this study, I adopted a qualitative research methodology to analyse the power relations around and through palm-oil production in the Aguán region, and in Honduras in general, within the context of the land conflict in the region, prior to and during the implementation of the Aguán CDM project. Bumpus (2009) suggested that qualitative methods allow the researcher to conduct an analysis of power relations, processes and circumstances, so they are particularly pertinent to the overarching research question of this current study and were hence employed here.

Case study methodology is one of the most appropriate approaches to neo-Gramscian research “because of the complex relations among the actors and the focus on historical processes” (Levy & Egan, 2003:813). The Aguán case study does not formally test any particular theoretical framework; rather the theoretical framework combining APE and neo-Gramscian perspectives evolved inductively from the Aguán case study itself.

In accordance with the fieldwork risk assessment of the University of Sussex, conducting field-research in Honduras was considered as high risk, given that Honduras is one of the
deadliest countries in the world (CNN, 2014). In order to alleviate the risk, I spent over a year building a network of contacts with local and outsider researchers who had done field-works particularly in the Aguán region, one of the most dangerous regions in the country.

These researchers gave me important insights into the local, regional and national dynamics, helped me reduce the risks which I might face, and provided me with guidance for gathering accurate data on the case. The fact that I could present myself as in contact with some of these researchers helped me gain the trust of many informants, including workers at Dinant’s oil palm plantations and members of the Aguán landless peasant communities.

The data were obtained by using multiple methods: direct and participant observations, semi-structured qualitative in-depth interviews, focus groups and secondary data sources, which will be explain below.

1.6.1. Fieldwork preparation
I spent one year working on the preparation, planning and contact building before travelling to Honduras. My first step was to make contact with researchers, authors and activists who had been in the region. Through many email exchanges, telephone conversations and Skype meetings, these first contacts offered me three key insights which were extremely useful for my field research and which helped me to take necessary precautions to avoid putting myself into any risky situation.

First, they gave me an overall landscape of the local reality in the Aguán, sharing with me information and details which were not included in their published works, such as which communities were more risky, which localities had experienced violent episodes, which peasant movement was present and/or leading in which settlements, and where the Catholic church had greater presence and influence. With this information I was able to
have a good geographical understanding of the region before arriving, and to identify the key communities which I wanted to visit and to get testimonies from.

Second, these first contacts provided me with a whole set of new contacts from different peasant movements and referred me to other international researchers on the case, including a filmmaker who had been in the region. This allowed me to create a pool of local contacts through a snowballing method, which I later also applied during my fieldwork.

Finally, they recommended to me a particular local guide, reporter and translator who had vast experience of working with international agencies, including the UN, and who had good connections in Honduras at a national level. I contacted him by email and telephone and we agreed to work together. He became my main local guide and translator, which turned out to be a great advantage since he was extremely professional and we built an excellent working relationship.

One of the most useful things which I did was to build a stakeholder map related to the Aguán CDM project, including in it every single entity or institution involved, all the way from the CDM Executive Board and National DNA down to the local stakeholders, communities and peasant movements, and everyone in-between, such as project developers, project owners, consultants and national state institutions. This allowed me to categorize the pool of contacts which I had collected and to ensure that I had specific local contacts for each of the categories.

Around four months before my arrival in Honduras, I shared this list with my local guide, specifying which persons I needed to have meetings with, and asked him to make a first contact with them in order to schedule our encounters. He did so by telephone and email, and when using the latter he copied me in so that I could be aware of the exchange and follow up the contact from there.
My field-work was conducted between March and July 2015. In accordance with the schedule prepared with the help of my guide, I first arrived and stayed in Tegucigalpa, the capital city of Honduras, and conducted interviews mainly with governmental organizations and with Dinant representatives. For security reasons, I was advised to conduct interviews with Dinant before going into the field and before holding any interviews with representatives of the peasant movements. I then went to the Aguán region and stayed first in the town of Tocoa, where the Aguán CDM project is being implemented and where the land conflict is taking place; and later in two of the local communities, La Lempira and La Panama, in the homes of peasant leaders who warmly offered to act as my hosts. I eventually returned to Honduras where I conducted further interviews with new contacts collected during my stay in the Aguán region, as well as with some of the same contacts whom I had already interviewed, in order to contrast, expand and/or update the information which they had offered, on the basis of the new data gathered.

1.6.2. Direct and Participant Observations
During the five months I stayed in Honduras, I attended a wide range of events from local, regional and national festivals to public political debates, from social corporate responsibility activities organised by Dinant (the project owner/developer) to demonstrations organised by peasant movements.

One of my central aims in going into the field and talking to members of the peasant communities living around the project was to understand their approach to the project and to the conflict around it. Considering the context of complexity and violence, it is hard to win the trust of the peasant communities in the Aguán, but because I approached each community through a person whom they trusted, I felt welcomed and trusted as well.

While in Tegucigalpa at the beginning of my fieldwork, I conducted my first interview with a leader of a peasant movement, the spokesperson of the Plataforma Agraria. In line with
the exponential non-discriminative snowball sampling method I employed, she referred me to the main leaders of the different peasant movements of Aguán, who happened to be in the city a few days later to participate in a television programme. Thanks to this, I was able to conduct a focal group meeting with eight peasant leaders in the hotel where I was staying, at the end of which every member personally invited me to their respective settlements and shared their contact details with me. It was through these contacts that I was later able to visit and stay in the communities.

In this first focal group I also started to realize the diversity and complexity of views within the different peasant movements. Furthermore, I discovered that none of the leaders of peasant movements involved in the conflict knew about the Aguán CDM project. In fact, they had never heard of it. Since I was the first person to introduce the subject to them, they asked me many questions and were highly interested in understanding the CDM and its implications, to the extent that they asked me to conduct a workshop on the issue. Consequently, during my stay in Honduras I conducted three ‘mepTops at the community centres of three different peasant settlements, explaining the generalities of the CDM and the Aguán project. The main concern expressed by the peasants was how they could intervene and have their voices heard in the CDM process.

As I have already mentioned, I lived at two peasant settlements for around two and a half months in total. I stayed first in La Lempira because it is a base of MUCA, the largest landless peasant movement of the Aguán; and later in La Panama, which is a base of MCA. I was hosted by different peasant families during this period; I cooked with them; I ate with them; I walked around the communities and plantations with them; I attended weddings, birthdays and fifteenth anniversaries; I helped to build houses for recently married peasant couples and I played soccer with them. These experiences were particular enriching for me, not only as a researcher trying to understand how global mechanisms such as the CDM intermingle with and impact on local realities, but also at a personal level. I had read about and knew that living conditions were tough in the peasant
communities and that poverty levels were high, but this is never the same as actually experiencing it. For instance, it was not until I stayed in the first community, La Lempira, that I realized they did not have a proper electricity supply or toilets.

As well as observing their living conditions at first hand, my aim was to learn more about the processes of cultivating oil palms and palm-oil production. In order to achieve this, I went to plantations, I harvested oil-palm fruits with peasants at five o’clock in the morning and I joined them as they delivered the fruits to the extraction mills. In addition to visiting Dinant’s Exportadora del Atlantico palm-oil mill at which the Aguán CDM project is implemented, I also visited two other extraction mills in the region, Salama and Coapalma, in order to better understand the processes by which palm-oil is extracted from fresh oil palm fruit bunches and through which by-products are generated.

During all those activities, in addition to the interviews which I conducted, I took field notes, recorded my daily field diary and communicated with locals. These direct contacts and participant observations guided me in better understanding the common sense of the lived realities around and through palm-oil production in the region which will be explored in the following three substantive chapters.

1.6.3. Semi-structured In-depth Interviews and Focus Groups
I chose to conduct semi-structured, qualitative in-depth interviews particularly because “they allow a wide range of experiences to be documented, voices to be heard, representations to be made, and interpretations to be extracted” (Bumpus, 2009:56). Bumpus added that “Open-ended qualitative interviews are, after all, the obvious way of allowing people to speak for themselves about their own views and experiences of the world” (ibid.). It was, indeed, my case too that semi-structured interviews allowed my interviewees to put forward their own views of the subjects in the way which they preferred and chose.
I conducted 74 semi-structured, qualitative in-depth interviews (see Annex 1). The interviewees were members of peasant communities, leading members of peasant movements, representatives of Dinant and different government institutions, members of the Honduran parliament, officers of international and national NGOs, (former) employees of Dinant and the technology provider, Honduran scholars, journalists, local historians, activists, artists, priests, teachers and lawyers, and foreign researchers who had all worked on or been involved with the Aguán case. I was particularly cautious to hear the voices of the different actors involved in the conflict, both from the side of the peasants and from the side of the company. The large majority of the interviewees did not see any problem in giving their names to be used in this thesis, although a few asked to be kept anonymous in order to avoid putting themselves at risk. Given indeed the sensitive nature of the case and following my supervisors’ suggestion, in this thesis I have kept all my interviewees anonymous, and I refer to them by their roles and positions rather than their names.

All interviews took place in accordance with the rules and regulations of the University of Sussex ethical committee, including gaining the interviewees prior consent. I also provided my interviewees with my contact details (including my personal cellphone and email account) to ensure that they could reach me at any time if they required any further information about the thesis and their participation.

Only a few interviews were conducted in English, such as with the spokesperson of Dinant and the former head of the Honduran DNA. During my fieldwork, I was always accompanied by one of three different local professional translators who had previously worked in the region. These translators provided simultaneous translations between Spanish and English during the interviews and focus group discussions. Almost all of the interviews were also recorded on a sound-recorder, which enabled me to double-check afterwards the accuracy of the simultaneous translations.
In the cases where I used sound-recorder, I later transferred the interview files to my private online storage. In the few interviews during which I did not use the recorder, I did note taking and immediately afterwards took picture of the pages and uploaded the pictures to my personal online storage. This guaranteed that I could access the interview files from anywhere, while keeping them safe and private.

Being able to stay in the peasant communities gave me the opportunity to develop personal relationships and therefore to get personal approaches, stories and views of the conflict. During these personal interviews, many of the peasants did not feel comfortable with being recorded, so I heavily relied on note taking. One of the challenges which I faced was to direct the interviews to the subject of the CDM project, of which the peasants had no knowledge. Given the very harsh experiences which they had faced, peasant members tended to focus on the violence which they had suffered, and were willing to share stories of how their relatives had been kidnapped and tortured, or how their houses had been torn down. During many of the interviews, we had to take breaks because of the emotional breakdown of the interviewee, my translator and myself. It was also heartbreaking for me to realise the expectation of the peasants that I might be able to influence the situation on their behalf or provide a possible solution to the conflict.

It is important to mention that I also visited communities where the employment pool of Dinant’s plantation live, using contacts which I obtained from the representatives of Dinant.

In addition to the semi-structured, in-depth interviews, I also conducted four focus group discussions at four different peasant settlements in the Aguán, which were attended in total by 48 peasant members of these communities (see Annex 1). The participants were invited to the focus group meetings by leading members of those communities and the discussions were held in large open-air spaces in the middle of the settlements, open to any members of the communities who would like to join. Since members of these
communities had had a great deal of experience with such focus group discussions organised by different institutions, including the United Nations Human Rights Commissions, Human Rights Watch and others, they were eager to participate and even to facilitate such encounters.

Some of the peasant leaders asked me to share information about the general palm oil industry in the country (statistical data from different government institutions, mostly the Ministry of Agriculture) which they did not have or could not access. I agreed to share it since it was all public information and the providers knew that it would be published (as it is in this thesis), so there were no ethical concerns in this regard.

1.6.4. Secondary Data Sources
In addition to the semi-structured interviews, focus groups and participatory and direct observation, I also carried out detailed analyses of secondary data sources by engaging in the close reading of legal texts, official statistics, reports, media articles and policy documents. Even though the majority of the secondary data was gathered from a wide range of internet sources, there were some secondary data sources which were close to the public, but I managed to get access to them with the help of some of my interviewees and contacts. The document analysis which I carried out took place partly in Honduras, but mostly in the UK. All translations of documents in Spanish are my own.

In order to explore the discursive form of power around and through palm-oil production and oil palm cultivation in the Aguán and in Honduras in general, I looked at the ways in which issues regarding these subjects were covered by the media in Honduras within the methodological terrains of the media studies employed by different authors (Matthes & Kohring, 2008; Newell, 2000 & 2009; Boykoff, 2008; Gregorio et al., 2011). In this regard, I used the standard media framing method which analyses “the ways in which elements of discourse are assembled that then privilege certain interpretations and understandings over others” (Boykoff, 2008:555).
For conducting the media framing analysis, I decided to look at the print media rather than television or radio. This choice was made for two main reasons. One was related to my personal observations in the field in the Aguán region that local people spent more time reading printed newspapers than listening to the radio or watching television. It is also important to note that most of the landless peasant settlements do not have access to electricity. In the case of printed newspapers, however, peasants get them and circulate them among themselves all day long. My observation was confirmed by the latest survey published in 2016 by the National Institute of Statistics in Honduras, which shows that only 34.3% of the rural population in the country have access to television and only 42.1% have a radio in their home (INE, 2016). The second reason why I chose to look at the printed media was related to ease of access. As will be detailed in Chapter 3, the two printed national newspapers which I looked at have very accessible online databases/archives.

When conducting the media framing analysis, I identified the type and the topic of the framings of a total number of 181 news items and articles covering issues regarding palm-oil production and oil palm cultivations in Honduras. I did this by conducting a coding process in line with the work of Gregorio et al. (2011).

1.6.5. Data Analysis and Cross-checking
In line with the central objective of this study and the nature of the data collected, I constantly contrasted the primary and secondary data collected during the fieldwork and the data analysis. Spending five months in the field, conducting semi-structured interviews and focus group discussions with over 100 informants, gathering direct and participant observatory data and collecting secondary data helped me to cross-check and validate the information gathered and to contextualise my thoughts. I also maintained communication with some of my key interviewees by email, Skype, telephone calls and WhatsApp. This continuation of communication particularly helped me to further expand, deepen and complete my data when I gathered new information after I had concluded my field-research. For instance, one of the most heavily used secondary data text sources, the
latest official survey on the Honduran palm-oil sector, only became available in 2017; confirming these relatively new data was possible mainly by conducting new interviews with those in the field.

1.7. **Outline of the thesis**
This introduction is followed by six substantive chapters and my conclusions.

In order to build the baselines for addressing the research question, I first unpack the historical and politico-economic roots of the land conflict in the Aguán region. So in the second chapter, I look at the changes in power relations around and through palm-oil production in the Aguán Valley and in Honduras prior to 1999, when the Aguán’s decentralised landless peasant movements emerged, signifying the beginning of the contemporary form of the conflict.

I then move on to building the baselines for the research question in Chapter 3, exploring the power relations around and through palm-oil production in the Aguán region and in Honduras in general from the late 1990s on. I suggest that since the late 1990s, Honduras has built a system of palm-oil hegemony. Then, following a neo-Gramscian understanding of the dialectic moment of hegemony, I analytically and empirically explore the construction of this palm-oil hegemony against the background of its three main underpinnings: material, institutional/organisational and discursive. These underpinnings of the palm-oil hegemony will be taken as baselines for evaluating the Aguán CDM project’s impacts on the power relations behind the conflict in the region.

The building of the baselines is continued in Chapter 4, where I analyse the land conflict in the Aguán region in the context of the construction and contestation of the palm-oil hegemony in Honduras. I look at the central political strategies employed by the Aguán’s landless peasant movements throughout the conflict. My main argument in this chapter is that the conflict in the Aguán signifies a conjunctural crisis of palm-oil hegemony in Honduras.
Having established the baselines on which the impacts of the implementation of the Aguán CDM project on the power dynamics behind the conflict can be theoretically and empirically evaluated – namely, the three mutually reinforcing pillars of the palm-oil hegemony in Honduras, I go on to effectively analyse the impacts of the project’s implementation. I start in Chapter 5 by investigating the question of how the project’s implementation has provided additional material means of power to the main actors involved in the conflict, in particular Dinant as the project owner and developer, one of the leaders of the agro-industrial bourgeoisie and an important member of the palm-oil bloc in Honduras.

I continue the analysis in Chapter 6 by investigating how the project’s implementation has impacted on Dinant’s institutional and organisational means of power. I draw on one of the most appropriate analytical terrains for this analysis: the governance of the CDM, which allows us to capture the roles played by the different actors involved in the implementation of a CDM project.

I finally move on to investigate in Chapter 7 how the project’s implementation has enabled Dinant to gain an additional discursive means of power, particularly crucial for hegemonic social forces to deflect challenges arising from subordinate groups and project their interests and achievements as common sense and/or mutual interests. I also explore the nature of the politics of the contestations and resistances around the project, chronologically analysing the global campaign challenging the implementation of the Aguán CDM project.
2. An outline of the Historical Background of the Land Conflict in the Aguán Valley

2.1. INTRODUCTION

The aim of this thesis is to explore the impacts of the Aguán CDM project’s implementation on the region’s ongoing land conflict. In order to build the baselines for this analysis, it is first necessary to unpack the historical and politico-economic roots of the conflict, which are strongly intertwined with the implementation of two agrarian reform laws in Honduras: the distributive 1974 reform and the 1992 counter-agrarian reform. The former had established (oil palm) peasant cooperatives in the region, and the latter had paved the way for their dissolution, resulting in a majority of the members of dissolved cooperatives becoming landless and eventually forming the Aguán’s landless peasant movements with other landless peasants in the region.

Informed by the primary and secondary data collected, in this chapter I shall therefore outline the historical background of the conflict by looking at the changes in power relations around and through palm-oil production in the Aguán Valley and in the country prior to 1999, when the Aguán’s decentralised landless peasant movements emerged and began to attempt to reclaim their former lands by organising land occupations, signifying the beginning of the contemporary form of the conflict. In doing so, I shall also seek to make a contribution, drawing on APE and neo-Gramscian perspectives on social change, to the understanding of the dynamics of dispossession, class formation and agrarian transformation by shedding light on the interaction between the implementation of land (tenure) laws and the constellation of social forces in agrarian settings.

The chapter is divided into three sections: the first will explore the politico-economic dynamics which brought about the 1974 distributive agrarian reform. I shall look in particular at the emergence of national peasant organisations as political agencies of the Honduran peasantry, which played a key role in creating the political conditions which led
to the reform. I shall then explore changes in the configuration of the social relations of production and reproduction within the context of the peasant cooperatives in the Aguán Valley, reflecting on the processes of the expansion of the palm-oil industry between 1974 and 1992. In the final section, I shall look at changes in the character of rural politics within the context of the Aguán Valley between 1992 and 1999 by broadly exploring the re-composition of the rural classes, as well as the reconfiguration of rural politics in the region.

2.2. The Emergence of National Peasant Organisations and Their Reform Demands (1955-1974)

As explained briefly above, the historical background of today’s land conflict in the Aguán is strongly linked to two agrarian reforms implemented in Honduras: the distributive 1974 agrarian reform and the 1992 Law for the Development and Modernisation of the Agrarian Sector (LMDSA), known as the counter-agrarian reform. The Aguán region has been considered by many authors, such as Rubio (1994) and Macias (2001), as the capital of the agrarian reform due to the establishment of an export-oriented peasant colonisation project which allocated approximately 60,000 hectares of land in the Valley to around 5,000 landless and land-poor peasant families under 138 cooperatives, within which the land was owned and worked collectively (Macias, 2001). On the other hand, following the implementation of the 1992 counter-reform which removed the 1974 reform’s legal regulations and led to the alienation of around 50% of the reform lands, resulting in the dissolution of 73 peasant cooperatives within four years of the implementation of the reform, the region came to be known as the capital of the counter-agrarian reform (Macias, 2001:206-08; De Fontenay, 1999:28). As will be explored later, most of the landless peasants involved in today’s land conflict are members of these dissolved cooperatives or their younger generations trying to claim back their former lands from the agro-industrial bourgeoisie which had emerged and developed rapidly in the Honduran palm-oil sector following the 1992 counter-agrarian reform. Therefore, the
current land conflict cannot be fully understood without analysing the interconnections between these two reforms and the development of the palm-oil industry in the region.

Further developing Leon’s claim (2015), I argue that, from a Gramscian perspective, the 1974 reform was a product of a passive revolution process which had two interconnected expressions in the history of Honduras: the first one at the end of the 1950s under the Villeda Morales administration (1957-1963), which implemented a popular reformist agenda of Import Substitution Industrialisation (ISI) policies; and the second at the beginning of the 1970s, under the military reformist regime of General Oswaldo Lopez Arellano, which passed the agrarian reform law. To understand this two-episode process of passive revolution, we must look to the emergence of the national peasant organisations as the political agencies of the Honduran peasantry, and their struggles for land. By exploring the implementation of the 1974 reform within the context of passive revolution, I shall provide an empirical grounding for the claim that land laws and policies are formed by interactions between diverse, usually conflicting, social forces (Franco 2008; Roquas 2002; Sikor & Lund 2009).

By the 1950s, the dominant social classes in Honduras were mostly composed of landed elites associated with the exportation of coffee, cotton and cattle; and a (comprador⁵) commercial bourgeoisie closely tied to the foreign banana companies. However, an incipient (urban) industrial bourgeoisie, along with workers and peasants, began to challenge the interests of the dominant social forces by demanding social, political and economic reforms in the country (Ruhl, 1984; Posas & Fonteine, 1980).

For the peasantry, a landmark moment in the emergence of their political agency was the strike of 1954⁶ organised by banana workers against the US-based United Fruit. This strike

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⁵ The term comprador (bourgeoisie) is broadly understood as a class which directly serves the interests of foreign capital and is maintained and developed by it (Zedong, 1992).

⁶ Even today, the peasant and labour movements in Honduras proudly talk about the 1954 Banana Strike and compare it to the Paris Commune in 1871 (Euraque, 1996; Leon, 2015). For more detailed information on the strike, please see Bucheli (2008), Euraque (1996) and Seider (1995).
led to a massive dismissal of thousands of highly politicised and unionised workers, who went on to take over the company’s idle landholdings mainly to do subsistence farming (ACP7, 2015; Macias, 2001; GII10, 2015; ACP5, 2015). Through this process “they were transformed almost immediately from an angry proletarian labour force into an angry landless peasant work force” (Nelson, 2003:7) and a growing political (class-based) consciousness rapidly spread from them to other peasant groups across the nation, which until then had remained unorganised and inarticulate.

The Aguán’s peasant movements have strong individual and collective memories of the history of the peasants’ struggles for the right to land in Honduras, and the 1954 strike holds a key place in these memories. Tomas Andino Mencia, a well-known Honduran sociologist, told me:

... probably one of the main reasons why Honduras, such a small country compared with other Latin American countries, has one of the strongest peasant movements in the world is because of the way the movement emerged ... The [peasant] movement itself arose out of the labour movement. (ACP5, 2015)

During the late 1950s, the appearance of organised peasant movements came to be identified in the popular imagination with a legitimate nationalistic response to foreign economic aggression, mainly in the form of foreign banana and mining companies and large landowners’ attempts to evict peasants from their holdings (Edelman & Leon, 2013:1708; ACP5, 2015). It was estimated that around 55% of the rural population was landless and/or land-poor at the time (Ruhl, 1984:48).

Particularly following the 1954 strike, the country came to experience a dramatic increase in (mainly Honduran Communist Party [PCH]-influenced) social uprisings in different forms, including workers’, teachers’ and students’ strikes in urban settings and land occupations by landless peasants in rural settings (ACP5, 2015). Fatal confrontations between protestors and the armed forces along with landed elites often occurred in this period (Sieder, 1995; Brockett, 2005; Harrison et al., 1983; Cardosa, 1967). In this regard,
from a (neo-)Gramscian perspective, Honduras began to show the typical class characteristics and conditions of a non-hegemonic society, broadly understood as a society in which dominant social forces are not able to establish hegemony over subordinated social forces by gaining their consent; instead, they overwhelmingly exercise coercive power (Cox, 1983:167).

Against this background, Villeda Morales came to power in 1957 as “the political expression of the emerging social groups that struggled for broadening the political base of power, for more political participation, and for economic and social reforms” (Posas & Fonteine, 1980:49). His administration endeavoured to meet these demands by implementing ISI-oriented policies, broadly understood as a state-driven capital accumulation strategy “based on the sequenced expansion of manufacturing industry, with the objective of replacing imports” (Saad-Filho, 2005:222). ISI policies were the dominant economic growth model in Latin America at the time (Klak, 2004). In line with these policies, the Villeda Morales government implemented the Law of Industrial Development in Honduras in 1958 which, among other benefits, eliminated import duties and provided tax exemptions to manufacturing firms (Euraque, 1996:79) thereby opening opportunities which the emerging industrial and small urban bourgeoisie used to significantly advance their interests7 (Bulmer-Thomas, 1987).

Another important factor which set the context for the emergence of the political agencies of the Honduran peasantry at the national level during this period was the Alliance for Progress,8 one of whose goals was to promote distributive agrarian reforms in Latin American countries and to foster a “state-led inward-directed development strategy” to address reform demands and strengthen the national bourgeoisie with increased state intervention and protectionism (Kay, 2004:234; Macias, 2001; ACP5, 2015; 2015).

7 Given a significant increase in manufacturing share of GDP from 8.4% in 1949 to 13.3% in 1959, Bulmer-Thomas considered this period as the golden age of the incipient industrial bourgeoisie in Honduras (1987:273).

8 An international meeting sponsored by the US in 1961 whose central aim was to stem the tide of revolution in Latin American countries and counteract the effect of the 1959 Cuban Revolution.
In line with the measures promoted by the Alliance in this regard, the Villedas Morales administration established the National Agrarian Institute (INA) in 1961 in order partly to oversee the country’s agrarian reform programmes (Ruhl, 1984).

Seeking to politically influence the state’s burgeoning agrarian and land policies, the first peasant organisation at the national level was established in 1961 – mainly under the leadership of ex-unionised banana workers affiliated to the PCH – under the umbrella of the Central Committee of Peasant Unity (CCUC) (Euraque, 2000). The CCUC was re-organised under the Federacion Nacional de Campesinos Hondureños (FENACH) in 1962 and appeared in the political spectrum as the first structured political agency of peasants at the national level in Honduras, and it rapidly acquired organisational political power (Harrison et al., 1983; ACP5, 2015).

With the intention of counter-balancing FENACH’s growing influence, the Asociacion Nacional de Campesinos Hondureños (ANACH), an alternative peasant association with an anti-communist rhetoric, was established in 1962 (Sieder, 1995; Brockett, 2005; Harrison et al., 1983; Cardosa, 1967; Edelman & Nunez, 1998; Frassinetti, 1977; Dunkerley, 1988:572). This was also the period which saw the emergence of labour and peasant organisations with a social-Christian tendency, such as the Union Nacional de Campesinos (UNC) in 1963 (Posas & Fontaine, 1980).

During its first years in government, land policies implemented by the Villeda Morales administration focused on granting (empty) state and municipal lands to landless peasants, as individual beneficiaries. However, in 1962 his administration passed the first modern agrarian reform law in Honduras, mainly with the technical and financial

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9 The Morales administration, along with the Organizacion Regional Interamericana de Trabajadores (ORIT) as a counterpart of the US-based anti-communist American Institute for Free Labour Development (AIFLD), sponsored the establishment of ANACH to counter-balance the influence of the rapidly growing PCH-influenced FENACH in agrarian settings (Sieder, 1995:109).
assistance of the Inter-American Development Bank (IDB) (IDB, 1961; Nelson, 2003; Brockett, 1987; 1987a), which was primarily aimed at allocating state and municipal lands, as well as foreign banana companies’ idle holdings, to landless and/or land-poor peasant groups, this time, under peasant ‘colonisations’,10 referring to peasant settlements under conditions determined by the state. These colonisations (colonies) would receive financial and technical assistance from INA and international financial institutions (Rulh, 1984; Posas & Fonteine, 1980; IDB, 1961). As will be explored below, it was during this period that the original plan for an export-oriented colonisation project in the Aguán valley was drafted, although it would not be fully implemented until after the 1974 agrarian reform law (Leon, 2015).

I argue that the period between 1957 and 1963, under the Villeda Morales administration, was an episode of passive revolution, broadly understood as “a condition of rupture in which socio-political processes of revolution are at once partially fulfilled and displaced” (Morton, 2010:316). In line with “the dialectic of ‘revolution/restoration’” (Gramsci, 1971:219), Gramsci stated that:

[T]he concept of passive revolution [...] applies [...] to those countries that modernise the state through a series of reforms [...] without undergoing a political revolution of a radical Jacobin-type. (1996:232)

The passive revolution theory signifies conditions under which “restoration becomes the first policy whereby social struggles find sufficiently elastic frameworks to allow the bourgeoisie to gain power without dramatic upheavals” (Gramsci, 1971:115). In other words, passive revolution can be understood as “a mode of class rule associated both with ruptural conditions of state development, ushering in the world of capitalist production, and class strategies linked to the continual furtherance of capitalism” (Morton, 2013:63).

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10 This was the first time that the peasant colonisation, as a form of peasant settlements, was introduced in the country.
By implementing a popular reformist agenda in line with the ISI and the Alliance for Progress policies – both of which were framed and imposed within the dynamics of global (and/or regional) capitalism at the time – the Villeda Morales administration attempted to replace “the local social groups in leading a struggle of renewal” (Gramsci, 1971:106) by partially fulfilling their revolution-inducing efforts (Callinicos, 2010:491). This was an attempt to achieve systemic transformations in relation to the reconstitution of social relations by non-revolutionary means and to undermine revolutionary impulses. In line with Morton’s definition of passive revolution, I argue that Villeda Morales’s intention was to re-organise class relations and state power in a suitable way for capitalism to expand as a mode of production in Honduras (2010:316). It is possible to argue that the Morales passive revolution succeeded in allowing emerging social forces – particularly the incipient industrial bourgeoisie and the peasantry – to acquire organisational political power.

As was experienced by many other reformist governments in Latin America during this period, Villeda Morales was overthrown by an anti-communist military coup in 1963 led by Colonel Lopez Arellano, who ruled the country “with the support of the traditionally conservative, landowner-dominated” social forces until 1971 (Sieder, 1995:107). Posas and Fonteine contended that:

*The coup represented a conservative reaction on the part of the commercial-landowning oligarchy and the imperialist banana bourgeoisie corporations interested in curtailing social participation and stopping the increasing popular mobilization that characterised the last years* [of the Morales’ administration]. (1980:50)

At the beginning of the 1970s, as a result of increasing violent evictions and repression of (landless) peasant movements, class struggle in the rural settings sharpened again in Honduras; mass mobilisations, road blockages and land recoveries grew and fatal confrontations often resulted between peasants and the state’s armed forces (Posas & Fonteine, 1980:51; White, 1977; Brockett, 1992; 1998; 2005; Dunkerley, 1988). Landless and land-poor peasants, along with small farmers, “became the leaders in the national
mobilization of campesinos” (White, 1977:182). Under such a repressive political climate, the national peasant organisations, such as ANACH, organised a massive march in Tegucigalpa in December 1972, ‘the Hunger March’, with over 20,000 peasants demanding agrarian reform to solve the country’s landlessness problem by abolishing the latifundios, broadly understood as large landholdings (Harrison et al., 1983; Leon, 2015).

From a (neo-)Gramscian perspective, I argue that the 1972 Hunger March, along with increasing violent confrontations between the state’s armed forces – under the influence of the landed rural elites – and landless peasant groups came to signify a ‘crisis of authority’ or a ‘general crisis of the state’ in Honduras (Gramsci, 1971:210). Gramsci defined a crisis of authority as follows:

*If the ruling class has lost its consensus, i.e. is no longer ‘leading’ but only ‘dominant’, exercising coercive force alone, this means precisely that the great masses have become detached from their traditional ideologies, and no longer believe what they used to believe previously, etc. The crisis consists precisely in the fact that the old is dying and the new cannot be born: in this interregnum a great variety of morbid symptoms appear.* (1971:275-276)

This was, I argue, the case in Honduras in the early 1970s, just as it had been during the period prior to the Villeda Morales administration in the mid-1950s. When we think “in a Gramscian way” (Morton, 2007:9), it is indeed possible to claim that, within the empirical context in Honduras at the time, the old – representing the landed rural elites – was dying whilst the (relatively) new – representing articulate and organised peasants demanding agrarian reforms to abolish the unequal land tenure system – could not yet be born. This crisis of authority triggered a new episode of passive revolution in the country which led to the 1974 agrarian reform.

2.2.1. The 1974 Distributive Agrarian Reform as a Product of a Passive Revolution

In December 1972, in the week following the hunger march, the Supreme Defence Council – the army’s highest body – ‘authorised’ the former ruler General Oswaldo Lopez Arellano
to take power once again (Dunkerley, 1988:521; Bucheli, 2008; Posas & Del Cid, 1980; Posas & Fonteine, 1980). Although it was headed by General Arellano, this regime was strongly backed by young military officers inspired by the reformist military governments which emerged in Latin America in the 1960s, such as the ones in Peru (1968-1975) and Panama (1968-1981) (Posas & Fonteine, 1980).

The re-appearance of General Arellano in the political arena, this time with a reformist rhetoric, fits well one of the typical accompaniments to Gramsci’s analysis on passive revolution, namely, caesarism, in which “a strong man intervenes to resolve the stalemate between equal and opposed social forces” (Cox, 1983:166). Gramsci used this concept

... to express a situation in which the forces in conflict balance each other in a catastrophic manner; that is to say, they balance each other in such a way that a continuation of the conflict can only terminate in their reciprocal destruction ...

[Hence, caesarism can be understood as] the particular solution in which a great personality is entrusted with the task of ‘arbitration’ over a historico-political situation characterised by an equilibrium of forces heading towards catastrophe. (1971:219)

Gramsci distinguished two main forms of caesarism: progressive, “when strong rule presides over a more orderly development of a new state”, and reactionary “when it stabilises existing power” (Cox 1983:166). I consider the short-lived caesarism exercised by Arellano to have been the progressive form because of its political implications which will be broadly explored below.

Arellano’s passive revolution approach towards the Honduran peasantry as a social force can be further captured in a WikiLeaks document containing a comment coming from the US embassy in Honduras:

11 It is important to note that, as Cox stated, Gramsci’s analysis of caesarism “is virtually identical with that of Marx in the Eighteenth of Brumaire of Louis Bonaparte: the French bourgeoisie, unable to rule directly through their own political parties, were content to develop capitalism under a political regime which had its social basis in the peasantry, an inarticulate and unorganised class whose virtual representative Bonaparte could claim to be” (1983:166).
[the] military government sees Honduras’ large campesino population as an extremely important power base, and believes this and other societal sectors, e.g. labor, business, can provide a more genuine support than can be mustered by the entrenched political party professionals who have lost considerable credibility. It was, after all, the campesino movement which toppled the last government of the two parties. (WikiLeaks, 1973)

The urgency of resolving peasant discontent in the country was clear for Arellano and his reformism-influenced young military officers, and an ‘emergency measure’, Decreto Ley No. 8, was announced a couple of weeks after the military coup (Sieder, 1995). This provisional law

... gave landless campesinos the right (subject to INA’s approval) temporarily to occupy national and ejido land; it also introduced a ‘controversial’ clause forcing the rental of idle privately owned land to INA for allocation to landless beneficiaries. (ibid.:114)

The implementation of this decree was intended to ease the pressure on landless peasants until a permanent agrarian reform law could be formulated and can be considered as a temporary concession in order to allay their revolutionary impulses.

The economic policies and the political programmes of Arellano’s passive revolution, and hence the form of Arellano’s caesarism, were exposed in the government’s National Development Plan (PND) presented in December 1973. The plan designated as the fundamental task of the armed forces to expand the role of the state in the economy and support “industrial development on the production of basic consumption goods for the domestic market”, in line with the ISI policies still dominant in the region (Sieder, 1995:115; Posas & Fonteine, 1980).

In the agrarian sector, the plan¹² was intended to stimulate agrarian production, demolish non-productive latifundios and incorporate the landless peasants into mainly export-

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¹² One of the most important institutional developments which took place within the context of the integral state’s reconstruction in relation to the agricultural sector was the establishment of the Banco Nacional de
oriented agricultural production under state control by promoting peasant colonies, continuing and institutionalising the policies increasingly adopted since 1971 (Posas & Fonteine, 1980; ACP5, 2015; Baumeister, 1992; Macias, 2001).

In line with Morton’s definition of passive revolution theory as “the survival and reorganisation of state identity through which social relations are reproduced in new forms consonant with capitalist property relations” (2007:41), it became evident that, through the implementation of the PND, Arellano’s passive revolution aimed at achieving a systemic transformation suitable for the expansion of capitalism by non-revolutionary means within a form of restoration. The most evident expression of this attempt took place in the agrarian sector.

Arellano’s military regime passed the Agrarian Reform Law on 30 December 1974; it came into force on 14 January 1975\(^\text{13}\) (Decreto 170, 1974). This reform can be considered to have been one of the most crucial landmarks in the longstanding struggle for land by the peasant movements in Honduras, and it set the stage for subsequent developments leading to today’s ongoing land dispute in the Aguán Valley.

In 1974, around 70% of the population in Honduras was rural and 77% of the rural population was land-poor\(^\text{14}\) (Ruth, 1984). As Tables 2.1 and 2.2 show, nearly twenty years after the implementation of the first land-granting policy by the Honduran state in the

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**Suministros y Productos (BANASUPRO)** in 1974 (Pino, 1992:17). BANASUPRO, functioning in coordination with BANADESA, was designed to support the rural poor by providing them with basic grains at lower prices than market, and basic grain producers by purchasing their products with price guarantees (BANASUPRO, 2018).

\(^{13}\) The time gap between the law being passed and it coming into force, two weeks, provided a considerable time for large landowners either to divide their landholdings not to surpass the official ceilings or to run cattle on their idle land so that their lands would not seem to be underutilised, or both.

\(^{14}\) Please note the differences between the definitions of landless and land-poor peasants. The former refers to peasants who do not own any land as a means of production, whilst the latter represents peasants who own less than five hectares of land within the context of Honduras. The number of hectares of land owned by land-poor peasants varies between different countries and periods. For instance, up until 1992 when the counter-agrarian reform was implemented, five hectares was regarded as the criterion for defining land-poor peasants, but in 1992, it was officially re-defined as two hectares.
mid-1950s, the unequal distribution of land was still intact: by 1974 nearly 50% of the farm land was controlled by less than 2% of the largest farms, and the smallest 64% of the farms were crowded onto just around 9% of the land area (Ruhl, 1984:50; Nelson, 2003; Standfield et al., 1986; Macias, 2001; Brockett, 1987).

Table 2.2: Landlessness and Land Poverty Among Rural Families in Honduras, 1974

<table>
<thead>
<tr>
<th>Farm size in hectares (ha)</th>
<th>1974</th>
<th>1952</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landless</td>
<td>36</td>
<td>36</td>
</tr>
<tr>
<td>Under 1 ha.</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>1 to 2 ha.</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>2 to 5 ha.</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>5 to 10 ha.</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>10 ha. Plus</td>
<td>14</td>
<td>14</td>
</tr>
</tbody>
</table>

Source: Ruhl, 1984:47

Table 3.2: Land Ownership Trends: Number of hectares and Percentage of Farms by Size and Area, 1952 and 1974

<table>
<thead>
<tr>
<th>Farm size in hectares (ha)</th>
<th>1952 Number of farms</th>
<th>Percent</th>
<th>Number of hectares</th>
<th>Percent</th>
<th>1974 Number of farms</th>
<th>Percent</th>
<th>Number of hectares</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 1</td>
<td>15,394</td>
<td>9.9</td>
<td>10,000</td>
<td>0.4</td>
<td>33,771</td>
<td>17.3</td>
<td>21,542</td>
<td>0.8</td>
</tr>
<tr>
<td>1-5</td>
<td>73,617</td>
<td>47.1</td>
<td>192,200</td>
<td>7.7</td>
<td>91,010</td>
<td>46.7</td>
<td>217,451</td>
<td>8.3</td>
</tr>
<tr>
<td>5-10</td>
<td>28,092</td>
<td>18</td>
<td>201,600</td>
<td>8</td>
<td>28,264</td>
<td>14.5</td>
<td>201,274</td>
<td>7.7</td>
</tr>
<tr>
<td>10-50</td>
<td>32,372</td>
<td>20.7</td>
<td>676,500</td>
<td>27</td>
<td>34,390</td>
<td>17.7</td>
<td>729,361</td>
<td>27.7</td>
</tr>
<tr>
<td>50-100</td>
<td>3,865</td>
<td>2.5</td>
<td>265,900</td>
<td>10.6</td>
<td>4,433</td>
<td>2.3</td>
<td>301,228</td>
<td>11.5</td>
</tr>
<tr>
<td>100-1,000</td>
<td>2,601</td>
<td>1.7</td>
<td>645,600</td>
<td>25.7</td>
<td>3,304</td>
<td>1.5</td>
<td>763,673</td>
<td>29</td>
</tr>
<tr>
<td>1,000 Plus</td>
<td>194</td>
<td>0.1</td>
<td>515,500</td>
<td>20.6</td>
<td>169</td>
<td>&lt;0.1</td>
<td>395,330</td>
<td>15</td>
</tr>
<tr>
<td>Total</td>
<td>155,135</td>
<td>100</td>
<td>2,507,300</td>
<td>100</td>
<td>195,341</td>
<td>100</td>
<td>2,629,859</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Adapted from Ruhl, 1984:50

The declared aims of the 1974 agrarian reform law, as a product of Arellano’s passive revolution, were to eliminate the traditional dual complex of the minifundio\textsuperscript{15}-latifundio; to stimulate resourceful capitalist agricultural production; and to promote peasant enterprises\textsuperscript{16} as “forms of production among reform beneficiaries” (Sieder, 1995:115;)

\textsuperscript{15} The term \textit{minifundio} is here broadly understood as a small landholding.

\textsuperscript{16} “Heretofore, I refer to these peasant enterprises as ‘cooperatives’ for the sake of simplicity, and because the word ‘enterprise’ in English does not accurately represent the collective values inherent to the empresa campesina. In actuality, there are a number of different legal entities (cooperativas, empresas campesinas,
Some of the most important features of the reform were setting ceilings on landholdings, detailing the criteria for what constituted efficient land exploitation, and establishing that “holdings in excess of the ceilings or failing to meet the criteria set out would be subject to expropriation” (Sieder, 1995:115).

Moreover, the reform granted landless peasants usufruct rights on national and municipal lands which they already occupied (Thorpe, 1992; 1992a). The law specified that “if land did not contribute to the social good, its expropriation was justifiable” (Nelson, 2003:9; Ruhl, 1984; Brockett, 2005). However, landholdings “cultivated with certain agro-export crops, including bananas, coffee, sugar and African palm, were exempt from expropriation, irrespective of size” (Sieder, 1995:115; Decreto 170, 1974); this gives an insight into the priorities given by the law to the cultivation of export-oriented crops.

Since Arellano had returned to power with strong support from labour unions and peasant organisations pushing an agenda unfavourable to interests of the landed elite, the traditional rural elites significantly lost their dominant influence over the integral state. The weakened political position of these elites partly fits Gramsci’s explanation of restoration policies. During a passive revolution, Gramsci argued that:

*The old feudal classes are demoted from their dominant position to a ‘governing’ one, but are not eliminated, nor is there any attempt to liquidate them as an organic whole; instead of a class they become a ‘caste’ with specific cultural and psychological characteristics, but no longer with predominant economic functions.* (1971:115)

In this regard, a WikiLeaks document on the Honduran traditional landed elites’ weakened political positions deserves to be noted:

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*asociaciones de productores etc.* which comprise the ‘social sector’ of the Honduran economy, as opposed to the ‘private’ and the ‘public’ (state-owned) sectors” (Kerssen, 2013:138),
The traditional landed elites’ frustration is increased by inability to act through a traditionally pliant legislative branch or traditionally suborn-able senior officials. Lacking these sure-fire channels, [their pressures] are not likely to be assuaged. (WikiLeaks, 1974b)

Under the agrarian reform law, 600,000 hectares – equivalent to almost half of the country’s total arable land at the time (FAOSTAT, 2018) – “were to have been distributed to 120,000 families by the end of 1978” (Posas & Fonteine, 1980:52). The amount of land distributed and the number of beneficiaries, however, reached only one third of the proposed targets; by 1980, only around 210,000 hectares of land “had been distributed to 46,890 rural families or 12% of the total” (Edelman & Leon, 2012:1708). Nevertheless, the reform has still been considered as “the most radical [agrarian reform] in Central America up to that time” (Edelman & Leon, 2012:1708), since around 22% of the landless peasants in the country became beneficiaries (ibid.) mainly by being allocated to 1,200 peasant settlements where the reform land was owned and worked collectively (Macias, 2001).

In the early years of the agrarian reform, national peasant organisations such as ANACH strongly criticised the establishment of peasant colonies and cooperatives as legal entities because of their fear of being replaced in their role of representing the peasantry17 (WikiLeaks, 1975c). However, they reversed this position after the Juan Alberto Melgar administration (1975-1978) mandated all cooperatives to affiliate to one of these national peasant associations18 (GII10, 2015; ACP5, 2015). Nonetheless, following the implementation of the 1974 agrarian reform law, the influence of the national peasant organisations over the integral and extended states rapidly declined. Boyer commented that they “lost power to say much about policies and strategies” on agrarian issues

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17 This opposition within the context of the Aguán project can be further noted in a WikiLeaks document containing a letter submitted to Arellano himself by ANACH, the largest peasant organisation at the time, in October 1974 (WikiLeaks, 1974c). The letter contains a complaint that “INA has inappropriately concentrated its efforts in the Bajo Aguán Colonization project, thereby relieving pressure on improperly held lands in more settled areas” (ibid.).

18 Following this regulation, particularly ANACH came to organise massive migrations of landless peasants from other parts of the country to the Aguán Valley (Leon, 2015). By the mid-1980s, over 70% of the cooperatives established in the Aguán Valley were affiliated to the state-sponsored FECORAH or to ANACH (Macias, 2001).
(2010:324). In line with the claim of Sieder (1995), I also argue that, to some extent, the implementation of the 1974 agrarian reform did buy off rural protest.

Even if the declining influence of the popular movements in the late 1970s was also related to the political economic shifts in the national and global settings, in relation to the changing dynamics of the global capitalist development, Arellano’s passive revolution significantly reduced and undermined rural militancy in Honduras.\(^\text{19}\)

Posas and Fonteine also argued that the implementation of the 1974 reform and the establishment of peasant colonies were political tools for the integral state apparatus to demobilise the agrarian movements (Posas & Fonteine, 1980). Posas further claimed that:

\[\text{... formerly the most mobilised and combative peasants, the reform beneficiaries now somewhat selfishly focus their demands on improving credit or technical assistance rather than on obtaining land for the landless population. (1979:112-3, cited in Ruhl, 1984:55)}\]

Moreover, as noted by Boyer, “by 1984, the four major [peasant] organisations had splintered into 14 competing groups” (2010:324). Nevertheless, as a political reaction to these changes, an alternative national peasant organisation with a leftist rhetoric, La Central Nacional de Trabajadores del Campo (CNTC),\(^\text{20}\) was established in 1985 to counter-balance other national peasant organisations’ political positions favouring the status quo (Macias, 2001:68).

It is therefore possible to argue that Arellano’s passive revolution was successful in replacing the national peasant organisations’ revolutionary impulses (particularly in the form of their demand to abolish latifundios) by partially fulfilling their efforts by the implementation of the 1974 reform which re-organised a significant part of the (landless)

\(^{19}\) In an interview, Miguel Facuseé, the owner of Dinant, also argued that the 1974 agrarian reform “has taken the steam out of the left” (Komisar, 1983).

\(^{20}\) By 1988, 30 peasant cooperatives in the Aguán Valley were affiliated to CNTC (Macias, 2001:68).
peasantry under the colonies and/or cooperatives to suit the expansion of capitalism as a mode of production. In this regard, Andino further argued that:

... by implying such a structure [referring to the establishment of the peasant cooperatives], what the state actually did was a state-led class reformation of thousands of landless peasants. (ACP5, 2015)

As Leon argued, in the vision fuelling the Aguán colonisation project, “development was understood as the transformation of subsistence-oriented and traditional households into modern capitalist, market-oriented ventures under the tutelage of the state” (Leon, 2015:109).

In the meantime, latifundios remained relatively intact during the implementation of the 1974 reform: 81% of the land distributed by the reform was state and municipal lands, most of which were in remote rural colonisation areas, and only 19% of the land distributed was private, mostly foreign fruit companies’ idle lands (Ruhl, 1984:54). Just as with the previous agrarian reform and land distribution policies, the 1974 reform failed to achieve two of its main declared goals: to solve the acute landlessness problem and to alter the basic inequalities of the agrarian structure in Honduras (Batres, 1992; Arrivillaga, 1992; Thorpe, 1992; 1992a; Ruhl, 1984).

In the next subsection, I shall explore changes in the configuration of the social relations of production and reproduction within the context of the peasant cooperatives in the Aguán Valley by reflecting on the processes of expansion of the palm-oil industry between 1974 and 1992.

2.3. The Aguán Valley as an Export-oriented Colonisation Project (1974-1992)

The internationally assisted, export-oriented and large-scale peasant colonisation projects, such as the one in the Aguán Valley, were “given advantages over other peasant groups in the provision of credit, technical assistance and infrastructure development” during the
implementation of the 1974 reform (Brockett, 1987a:83). Indeed, even though these export-oriented reform projects comprised about 25% of the reform beneficiaries, they had received around 75% of the relevant government spending by 1978 (Macias, 2001; GII10, 2015). As Table 2.3 shows, the ratio of the total financial credits to the agricultural sector provided by BANADESA, the Honduran national bank for agricultural development, to the export crop producers increased from 29.5% in 1975 to 51.8% by 1980.

Table 2.4: Distribution of Financial Credits Going to the Agricultural Sector in Honduras (%) in 1975, 1980 and 1988

<table>
<thead>
<tr>
<th></th>
<th>1975</th>
<th>1980</th>
<th>1988</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Grains</td>
<td>16.5</td>
<td>13.1</td>
<td>11.6</td>
</tr>
<tr>
<td>Export Crops</td>
<td>29.5</td>
<td>51.8</td>
<td>51.2</td>
</tr>
<tr>
<td>Cattle</td>
<td>41.8</td>
<td>24.9</td>
<td>20.3</td>
</tr>
<tr>
<td>Other Cultivations</td>
<td>11.9</td>
<td>10.2</td>
<td>16.9</td>
</tr>
</tbody>
</table>


As the site of an export-oriented peasant colonisation project, the Aguán Valley was a relatively remote area, abandoned by the foreign fruit companies since the 1950s, and one of the three zones suitable for the cultivation of humid tropical crops in Honduras, along with the Sula and Lean Valleys in the north of the country. There the state allocated around 60,000 hectares of land and provided credits, seeds, technical assistance and agricultural equipment to almost 5,000 landless families organised under 138 peasant cooperatives, mainly to plant oil palms, which had never been planted on a large scale in the country before (De Fontenay, 1999:9-10; Macias, 2001; GII10, 2015). The Aguán region became the main peasant colonisation site and a centrepiece of the 1974 reform in Honduras, accounting for 30% of the total land distributed mainly through the reform by the mid-1980s, and for over 10% of the reform participation in terms of the total number...
of reform beneficiaries\(^{21}\) (De Fontenay, 1999; Macias, 2001; Edelman & Leon, 2013:1708; Rubio, 1994; Kerssen, 2013).

It is important to note that the Aguán project was designed not only as an agrarian/rural development project which could partly help the state to defuse the country’s acute landlessness problem, but also as a base for industrial development, since palm-oil production would generate the need for extraction mills, refineries and final-goods factories (ACP5, 2010; De Fontenay 1999). Indeed, by 1983 around half of the reform land granted to cooperatives in the Aguán Valley was in the hands of 2,700 peasant families organised under 54 cooperatives dedicated to cultivating African palms (ibid.:10); these oil palm cooperatives were labelled by INA as ‘privilege cooperatives’ (Rubio, 1994).

2.3.1. Peasant Cooperatives in the Aguán Valley
Since it forms the backdrop to the power dynamics behind today’s land conflict in the Aguán region which are explored in the two following chapters, it is crucial to explore the changes in the configuration of the social relations of production and reproduction within the context of the peasant cooperatives in the Aguán Valley and to reflect on the processes of the expansion of the palm-oil industry between 1974 and 1992, as well as of differentiation between and within cooperatives.

The history of oil palm as a non-traditional export/cash crop in Honduras dates back to the mid-1920s, when the United Fruit company established two research centres in the country (Kerssen, 2013). Standard Fruit followed United Fruit in this initiative and began to plant oil palms in Honduras on an experimental level in the late 1940s. Oil palm plantations, however, remained small-scale, non-commercial and experimental not only in Honduras, but also in other Latin American and Central American countries up until the late 1960s, when major breakthroughs in fertilisation, pollination and oil extraction

\(^{21}\) The total arable land is estimated to be around 100,000 hectares in the Aguán Valley (De Fontenay, 1999).
techniques allowed oil palms to be cultivated on a large scale and palm oil to be extracted for commercial purposes (*ibid.*).

The total amount of land cultivated with African palms by these two foreign banana companies in Honduras was merely 3,148 hectares by 1970 (FAOSTAT, 2018). That year, both companies began to produce palm oil at their small-scale palm-oil extraction plants: United Fruit’s mill, San Alejo, was located in the Sula Valley, whereas the Standard Fruit plant, Caicesa, was in the Lean Valley (Gil18, 2017). However, unlike other export crops, such as bananas and melons, the foreign fruit companies failed to gain a monopoly control over this incipient palm-oil industry because their extraction had remained relatively small-scale. So by establishing peasant colonies devoted to the cultivation of African palms on a large scale and building extraction plants, the Honduran state sought to enter the market and become the processing monopsony (De Fontenay, 1999; 1999a). Large-scale oil palm cultivation was therefore introduced in Honduras by the state at the beginning of the 1970s and the plantations were significantly expanded by peasant colonisations, such as the one in the Aguán Valley, established as part of the implementation of the 1974 reform law.

The establishment of the Aguán project was not a policy invented by Arellano’s reformist regime; instead, it was an adaptation of a rural development project which had been proposed to the Honduran state by the Organisation of the American States (OAS) as early as 1964 (Maradiaga *et al.*, 1971; Leon, 2015) as a response to a request from Villeda Morales’s administration. In 1964, a team of specialists from the OAS, the IDB and the Food and Agriculture Organisation (FAO), known as Mission 105, conducted field research and produced a report proposing the establishment of two peasant colonisation projects aiming at integrating rural and industrial development: one located in the Aguán Valley and the other in the south of the country (Maradiaga *et al.*, 1971; Leon, 2015). An agreement was signed in 1969 between the Honduran state and the OAS, whose loan
would cover 60% of the implementation cost of the Aguán Project, which began in 1970 (Rubio, 1994; Leon, 2015).

The La Salama peasant cooperative was the first to be established, in accordance with the Aguán project, in May 1970 (ACP2, 2015; Kerssen, 2013). It was followed by the cooperatives La Confianza in November 1970, and La Central Bajo Aguán, La San Isidro and La Zamora in 1971\(^{22}\) (Macias, 2001:59; Rubio, 1994:54). However, up until the 1974 reform, the implementation of the Aguán project was relatively slow and the total number of established cooperatives had only reached 24 by 1974 (Rubio, 1994:54). In addition, in the early years of their establishment, these cooperatives were mainly devoted to the cultivation of basic grains such as maize and yucca (ACP8, 2015).

By 1975, once the reform law had been passed, the IDB’s funding kicked in, and the opposition of the national peasant organisations towards the establishment of peasant cooperatives was reversed, the number of the cooperatives in the Aguán Valley increased and reached over 100 by 1978\(^{23}\) (Macias, 2001; GII6, 2015).

The IDB directed and funded the initial planting of agro-export crops [mainly oil palm] in the Aguán ... The Honduran government retained ownership of most land in the area, and thus it was able to relocate the few pre-existing ranchers and farmers, leaving the IDB in complete control as a social planner. (De Fontenay, 1999:9)

The 1974 reform granted the peasant cooperatives and their members, as reform beneficiaries, usufruct rights (dominio util) over the allocated lands. However, one of its main differences from previous reforms and decrees was that it strictly mandated

\(^{22}\) One of the most distinctive features of these early cooperatives was that they were formed solely by landless and/or land-poor peasants who were already doing subsistence farming in the Aguán Valley (Macias, 2001; GII10, 2015; ACP14, 2015; ACP8, 2015). The members of the cooperatives established especially after 1974 migrated to the region from other parts of the country (ACP14, 2015; ACP2, 2015; Rubio, 1994).

\(^{23}\) It is important to note that the Honduran state, along with the IDB, completed viability research to establish another peasant colonisation project similar to the Aguán one in the Sula Valley by 1974 (IDB, 1974). After Hurricane Fifi hit the north cost of the country in 1975, the Sula project, which was intended to produce mainly African palm, was established in 1976 (ACP2, 2015; Kerssen, 2013).
collective ownership of the land, which could not be subjected to the land market (Decreto 170, 1974).

Each cooperative was composed, on average, of around 40 peasant families (Rubio, 1994; ACP13, 2015) and the average size of the land they were granted was between 400 and 500 hectares (Macias, 2001; ACP7, 2015; ACP8, 2015). Within these landholdings, each member family in the cooperative was allocated an individual small plot with an average size between five and ten hectares (Rubio, 1994; Macias, 2001; Leon, 2015; ACP2, 2015). These individual plots were, nevertheless, still locked into the same legal framework; the beneficiaries could work on these plots individually but were not allowed to sell or buy them (Macias, 2001; Leon, 2015). Raul Ramirez, a member of a dissolved peasant cooperative in the Aguán Valley, stated that members of the cooperatives were allowed to grow only basic grains on their individual plots; planting cash crops such as oil palm and grapefruit or raising cattle were strictly limited to the collectively worked plots in order to prevent competition between members (ACP9, 2015).

As well as their individual plots, the reform beneficiaries were mandated to work collectively on the common land within the cooperatives. These collective activities, such as clearance, maintenance, cultivation and harvest, were clearly defined and strictly monitored by the colonisation authorities, such as INA, as well as by the cooperatives’ monitoring boards (ACP8, 2015; GII10, 2015). Working hours and days varied: some cooperatives mandated collective work between 5am and 11am every day (Rubio, 1994:68), others set specific days of the week to worked as whole days (Leon, 2015). In any case, all of the peasant cooperatives were subject to a collective labour regime (Macias, 2001).

It is also important to highlight that without the approval of INA and the general assemblies, the members of the cooperatives were not allowed to work as wage-workers.

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24 Furthermore, the form of collective ownership within the cooperatives was also extended to other means of production, such as livestock (ACP7, 2015; Rubio, 1994; Leon, 2015).
or to hire workers from outside their own cooperatives\(^\text{25}\) (GII10, 2015; ACP8, 2015). In this regard, the Aguán peasant cooperatives’ relationship with the labour market was strictly regulated and limited.

Likewise, the cooperatives’ access to the commodity markets to sell their products was also regulated and limited by the colonisation authorities. During the 1970s and the early 1980s, they were not allowed to directly sell their products to the markets; instead, they were mandated to supply them to the integral state authorities, such as INA and BANASUPRO, or to intermediaries who were contracted by these authorities (ACP7, 2015; ACP8, 2015).

During this period, the main, if not only, income source of the beneficiaries was a weekly wage they received from INA (Rubio, 1994; Macias, 2001; De Fontenay, 1999). For instance, within the context of the oil palm cooperatives in the Aguán Valley, “regardless of how much palm they delivered [to the state], cooperatives were paid 3 lempiras per day per member, which was near or below the going wage for agricultural day-labourers” (De Fontenay, 1999:10). These weekly wages were supposed to represent the cooperatives’ profits after deductions for debt servicing, since land, along with the necessary equipment – such as seeds and machinery as means of production – was granted by the state in the form of debt (ibid.). In this regard, De Fontenay argued that “all of the cooperatives’ earnings went toward servicing this debt” (ibid.:16). It is therefore possible to state that all cooperatives were born into debt.

In this context, the result of inflows of both capital and labour rarely translated into significant improvements in the peasants' lives, particularly during the early years of the establishment of the Aguán project (Kerssen, 2013; ACP8, 2015; Macias, 2001).

\(^{25}\) In the early years of the establishment of the cooperatives, the general practice was that when extra labour was needed, such as during harvesting periods, general assemblies with INA’s approval preferred to hire the children of members of their own cooperatives who were not legally members of cooperatives (Leon, 2015).
2.3.1.1. Project vs Non-Project Cooperatives in the Aguán Valley

Although the regulatory frameworks of the 1974 reform applied to all peasant cooperatives established in the Aguán Valley, they were in practice divided into two main groups: project cooperatives, dedicated to cultivating oil palm and bananas as export-crops; and non-project cooperatives, dedicated to growing basic grains. As Table 2.4 shows, non-project cooperatives numbered 46 by 1983. One of the main purposes behind the establishment of the non-project cooperatives was to meet the basic grain needs of the members of the project cooperatives.\(^\text{26}\) In this regard, the latter received ‘alimenticia’ (food aid) from the Honduran state,\(^\text{27}\) alongside their weekly salaries (Sieder, 1992:72).

Table 2.5: Status of the Aguán Valley Colonisation Project by 1983

<table>
<thead>
<tr>
<th></th>
<th>Total Aguán</th>
<th>Project Cooperatives</th>
<th>Non-project Cooperatives</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Oil Palm Cooperatives</td>
<td>Banana Cooperative</td>
</tr>
<tr>
<td>Number of Member Families</td>
<td>4,700</td>
<td>2,700</td>
<td>1,250</td>
</tr>
<tr>
<td>Number of Cooperatives</td>
<td>101</td>
<td>54</td>
<td>1</td>
</tr>
<tr>
<td>Total Land Assigned (hectares)</td>
<td>60,000</td>
<td>29,220</td>
<td>3,980</td>
</tr>
</tbody>
</table>

Source: Adapted from de Fontenay, 1999:9-10

\(^{26}\) From there on, for the sake of simplicity, the project cooperatives will only refer to the oil palm cooperatives in the Aguán Valley. Since Las Isletas cooperative was the only project cooperative in the Aguán Valley which was not dedicated to cultivating oil palm, this simplicity can be analytically and methodologically justified.  

\(^{27}\) Up to 1978, BANASUPRO was one of the main state institutions functioning as a mediator for collecting the basic grains produced by these non-project cooperatives and supplied a proportion of them to project cooperatives in the form of food aid. In 1978, the National Agricultural Marketing Board (IHMA) was established with the objectives of regulating the commercialisation of basic grains in the country, managing the establishment of minimum guarantee prices, and building and controlling storage silos for the basic grains (Pino, 1992:17). With these institutional objectives, IHMA began to take on the role of BANASUPRO from 1978 onwards.
In accordance with the IDB’s agronomists and experts and the INA’s functionaries trained in oil palm production by the FAO, 54 of over 100 cooperatives in the Aguán Valley – mainly based on their locations as well as the soil quality of their landholdings – were designated to cultivate oil palms and were classified by the INA as privileged cooperatives (Rubio, 1994). Unlike the non-project cooperatives, the number of families affiliated to these oil palm cooperatives reached up to 100 (De Fontenay, 1999).

Paz explained the experience of reform beneficiaries in the Aguán cooperatives with oil palm cultivation during the early years of the establishment of the oil palm cooperatives: “None of us [referring to members of oil palm cooperatives in the Aguán Valley] had seen African palm in our lives before … It was very strange for us at the beginning” (ACP7, 2015). When specifically asked whether INA’s mandate to cultivate African palms received any refusals from the members of the cooperatives, Rivas responded:

_Not really ... it is true that we had no knowledge of what [an African] palm tree was, what to do with it; some of us even thought we could eat its fruits ... I would say we were a bit sceptical about the crop but not against it ... Also, it was not like INA mandated us to cultivate palm all over the land under our cooperatives ... Cultivation of palms was taking place on a relatively small part of our lands ... Also, every member family of [the oil palm] cooperatives had their own small plots to work on individually and freely ... No, we did not reject to palm because we still had enough land to grow yucca, maize, beans to guarantee that our families were fed._

(ACP8, 2015)

It can therefore be argued that the Aguán project’s social planners’ mandate on the cooperatives to cultivate oil palm did not receive any significant opposition from their members.

Nevertheless, according to Paz, by the late 1970s, only around 4,000 hectares of the land assigned to the Aguán’s oil palm cooperatives were cultivated with African palm; this was equivalent to around 13.6% of the total land assigned to the oil palm cooperatives in the

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28 Since the oil palm plantations required a significant amount of water, the cooperatives chosen as the oil palm cooperatives were located on the right and the left banks of the Aguán River.
Valley (ACP7, 2015; De Fontenay, 1999). The rest of the land was used mainly to grow basic grains largely for internal consumption (Leon, 2015).

The main dynamics which accelerated the expansion of oil palm plantations by the Aguán’s oil palm cooperatives were the Honduran state’s efforts to commercialise and industrialise palm-oil production during this period. In 1975, the Honduran state built COAPALMA (Cooperativa Agroindustrial de la Reforma Agraria de la Palma Africana), the first state-owned palm-oil mill with a relatively low extraction capacity – around 15 MT/h – in the Aguán Valley, mainly through loans received from the UK and Dutch governments (GII18, 2017). In 1976-77, the Honduran government publicly declared that COAPALMA’s management would be transferred to the Aguán’s oil palm cooperatives after its reimbursement was completed (Goud, 1986). According to Rivas, following this official announcement, the members of the oil palm cooperatives were ‘bombarded’ with the idea that they were going to be rich once they got control of the palm-oil mill29 (ACP8, 2015). With this expectation, the peasants began to expand the cultivation of oil palms on their cooperatives’ landholdings. In consequence, the total area cultivated with oil palms on the Aguán cooperatives’ landholdings almost doubled by 1983; it increased from around 4,000 in the late 1970s to 7,786 hectares in 198330 (De Fontenay, 1999:9-10; ACP7, 2015).

29 It is also important to note that it was during the same period that the Aguán project’s social planners’ relatively flexible approach towards basic grain cultivation on the landholdings of the project cooperatives changed, when the cultivation of basic grains began to be regarded as an obstacle to the project’s development (Thorpe, 2002, GII19, 2015; GII10, 2015; ACP5, 2015) or, in Leon’s words, as “the great enemy of the [Aguán project] and its development perspective” (Leon, 2015:118).

30 Although the expansion of the oil palm plantations took place more or less voluntarily within the context of the Aguán’s oil palm cooperatives, the project cooperatives were also threatened by the social planners that they would be refused credits if they did not expand the cultivation of export-oriented crops or attempted to increase basic grain production on their landholdings (Brockett, 1987a). For instance, the Las Isletas cooperative, the largest peasant cooperative in the whole of Latin America at the time and the only project cooperative in the Aguán Valley which was dedicated to banana cultivation, was invaded by the military in 1977, immediately after a group of its members began to promote the expansion of basic grain cultivation and animal husbandry (maize, rice and pig production) on their land in order to gain some economic autonomy in their relationship with the Standard Fruit Company, which was the main buyer of bananas produced in the cooperative through the state intermediaries (Rubio, 1994; Sieder, 1999; Edelman & Leon, 2013; De Fontenay, 1999).
Up until 1982, when the COAPALMA’s management was passed to the Aguán’s oil palm cooperatives, the members of all of the cooperatives, both the non-project and the project ones, exhibited homogenous characteristics because of the legal frameworks and regulations which they were locked into. By being beneficiaries of the reform, formerly landless and land-poor peasants with very limited access to the market had now become petty commodity producers. Bernstein defined petty commodity producers as:

... capitalists and workers at the same time: capitalists because they own or have access to means of production (unlike landless or otherwise property-less workers, that is, proletarians), and workers because they use their own labour (unlike those capitalists who employ the labour power of others). In short, they are capitalists who employ (hence exploit) themselves. (1994:54)

This was, indeed, the case for the members of the peasant cooperatives: they had access to means of production, such as land, and used their own labour to work on it. In line with the theoretical argument that petty commodity producers are subject to class differentiation (Bernstein, 2010), it is possible to further argue that the members of the peasant cooperatives in the Aguán Valley became ‘middle peasants’ in Lenin’s term, broadly understood as peasants who were “able to meet the demands of simple reproduction: maintaining their means of production and raising the next generation of labour to work with them” (Bernstein, 1994:56-7). However, this homogenous class characteristic evolved into a more heterogeneous one when differentiation occurred between non-project and project cooperatives during the 1980s.

2.3.1.2. Deepening Differentiation Amongst the Cooperatives

In 1980, the members of the oil palm cooperatives in the Aguán went on a seventeen-day strike to demand better wages and full control over the direction and administration of the state-owned COAPALMA before the mill’s profits had paid off the debts incurred by the state for its construction (Rubio, 1994). As a result of the negotiations which took place between the palm-oil cooperatives and the Honduran state following the strike, the
congress passed Decree Law No. 52, “ley de empresas cooperativas agroindustriales de la reforma agraria”, stating a plan for the full participation of the peasant cooperatives in the commercialisation and industrialisation of the export-crops cultivated by the cooperatives in 1981 (Macías, 2001:83). Accordingly, in May 1982, the ownership and the management of COAPALMA was transferred to the 54 oil palm peasant cooperatives in the Aguán Valley31 (ibid.:83; Rubio, 1994:75).

Since this handover process took place before COAPALMA’s reimbursement was completed, the Honduran state also transferred the responsibility of paying the wages of the members of the oil palm cooperatives (De Fontenay, 1999). After COAPALMA’s handover process in 1982, the fixed-wage model was eliminated (GII10, 2015). Instead, COAPALMA began to pay the oil palm cooperatives a price determined by its board of directors (annually) per tonne of palm fruit delivered to its extraction mill, after making deductions for debt servicing. The cooperatives then distributed this money equally among their member families (ACP13, 2015). Marcelino Lopez, a former member of a dissolved peasant cooperative in the Aguán Valley, stated that “before we began to make money per ton of [oil palm] fruits to COAPALMA, we were nothing but INA’s wage workers” (ACP15, 2015). Rivas also pointed out that:

[This change] allowed us to earn better incomes than [the] wages we were paid by INA ... We began to make almost double what we used to make under the control of INA ... Most importantly, we, the peasants, finally began to feel that we were the owners of our land and our production. (ACP8, 2015)

31 It is important to look at the situation in the Sula Valley at the time. As mentioned before, the implementation of the (oil palm cultivation-oriented) Sula project in 1976, the total amount of land cultivated with African palms was around 3,000 hectares by 1980 (GII19, 2015; Rodriguez & Aleman, 2011). The palm fruits of the first harvests in the late 1970s and 1980 were sold to the foreign companies’ extraction mills since there were no state- or peasant-controlled plants at the time. In 1982, Palmas Aceiteras de Honduras (HONDUPALMA), another second-level cooperative, was formed by 31 peasant cooperatives dedicated to cultivation of oil palms in the Sula Valley (Rodriguez & Aleman, 2011). A small-scale palm-oil extraction mill was also built and became functional in the same year as the establishment of HONDUPALMA; its management was given to the 30 oil palm cooperatives in the Sula Valley (ibid.).
Indeed, the fixed-monthly income paid by INA to the members of oil palm cooperatives before 1982 amounted to 150 lempiras whereas their monthly income by the mid-1980s reached 300-400 lempiras (Rubio, 1994).

Furthermore, this change in the social division of the fruits of labour within the oil palm cooperatives in the Aguán Valley coincided with the palm-oil boom in the global market in 1983 (World Bank, 2017a). It is important to note that although the Aguán and Sula projects were designed mainly for the cultivation of export-oriented crops, the palm oil produced in the country began to be exported at a significant level only from 1983 on. According to the FAO’s statistics, between 1975 and 1982, the average proportion of palm oil exported to palm oil produced in the country was 1.1% (FAOSTAT, 2017). However, this ratio dramatically increased following the boom in the palm-oil prices on the global market, and Figure 2.1 shows that between 1983 and 1988, 30.5% of the palm-oil produced in the country was exported (FAOSTAT, 2017).

**Figure 2.1: Palm-oil Prices (Real) on the Global Market (US$), 1970-1988**

![Palm-oil Prices Graph](image)

*Source: Adapted from World Bank, 2017a*

Compared with non-project cooperatives and with independent basic grain producers, the oil palm cooperatives in the Aguán Valley became relatively better-off particularly during
the period following COAPALMA’s handover. The most systematic data showing the differentiation between the oil palm cooperatives and the non-project cooperatives and independent basic grain producers are shown in a survey conducted by Sanjak in 1989 (Sanjak, 1992). As Table 2.5 shows, the average income of a member of an oil palm cooperative was much higher than the income of basic grain producers, regardless of their affiliations to peasant cooperatives. In the same regard, Rubio commented that in the mid-1980s, the average monthly income of a member of a palm-oil cooperative was 300-400 lempiras whilst it was 100-150 lempiras for a member of a non-project cooperative in the Aguán Valley (1994:109).

Table 2.6: Average Annual Income per Type of Group of Producers and per Crop (lempiras), 1989

<table>
<thead>
<tr>
<th></th>
<th>Current Average Annual Income per Members (Lempiras)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil Palm Cooperatives</td>
<td>3241</td>
</tr>
<tr>
<td>Rice – Semi Cooperative (SC)*</td>
<td>2231</td>
</tr>
<tr>
<td>Rice – Individual Producer with Cooperative (IWC)**</td>
<td>2380</td>
</tr>
<tr>
<td>Maize – Semi Cooperative (SC)</td>
<td>1761</td>
</tr>
<tr>
<td>Maize – Individual with Cooperative (IWC)***</td>
<td>935</td>
</tr>
<tr>
<td>Maize – Individual without Cooperative (IWTC)***</td>
<td>1003</td>
</tr>
</tbody>
</table>

* Source: Sanjak, 1992:143

* By semi-cooperative, he was referring to semi-collective producers less than 80% of whose landholdings were cultivated collectively.

** By individual producers with cooperative, he signified those who worked on their land plots individually with their families but had a particular level of organised cooperation between the members for specific activities, such as accessing credit and marketing their products.

*** By individual producers without cooperative, he referred to those producers who worked on their plots individually without any mechanism for organised cooperation.

This materially advantageous position of the members of oil palm cooperatives, and thus the differentiation, can be also noted in other indicators. For instance, according to Sanjak, although 61% of the members of oil palm cooperatives used to live in houses with
modest conditions, the houses of over 75% of the basic grain producers were in poor condition (1992:144). Moreover, none of the member families of the oil palm cooperatives suffered from malnutrition, whilst over 10% of the families of basic grain producers did (ibid.:144).

Following the handover of COAPALMA’s management and the elimination of the fixed-wage model among the oil palm cooperatives in 1982, the members of the cooperatives now had opportunities to expand their production, although they were still locked into the state’s legal frameworks and regulations, such as the ban on land sales.

One of the main theoretical and empirical implications of the differentiation between project and non-project cooperatives in the Aguán Valley in the period which followed, when a land re-concentration process took place, can be captured by noting that 62% of the dissolved cooperatives in this period were non-project cooperatives.

As Figure 2.2 shows, from 1970 to 1983 the total amount of land cultivated with African palms in the country increased more than six-fold, from 3,148 to 20,520 hectares (FAOSTAT, 2018). By 1983, as stated earlier, 7,786 hectares of the reform land was cultivated with oil palms in the Aguán Valley (De Fontenay, 1999:9-10), which was around 37% of the total land cultivated with oil palms in Honduras at the time (FAOSTAT, 2018). If we add to this number around 5,000 hectares of land cultivated with African palms in the Sula Valley under the control of Hondupalma’s 31 oil palm cooperatives, it can be seen that by 1983 around 62% of the land cultivated with African palms in the country was under the control of the peasant cooperatives established by the 1974 reform (ibid.).
As Figure 2.3 shows, palm-oil production also increased very dramatically in this period; more than six times from 1970 to 1983, from 5,910 to 35,000 tonnes respectively (FAOSTAT, 2018).
Figure 2.3: The Total Palm-oil Production in Honduras (tonnes), 1970-1983

According to Victor Iscoa, the Technical Secretary of the Palm-oil Unit in the Ministry of Agriculture and Livestock in Honduras (SAG), the total national palm-oil extraction capacity tripled between 1970 and 1984, as Table 2.6 shows (GII18, 2017).

Table 2.7: Total Installed Extraction Capacities of the Palm-oil Plants in Honduras (metric tons per hour - MT/h), 1970-1984

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>San Alejo</td>
<td>15</td>
<td>15</td>
<td>30</td>
</tr>
<tr>
<td>Caicesa</td>
<td>15</td>
<td>15</td>
<td>30</td>
</tr>
<tr>
<td>COAPALMA</td>
<td>-</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>HONDUPALMA</td>
<td>-</td>
<td>-</td>
<td>15</td>
</tr>
<tr>
<td>TOTAL</td>
<td><strong>30</strong></td>
<td><strong>45</strong></td>
<td><strong>90</strong></td>
</tr>
</tbody>
</table>
The total area of land cultivated with African palms in the oil palm cooperatives in the Aguán Valley had increased from 7,786 in 1983 to over 14,000 hectares by 1991 (De Fontenay, 1999; ACP8, 2017). Figure 2.4 shows that the total land cultivated with African palms in Honduras had reached 26,734 hectares by 1991. The total amount of palm-oil produced in the country also increased from 70,000 tonnes in 1988 to over 80,000 tonnes in 1991 (FAOSTAT, 2018).

**Figure 2.4: Total land area harvested with African palms in Honduras (hectares), 1983-1991**

Figure 2.5 shows that the palm-oil price on the global market, however, began to decrease after 1988. In line with this decrease, according to the FAO’s statistics, the export revenue

**Figure 2.5: Palm-oil Prices on the Global Market (US$), 1983-1998**

The decrease in palm-oil export revenue coincided with an increase in the input prices, such as fertilizers, as an outcome of the devaluation of the lempira (in line with the first Structural Adjustment Program signed in 1988), which worsened the financial situation for the (oil palm) cooperatives in the Aguán Valley, particularly those already in debt. Rivas explained that the financial difficulties which most of the Aguán oil palm cooperatives suffered in this period were that “our productivity was increasing, […] we were also expanding palm cultivations in our cooperatives […] but even so we could not pay our debts to COAPALMA” (ACP8, 2015). Andino added that:

*the state left them [the peasant cooperatives] alone when they needed the state and its assistance the most … Their fate was in the hands of the financial capital and the corrupted peasant extractors [referring to the COAPALMA’s management] who had already become a rural, agro-industrial, middle-capitalist class seeking nothing but their own interests.* (ACP5, 2015)

Las Isletas was the first peasant cooperative in the country to sell its landholdings and consequently to be dissolved in 1990, two years earlier than the implementation of the LMDSA which was to allow the reform lands to be sold and bought. Its debt reached 42
million lempiras in 1990 and Standard Fruit offered to pay 63.5 million lempiras to buy the Isletas landholdings (Thorpe, 1995:225). Following this offer, the general assembly of 1,024 members decided to organise a referendum in the cooperative to decide its future; over 93% of its members voted in favour of selling the cooperative’s landholdings to Standard Fruit (ibid.:225). Thorpe’s comment on the Isletas sale decision is applicable to majority of the cooperatives which were dissolved in the Aguán Valley in the aftermath of the implementation of the LMDSA:

*It is perhaps more correct to view this sale as enforced due to the debt legacy left by past mismanagement ... rather than a desire to realise land value profits. Nevertheless the importance of the case lies more in the fact that it showed that both the government and INA were prepared to disregard existing agrarian legislation preventing such sales and so a precedent became established.* (Thorpe, 1995:225)

The Isletas case was followed by the sales of several more cooperatives in different parts of the country and was presented as ‘a success’ by the government (ibid.:224). The sale of these peasant cooperatives gave a signal about the overall framework of the LMDSA which was being drafted at the time.

### 2.4. Dissolution of Peasant Cooperatives and Concentration of the Reform Lands (1992-1999)

By the end of the 1980s, like many other countries of the global south, the legacy of foreign debt had crippled the Honduran economy, leading to macro-economic policies in regard to debt repayment (Kay, 2004; Gwynne & Kay, 2004; Klak, 2004). When Rafael Leonardo Callejas Romero (1990-1994) became president in 1990, per capita Gross National Product (GNP) had already declined by 13% over the previous decade (Brockett, 1998:197; Suazo, 2010, 2012). The country’s external debt was around US$3 billion in 1989, almost 70% of its Gross Domestic Product (GDP) (Kerssen, 2013:22). The IMF and the World Bank stepped in to provide debt restructuring conditioned upon cutting public spending and eliminating trade barriers; in 1988 the Honduran government enacted the first Structural Adjustment Program (SAP) which was designed to substantially reduce
government involvement in the economy by following “the typical combination of privatization, liberalization and deflationary monetary policy” (Kerssen, 2013:22).

The LMDSA was a faithful replica of the standard SAP package and was passed in the Honduran Congress in March 1992 and became active in April 1992 (Thorpe, 1995:210). It was “the first law that aimed specifically at directly stimulating the Honduran land market” (Nelson, 2003:15). As a complementary law to the SAP’s, the LMDSA reversed the 1974 agrarian reform law primarily by removing the ceiling on large properties and allowing the reform land to be put on the market. Moreover, it “substantially reduce[d] the role of the state by eliminating functions related directly to [agricultural] production and marketing” (World Bank, 1993:ii).

In the year following the implementation of the LMDSA, the Honduran government signed the Agricultural Sector Adjustment Credit (ASAC) with the World Bank (World Bank, 1993), and US$ 60 million credit was provided to the Honduran government to “support implementation of the policies and structural reforms embodied in the [LMDSA]” (ibid.:21). The ASAC report considered the difficulty in implementing these policy reforms due to public opposition as a major risk (ibid.). Although the position of the rural landed elites and national bourgeoisie was more homogeneously supportive towards the LMDSA, the positions of the agencies of the peasants were severely fragmented into two main groups. On the one hand, FECORAH\textsuperscript{32}, UNC and the conservative segment of ANACH strongly supported the implementation of the LMDSA; these organisations even cooperated in the drafting processes of the LMDSA and, moreover, mobilised their influential power in favour of the approval of the law in the congress (Pino, 1992:48). On the other hand, CNTC and the progressive segment of ANACH were strongly opposed to the LMDSA (ibid.). Referring to this division during the period of drafting and implementing the LMDSA in Honduras, Thorpe argued that “the peasant movement is now more fragmented and divided than at any point in its history” (1995:223).

\textsuperscript{32} Federación de Cooperativas y Empresas de la Reforma Agraria
2.4.1. The Implementation of the 1992 Counter-Agrarian Reform

One of the central aims of the LMDSA was to facilitate the commodification of the reform lands in Honduras by exposing them to the land market. The restrictions on the sale of these lands were regarded as one of the main reasons that “land markets [were] underdeveloped and land use efficiency [was] low” (World Bank, 1993:22). In order to put the reform lands into the land market, the LMDSA mandated INA to provide *dominio pleno* (full legal title) to the peasant cooperatives, “to be subdivided and awarded to individual members of the cooperatives” (Nelson, 2003:16).

Through the LMDSA’s implementation, the peasant cooperatives struggling under the weight of debt, low returns and rising input costs became susceptible to land purchases (Macias, 2001; ACP5, 2015; Kerssen, 2013; Rubio, 1994; GII19, 2015). As a result, over 50% of the land distributed by the previous agrarian reforms in Honduras was sold between 1990 and 1994 (Kerssen, 2013; Edelman & Leon, 2013).

In the Aguán Valley, within five years of the implementation of the LMDSA, around 28,000 of 60,000 hectares of reform lands were lost through the dissolution of 73 of the 138 peasant cooperatives (Macias, 2001:206-8; De Fontenay, 1999:28). Over 20,930 of the 28,365 hectares initially distributed were lost between 1992 and 1994 (Edelman & Leon, 2013:1710). In 1997, 28 of the 73 cooperatives dissolved were oil palm cooperatives and the rest were non-project cooperatives (Macias, 2001). Accordingly, the number of the oil palm cooperatives originally under the COAPALMA umbrella fell from 54 to 25 by 1997. Since then, the Aguán Valley came to be known as the Capital of the Counter-Reform (Macias, 2001). This process of land alienation created the politico-economic roots of today’s land conflict.

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33 Among the three oil palm cooperatives which left COAPALMA in the late 1980s, only Salama was not dissolved during this period.
2.4.2. Dissolution of Peasant Cooperatives

Among those who acquired the reform lands in the Aguán Valley during this period were former and current military officials, politicians, cattle ranchers, businesspeople and Standard Fruit (Macias, 2001). However, three main beneficiaries acquired 70% of the reform land lost in the region (Macias, 2001); these actors and the percentages of the total reform land which they acquired were estimated by Macias as follows: Miguel Facusse (34%), Rene Morales (23%) and Reinaldo Canales (13%) (Macias, 2001:94; Leon, 2015:181). As Table 2.7 shows, Facusse, the owner/developer of the Aguán CDM project, alone acquired 9,738 hectares of reform land from sixteen oil palm cooperatives dissolved in the Aguán Valley.34

---

34 According to Dinant’s spokesperson, Dinant “bought land from 14 different cooperatives for a total amount of 8,410.02 hectares” in the Aguán Valley (ACP1, 2016).
Table 2.8: The Cooperatives Acquired by Miguel Facusse between 1992 and 1997

<table>
<thead>
<tr>
<th>The Cooperatives</th>
<th>Amount of Land (hectares)</th>
<th>Number of the Member Families</th>
<th>The National Peasant Organisations (Affiliation)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 18 de Septiembre</td>
<td>90</td>
<td>43</td>
<td>CNTC</td>
</tr>
<tr>
<td>2 Panama</td>
<td>74</td>
<td>12</td>
<td>CNTC</td>
</tr>
<tr>
<td>3 San Isidro</td>
<td>784</td>
<td>79</td>
<td>FECORAH</td>
</tr>
<tr>
<td>4 La Isla</td>
<td>678</td>
<td>37</td>
<td>FECORAH</td>
</tr>
<tr>
<td>5 Los Laureles</td>
<td>1266</td>
<td>48</td>
<td>FECORAH</td>
</tr>
<tr>
<td>6 La Confianza</td>
<td>1202</td>
<td>57</td>
<td>FECORAH</td>
</tr>
<tr>
<td>7 Tronvio</td>
<td>766</td>
<td>53</td>
<td>FECORAH</td>
</tr>
<tr>
<td>8 El Chile</td>
<td>486</td>
<td>55</td>
<td>FECORAH</td>
</tr>
<tr>
<td>9 Aurora</td>
<td>810</td>
<td>46</td>
<td>FECORAH</td>
</tr>
<tr>
<td>10 La Concepcion</td>
<td>500</td>
<td>59</td>
<td>FECORAH</td>
</tr>
<tr>
<td>11 9 de Agosto</td>
<td>262</td>
<td>25</td>
<td>FECORAH</td>
</tr>
<tr>
<td>12 Paso Aguán</td>
<td>836</td>
<td>30</td>
<td>FECORAH</td>
</tr>
<tr>
<td>13 Camarones</td>
<td>656</td>
<td>45</td>
<td>FECORAH</td>
</tr>
<tr>
<td>14 Lempira</td>
<td>460</td>
<td>52</td>
<td>FECORAH</td>
</tr>
<tr>
<td>15 El Plantel</td>
<td>497</td>
<td>15</td>
<td>FECORAH</td>
</tr>
<tr>
<td>16 Occidental</td>
<td>371</td>
<td>53</td>
<td>FECORAH</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9738</strong></td>
<td><strong>709</strong></td>
<td></td>
</tr>
</tbody>
</table>

*Source: Adapted from Macias, 2001:206-208*

These three actors, Facusse, Morales and Canales, members of the privileged political and economic class in Honduras, fragmented cooperative lands and bought up properties at fire-sale prices (Kerssen, 2013; Macias, 2001; GII10, 2015; ACP5, 2015).

_The process of land re-concentration in the Aguán was sometimes voluntary, sometimes violent, as the already impoverished peasant enterprises, abandoned by the State, were ‘invited’ to sell their lands ‘by hook or by crook’. (Edelman & Leon, 2013:1710)_

Indeed, “these ‘voluntary’ sales were helped along through varying degrees of intimidation and manipulation: from bribes to peasant leaders, to menacing letters from INA, to violent threats from large landowners” (Kerssen, 2013:29). It is very challenging to
distinguish between voluntary and forced land transfers in these circumstances (Thorpe, 2002).

Although analysing the legal validity of the land purchasing processes which took place during this period is well beyond the scale and scope of this current study, it is still necessary to highlight the process itself and, most importantly, the way the peasants perceive it, which is still at the heart of the Aguán struggle today. For instance, Marcelino Lopez, a legal representative of a former cooperative, gave me this testimony:

(Some good-looking, very well dressed, guys stopped me on my way to the finca [plantation]; I was alone; they approached me very gently, and told me that they were lawyers of Mr Facusse … They said they wanted to talk to me about selling the cooperative lands … I said ‘we had an assembly meeting last week and decided not to sell’ … They insisted … I got into their jeep … And they immediately tied my hands and closed my eyes and punched me … They put a gun on my head … made me sign an empty paper … This is how we sold our land. (ACP15, 2015)

During my field-work, I collected several testimonies along the same lines. As a response to Lopez’s story, Paz, a peasant leader and a former member of an oil palm cooperative in the Aguán Valley, stated:

… he was the legal representative of the cooperative, but he didn’t have a legal right to sell the cooperative’s land … the cooperative’s land can be sold only by the general assembly’s decision … It was all a fraud. (ACP7, 2015)

It is particularly important to note that the sale of the reform lands under the cooperatives was legally bound to the decisions made by the general assemblies of the cooperatives. This meant that although the LMDSA mandated INA to provide full legal titles to the reform lands and to sub-divide them to individual members, sales were restricted to the cooperative lands as a whole, including the individual plots, and the sale decisions had to be made by a majority of members in the general assemblies (GII6, 2015). Almost all of my interviewees from the peasant movements in the Aguán Valley claimed that this legal requirement was by-passed in most of the land sales during this period
When I asked how the land sales took place, Rivas explained:

*In most of the cases, the land of the cooperatives was forcefully taken with one single signature of one of the legal representatives ... There are many cases that children of representatives were captured, raped, tortured if they themselves were not already subjected to this violence ... Some representatives were even assassinated ... And when a representative was assassinated, nobody wanted to take his place; everybody was so afraid ... We were living in a terror and horror... The whole process in the Aguán took around two years, we lost many companions during this process ... And we are still fighting for justice. (ACP8, 2015)*

Based on testimonies which I collected, reports written on the land sale processes in the Aguán Valley (Rios, 2010), and academic works published35 (Leon, 2015; Edelman & Leon, 2013; Macias, 2001), it is clear that some Aguán cooperatives were forced to sell their landholdings by extra-economic coercion, such as threat and torture, and that other cooperatives which ‘voluntarily’ sold their lands had made their sale decision out of extreme distress while being subject to strong economic coercion mainly linked to their indebtedness (Kerssen, 2013).

As Table 2.8 shows, 65 of the 73 cooperatives which were dissolved were affiliated either to FECORAH or to ANACH, both of which actively supported the implementation of the LMDSA. Macias noted that around 50% of the cooperatives affiliated to these two peasant organisations were dissolved in the Aguán Valley, whereas only 20% of the cooperatives affiliated to CNTC, which was opposed to the LMDSA, were dissolved (Macias, 2001:66-8).

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35 For further information on how the dissolution processes of the Aguán cooperatives took place, please see Macias (2001), Castro (1994), Rios (2010) and Leon (2015).
Table 2.9: Number of the Cooperatives Dissolved in the Aguán Valley by 1997, by the Affiliation of the National Peasant Organisations

<table>
<thead>
<tr>
<th>Number of the Cooperatives Dissolved</th>
<th>FECORAH</th>
<th>ANACH</th>
<th>CNTC</th>
<th>UNC</th>
<th>Independent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>41</td>
<td>24</td>
<td>6</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Adapted from Macias, 2001:206-08

From 1992 onwards, the exchange rate began to fluctuate freely against US$, and the value of the lempira decreased steadily – with an average exchange rate of 5.49:1 in 1992, and 13:1 in 1997 (World Bank, 2017b). Moreover, as Figure 2.6 shows, the inflation rate also peaked during this period. These realities made the former reform beneficiaries who sold their lands, whether forcefully or voluntarily, more vulnerable.

Figure 2.6: Inflation, consumer prices (annual %), Honduras, 1970-1998

Source: World Bank, 2017c

Raul Ramirez, a former member of an oil palm cooperative dissolved in the Aguán Valley, explained that:

... peasants who sold their lands and received money from patrons had many expectations, like buying a small [piece of] land somewhere else and doing their...
own farming, or moving to the cities, like San Pedro Sula, even opening a small store ... But none of their dreams came true because the money they received was like melting in their hands day-by-day, and became nothing; they couldn’t even rent a small house in a small town or buy a cow. (ACP9, 2015)

In the five years following the implementation of the LMDSA, the dissolution of the 73 peasant cooperatives in the Aguán Valley left 2,259 peasant families landless (Macías, 2001:206-208). This has a strong analytical and empirical resonance with the emerging phenomenon of land-grabbing, broadly defined as “the capturing of control of relatively vast tracts of land and other natural resources through a variety of mechanisms and forms involving large-scale capital” (Borras et al., 2012a:405). According to this definition, it becomes clear that the Aguán case empirically follows the “three key interlinked defining features of contemporary land grabbing” identified by Borras et al. (ibid.:404): first, there was an effective ‘control grabbing’, “understood as the power to control land” (ibid.); second, it entailed large-scale transactions both of land and of capital; and third, it was an outcome of the neo-liberal policies intended to further promote capital accumulation in the Honduran agrarian settings in line with the prevailing dynamics of capital accumulation strategies at the time.36

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36 As Edelman and Leon commented, although the Aguán case “has every appearance of a land grab” (2013:1707), the case has so far been ignored by the contemporary land grabbing literature (ibid.; Kerssen, 2013). I argue that this is due mainly to some of the problematic generalisations or assumptions made in the land grabbing literature. However, each of “the seven characteristics of land grabbing in Latin America” drawn up by Borras et al. (2012a:402) challenges a particular problematic narrative of the land grabbing literature, and they are all applicable to the Aguán land grabbing case. Some of these seven problematic assumptions/generalisations broadly are the foreignization narrative assuming the central role played by foreign entities; the 2007-2008 food crisis narrative assuming that land grabs occurred as an outcome of the 2007-2008 food price spike; the contradictory role of the state in the land grabbing processes which the land grabbing literature generally neglects; and different impacts and different political reactions, since land grabs in practice do not follow a homogenous pattern of impact on the occupants. Principally because of the limited space available here, I am not going to be able to analyse each of these seven characteristics individually. Nevertheless, it would be interesting to see further research analysing the Aguán case from this perspective, and challenging the problematic assumptions and/or generalisations of the mainstream understanding of land grabbing.
2.4.2. Re-composition of the Rural Classes in the Aguán Valley

By 1997, Miguel Facuseé became the largest landowner in the Aguán Valley by acquiring 9,738 hectares of land largely cultivated with African palms from sixteen oil palm cooperatives; he was followed by Morales and Canales (Macias, 2001).

In addition to the renovation efforts which Facuseé’s company, Dinant, made on its recently acquired landholdings during this period (ACP1, 2017), by early 1998 it had also acquired the landholdings of Maranones and Brisas del Agua, two other dissolved oil palm cooperatives which had previously been acquired by two other parties in the mid-1990s (Macias, 2001; CAO, 2013). Together with the landholdings of these two cooperatives and the sixteen cooperatives already acquired by Dinant, its landholdings reached over 11,200 hectares in the Aguán Valley alone by the late 1990s.

The land re-concentration process in the Aguán Valley exacerbated socio-economic differentiation in the agrarian settings. The emerging agro-industrial bourgeoisie within the Honduran palm-oil sector – represented mainly by Facusee’s Dinant, Morales’s Jaremar and Canales’s Aceydesa – rapidly appeared as the new landed elite.

Following the dissolution of the 73 peasant cooperatives in the Aguán Valley, around 70% of the 2,259 peasant families previously affiliated to these cooperatives moved to the hills surrounding the Valley in search of land on which to produce their livelihoods.37 Approximately 10% migrated to urban areas, such as Tocoa and San Pedro Sula, mainly to work in the booming maquilas (manufacturing in the tax-free Export Processing Zones, EPZs) or in the service sectors (Leon, 2015; Macias, 2001; Kerssen, 2013). Finally, it is estimated that 20% of the former cooperative members became wage-labourers on the new landlords’ plantations which used to belong to them (Leon, 2015:207; ACP1, 2015 &

37 It is important to note that since there is no systemic data recorded on this, I have relied on the testimonies which I collected during my field-research in Honduras. In order to make these estimations as accurate as possible, I cross-checked the percentages with several sources, such as landless peasants, peasant leaders, members of the remaining cooperatives, some of INA’s officials and representatives of Dinant.
2016). This goes in line with Li’s claim that land grabbing processes do not necessarily result in the dispossession of all of the local population, because capital keeps as much labour as it requires for increasing the production (2011). Dinant’s spokesperson stated:

*Indeed, many of the sellers [referring to the former members of the dissolved oil palm cooperatives] stayed working for our company as part of our staff under what we call the weekly work force (by which I mean that they were paid on a weekly basis, which is the standard condition for field and manufacturing workers).* (ACP1, 2016)

By being separated from their means of production, land in this case, and selling their labour to reproduce themselves, this group of peasants transformed their class condition from middle peasants under the cooperatives to **poor peasants**, broadly understood as peasants who are “subject to a simple reproduction ‘squeeze’ on their capital or labour, or both” (Bernstein, 1994:56). Depending on the extent to which they were separated from their means of production, these “poor peasants become semi-proletarianized or proletarianized, that is, securing their subsistence by working largely or wholly for others” *(ibid.)*. In other words, they became either ‘**semi-proletarians**’ “whose principal source of income stems from the sale of their labour power rather than from the household plot” (Kay, 2000:130) or ‘**proletarians**’ whose separation from the means of production was complete and whose reproduction was therefore completely dependent on the sale of their labour. In line with Stonich’s (1991) work analysing the expansion of non-traditional export crops in Honduras, I argue that the land-re-concentration process in the Aguán Valley facilitated a dramatic expansion, if not the emergence, of a class of semi-proletarianised households in the region.

As for the 70% of the former reform beneficiaries who migrated to the hills, most of these peasant families organised themselves into landless peasant movements in the subsequent period and are the main actors involved in today’s land conflict in the Aguán Valley.
2.4.3. Landless Peasants in the Hills and the Seeds of the Resistance

The hills surrounding the Valley were forested and, most importantly, they were state-owned. Leon differentiated different moments of massive migration towards these hills and categorised them into three waves (Leon, 2015). The first wave took place in the early 1970s, when the peasant cooperatives were established during the implementation of the Aguán project (*ibid*.). Those who migrated to the hills at that time constituted mainly local subsistence peasants who were in the Valley before the establishment of the peasant cooperatives and had refused to join them; they were therefore evicted from the lands they occupied without legal titles. The second wave occurred in the mid-1970s, when members of peasant cooperatives left their cooperatives for different reasons to look for land to work on independently (*ibid*.). The third wave of migration took place in the aftermath of the implementation of the LMDSA, when members of the dissolved cooperatives became landless (*ibid*.). During this period, the hills also received landless peasants from other parts of the country.

The peasants who migrated to the hills mainly occupied state land to work on individually and dedicated themselves to subsistence farming, cultivating principally maize, beans and yucca, through the slash-and-burn practice, the predominant agricultural technique in the hills since the first wave of migration at the beginning of the 1970s (Leon, 2015). I argue that over 1,500 peasant families who migrated to the hills as former members of the dissolved cooperatives, earlier defined as middle peasants, became *marginal farmers*, broadly understood as those who “do not necessarily lack access to land but they do lack ... enough land of good quality [and] the capacity to buy other necessary means of production, like tools and seeds” (Bernstein, 2010:106). These peasants who settled in the hills of the Aguán had no or very limited access to basic state services, such as electricity, education and health; moreover, their access to the markets was also very limited (GII10, 2015; ACP7, 2015; Leon, 2015).

It was in this context that the church, particularly the Jesuit-oriented Pastoral Church, came to play a role in providing basic services, organising peasants’ production and
reproduction processes, promoting alternative agricultural practices, and selling the surplus agricultural products in the local markets in the Valley under its sponsorship (Leon, 2015). Rivas explained:

_We were betrayed by the state; we were betrayed by our own companions [referring to the corrupt managers of COAPALMA and cooperatives]; we were betrayed by the peasant organisations ... We had no-one to rely on but the Church ... If the Church were not in the hills to organise everything, there would be bloodshed there ... We were so many on the hills and hopeless._ (ACP8, 2016)

According to Marchetti (an Harvard economist and a Jesuit priest who arrived in the Aguán Valley in the late 1990s), the population in the hills of the Aguán valley had reached 12,000 landless families by 1998 (Marchetti, 1998:4, cited in Leon, 2015:217). Marchetti, as one of the main masterminds and organisers of the church’s efforts in the hills, regarded what was going on there as a “spontaneous peasant colonisation” (_ibid._). Leon further argued that the role played by the church in the organisation of the landless peasants in the hills was somewhere between a parallel state, “covering that which the state was supposed to provide”, and a vanguard, trying “to organize the population to force the state to fulfil its duties” (2015:221).

As stated earlier, the traditional agencies of the Honduran peasantry, such as ANACH and FECORAH, were fragmented and dysfunctional by the time the LMDSA was implemented. So when the land grabbing process took place, the resistance of the former members of the dissolved cooperatives who had refused the land sales appeared to be highly isolated, unorganised and disarticulated. Nevertheless, when they recognised that the two main legal requirements of the sale process (the approval of the general assemblies and INA’s official sanction or permission) had not been met in many cases, some of them were able to gather together, starting in 1996, and to organise legal actions with the intention of nullifying what they considered were illegal land sales (Kerssen, 2013; Leon, 2015).
These legal actions had a more individualistic characteristic, rather than an organised and united form, in the sense that individual members were filing legal requests for the nullification of the land sales in their own cases. These legal actions have an analytical resonance with one of main characteristics of rural politics, namely, everyday forms of peasant resistance, broadly understood as generally “individualistic, often indirect, covert engagement with the formal rules and informal norms governing the production and allocation of resources” (Akram-Lodhi et al., 2007:387; Scott, 1986).

Category five Hurricane Mitch’s devastating impacts on the landless peasants’ livelihoods in the hills in 1998, along with alterations in rural production and shifts in the traits of rural accumulation in favour of the Honduran palm-oil sector, dominated by the agro-industrial bourgeoisie, invigorated rural politics in the Aguán region. In 1999 – a year after Mitch – the dominant character of rural politics in the region was transformed into more explicit collective action, broadly understood as an establishment of alliances within the peasantry itself and with other sectors which challenge the prevailing relationship within and between the dominant rural elites and the state (Akram-Lodhi et al., 2007).

2.4.3. Resurgence of Landless Peasant Movements: a Reconfiguration of Rural Politics

In October 1998, Hurricane Mitch hit Central America's Caribbean coast. In Honduras, the hurricane caused enormous destruction and killed around 6,500 people, leaving 1.5 million more displaced or homeless (in a country of six million) (Kerssen, 2013:34). Mitch exacerbated the already harsh living conditions of the Aguán’s peasants (ACP8, 2015); landless peasants located in the hills were affected the most, partly due to soil erosion (ACP7, 2015). The hills of the Aguán region, hosting over 12,000 landless peasants by 1998, had already suffered from a significant level of soil erosion, due mainly to the predominant slash-and-burn cultivation practice used since the beginning of the 1970s (Leon, 2015). When the hurricane hit, it washed away most of the subsistence farming
areas and caused the already impoverished landless peasants to face an intensified production squeeze (ACP8, 2015).

Under the post-Mitch conditions, Aguán’s landless peasants established their own peasant organisations in a decentralised form (ACP7, 2015). Local Emergency Committees (CODELs) were created with support from the Pastoral Church (Kerssen, 2013; Edelman & Leon, 2013). CODELs not only “organised relief efforts and demanded participation in the government’s allocation of emergency funds”, but also (re)built homes and the basic infrastructure, such as small bridges, garbage dumps and water systems, and re-organised basic grain cultivation, such as corn and beans, in the hills of the Aguán Valley (Kerssen, 2013:35; ACP8, 2015; ACP9, 2015; ACP13, 2015). In contrast to the male-dominated peasant cooperatives and the traditional peasant organisations, women had a strong role as organisers and leaders in the CODELs (ACP13, 2015; ACP12, 2015; Edelman & Leon, 2013).

Edelman and Leon stated that

[t]he post-Mitch crisis also prompted ‘memories of dispossession’ in the form of narratives that challenged the legality of the early 1990s sales of agrarian reform lands and calls to revive the 1970s peasant movement ‘spirit’ and for the recovery of what was legally theirs. (2013:1711)

Paz, a landless peasant in the hills at the time who personally participated in the resurgence of landless peasant movements, stated that:

We had no one to rely on but ourselves … Mitch allowed our companions to recognise this reality … We then realised that we needed to reorganise, we needed to fight for our rights to land … But this time we needed to organise under the umbrellas of decentralised movements, not like national peasant federations whose leaders were co-opted by the state and dictated to us what to do and how to do it from their nice offices in the capital. (ACP7, 2015)
Rivas also highlighted the central motivations and dynamics behind the Aguán’s landless peasants’ decision to establish their own movements:

[the traditional peasant] organisations, like ANACH, were fragmented and divided, due to strategies of the government ... Some segments of these organisations were obeying the policy and the logic of the government with the clear intention of diluting the struggle. So, there you find groups of leaders who are actually seeking their personal interests, seeking to accommodate to power and get certain benefits, but at a personal level, not a collective level ... Honduras is one of the countries where, for more than five decades, the peasant sector has been organising since the FENACH and ANACH were born. However, as a government strategy, they have been buying peasant leaders, and that has led to the birth of other organisations. (ACP8, 2016)

CODEL’s efforts to organise landless peasants in the Aguán’s hills and the need which these peasants felt to establish alternative and decentralised peasant organisation(s), led to the formation of the Peasant Movement of Aguán (MCA), the first (landless) peasant movement to emerge in the Aguán region, in April 1999.

The creation of the MCA signalled the resurgence of a national peasant movement and the increasing prominence of rural women activists within it (Kerssen, 2013; ACP13, 2015; ACP20, 2015; ACP5, 2015). The movement’s board was composed of three men and two women and one of its first decisions was to collectively organise a massive wave of land recuperations38 (ACP7, 2015; ACP8, 2015).

In May 1999, the month after its creation, 700 landless families affiliated with the MCA launched a large-scale land recuperation on the landholdings of the former Regional Centre for Military Training (CREM), where Central American militaries and Nicaraguan contras had been trained by the US military during the 1980s (Kerssen, 2013; ACP8, 2015; ACP7, 2015; Bird, 2013). The MCA’s decision to target CREM land was based on its claim

38 The Aguán’s peasant movements politically use the term ‘recuperation’ instead of ‘occupation’. Rivas argued that particularly the mainstream media refer to the term ‘occupation’ as ‘invasion’ and/or ‘stealing’ (ACP8, 2015). Moreover, the term recuperation helps the movements to make their argument clearer that the lands they recuperate were actually taken away from them (ACP7, 2015).
that these lands had been illegally acquired. Even though in 1993 a court had ordered the government to revert the 5,724 hectares of former CREM land to INA and to allocate it to landless peasants, the municipality had ignored the court order and sold the land to local cattle ranchers, politicians and military officials (Kerssen, 2013; FoE, 2013; Rios, 2010). Based on this claim, the MCA recuperated large tracts of the CREM’s lands and established there a peasant settlement called ‘Guadalupe Carney’\(^\text{39}\) (Rios, 2010; Gil19, 2015; ACP7, 2015). Under pressure not only from the MCA and the Pastoral Social but also from international humanitarian organisations regarding the impact of the hurricane, the Public Prosecutor’s office opened a case in court and brought charges against several municipal officials, including the mayor, for the illegal sale of state lands. Consequently, in 2000, President Facusse granted the first 1,500-hectare tract of formerly CREM land to the MCA.

Since then, additional portions of CREM lands have slowly been adjudicated in favour of MCA based on successive congressional decrees. Each wave of redistribution was accompanied by payment to the ‘illegal’ landowner for his improvements (mejoras) to the land (infrastructure, crops planted, etc.), a common practice in Honduran land negotiations. (Kerssen, 2013:91)

Shortly after the birth of the MCA and its successful demand for land, other decentralised peasant movements also began to form in the Aguán Valley (ACP8, 2015; ACP3, 2015). This was a period which saw the emergence of Aguán’s landless peasant movements as well as the transformation of the character of rural politics towards collective action. The political strategies employed by these movements, along with some of the key episodes of the conflict, will be explored in the next chapter contextualising the conflict within the configuration of forces around and through palm-oil production in the Aguán Valley.

2.5. CONCLUSION
In this chapter, I have sought to provide broad insights into the politico-economic roots of the Aguán land conflict by looking at the rural dynamics around and through palm-oil production in the Aguán Valley.

\(^{39}\) It was named after a socialist Jesuit priest who helped the Aguán’s peasants to organise in the 1970s and was later assassinated by counter-insurgency forces in the 1980s (Gil19, 2015; ACP7, 2015).
production in the region prior to 1999, when decentralised landless peasant movements emerged.

I have argued that the 1974 reform was a product of a passive revolution carried out by the reformist military regime which took power in 1972, by exploring the emergence of national peasant organisations as political agencies of the Honduran peasantry, along with the roles which they played in creating the political conditions which led to the reform.

In the second section of the chapter, I argued that up until 1982, when the administration and management of the state-owned palm-oil extraction plant COAPALMA were transferred to oil palm cooperatives, members of the cooperatives in the Aguán Valley exhibited homogeneous class characteristics. However, when the oil palm cooperatives claimed control over COAPALMA in 1982, a class differentiation occurred: the project cooperatives became better-off compared with non-project cooperatives, referring to those involved in basic grain cultivation, creating a more heterogeneous class characteristic. One of the main implications of this differentiation was captured by recognising that 62% of cooperatives dissolved in the subsequent period were non-project ones.

Broadly exploring the re-composition of the rural classes in the region, in the final section I have looked at the processes which led the dissolution of 73 of the 138 cooperatives in the Aguán Valley following the implementation of the SAPs-oriented counter-agrarian reform in 1992. I argued that the concentration of the landholdings of dissolved cooperatives mainly in the hands of three businessmen – one of whom is Facuseé, the project developer of the Aguán CDM project – fits the category of a land grab and gave rise to a heterogeneous and more complex rural structure. These businessmen rapidly appeared as the new landed elites, acquiring 70% of the reform land alienated in the region, whereas over 1,500 peasant families became landless and migrated to the hills surrounding the Valley to do subsistence farming; and around 450 families became wage-
workers of the new landed elites (Macias, 2001). I have also suggested that the devastating impacts of Hurricane Mitch on landless peasants’ livelihoods in 1998 invigorated rural politics in the region. The character of rural politics was transformed from everyday forms of peasant resistance to collective action, which led to the emergence of decentralised landless peasant movements in the hills, signifying the beginning of the contemporary form of the conflict in the Aguán Valley.

In the next chapter, I shall investigate the power relations around and through palm-oil production in the Aguán Valley, and in Honduras in general, from the late 1990s onwards, establishing baselines by which the impacts of the Aguán CDM project’s implementation on power dynamics behind the land conflict will be assessed in the subsequent chapters.
3. The Construction of the Palm-oil Hegemony in Honduras

3.1. INTRODUCTION

In line with the overarching research question formulated as ‘How has the implementation of the Aguán CDM project impacted on the power dynamics in the ongoing land conflict in the Aguán Valley, Honduras?’, the previous chapter has looked at the historical political-economic background of the conflict in the period between the 1970s and the late 1990s.

In this chapter, I shall investigate the power relations around and through palm-oil production in the Aguán region, and in Honduras in general, from the late 1990s on. I shall draw on and seek to contribute to APE and neo-Gramscian perspectives on social change particularly around the dynamics of agrarian transformation in the region, within the context of the neo-Gramscian understanding of hegemony and power.

Informed by primary and secondary data sources collected mainly during the field-research conducted in Honduras, I shall first suggest that since the late 1990s, Honduras has built a system of palm-oil hegemony, understood as a consensus around the desirability and viability of palm-oil production and oil palm cultivation as a central accumulation strategy. Following a neo-Gramscian understanding of the dialectic moment of hegemony, the construction of the palm-oil hegemony in Honduras will be analytically and empirically explored against a background of the three main underpinnings of hegemony; material, institutional/organisational and discursive. I shall argue that the power dynamics behind the land conflict cannot be fully understood without unpacking the hegemonic power structure around and through palm-oil production in the region, and in Honduras in general.

The chapter will be divided into three main subsections in which I shall investigate the processes of the construction of palm-oil hegemony in Honduras and explore its three main pillars, material, institutional/organisational and discursive, respectively. These
underpinnings of the palm oil hegemony will be taken as baselines for subsequent chapters to evaluate the Aguán CDM project’s impacts on the power relations behind the conflict in the region.

3.2. The Construction of the Palm-oil Hegemony and the Formation of the Palm-oil Bloc in Honduras

As has been explored in the previous chapter, Honduras experienced the emergence and rapid development of an agro-industrial bourgeoisie around and through palm-oil production in the aftermath of the implementation of the LMDSA in 1992. This social force, represented mainly by and manifested in the form of three Honduran large corporations\(^\text{40}\) acquired not only large amounts of land from dissolved cooperatives in the Aguán Valley, but also palm-oil mills and oil palm cultivations previously under the control of the two US-based banana companies, which were the only private palm-oil extractors in Honduras at the time.

Up until 1998, independent oil palm cultivators and palm-oil extractors,\(^\text{41}\) regardless of their scale, were almost non-existent in the country (De Fontenay, 1999; GII10, 2015). By 1998, there were two main social groupings in the palm-oil sector: the agro-industrial bourgeoisie and the second-level peasant cooperatives,\(^\text{42}\) COAPALMA and Hondupalma.\(^\text{43}\) The latter, along with the remaining oil palm cooperatives affiliated with them, have been identified by many as the social sector of the economy (Ascher et al., 2010:39; Hondupalma, 2017; Araya, 2014; COAPALMA, 2017).

\(^{40}\) These are Miguel Facuseé’s Dinant, Rene Morales’ Jaremar and Reinaldo Canales’ Aceydesa.

\(^{41}\) Independent producers are broadly understood as producers who neither function under the cooperatives, nor are members of agro-industrial bourgeoisie.

\(^{42}\) Second-level peasant cooperatives are broadly understood as cooperatives whose members were not individuals, but cooperatives.

\(^{43}\) They were organisationally transformed into the Agro-industrial Cooperative Company of the Agrarian Reform (Empresa Cooperativa Agroindustrial de la Reforma Agraria –E.C.A.R.A.) following the implementation of the 1992 counter-agrarian reform (Macias, 2001).
During the early years of its emergence and development, the agro-industrial bourgeoisie, as a dominant social force within the palm-oil sector in Honduras, maintained its dominance through its material force/power. Moreover, it appeared to be essentially conservative, in the sense that it did not have a tendency to construct an organic passage for other social forces, including subordinated ones, into its own, “i.e. to enlarge [its] class sphere ‘technically’ and ideologically” (Gramsci, 1977:260) and it did not tend to exercise leadership or hegemony over contending social forces, such as small and medium-scale peasantry.

Here, it is important to recall that within conventional International Relations (IR) theory, understanding of hegemony and power is broadly reduced to a single dimension of dominance based on the material and/or coercive power of the ruling social forces (Morton, 2007:113; Gill & Law, 1989). However, Gramsci pointed out that “one should not count solely on the power and material force which such a [dominant] position gives in order to exercise [...] leadership or hegemony” (1977:57f). In Cox’s words, “dominance [...] may be a necessary but not a sufficient condition of hegemony” (1981:139). Cox further clarified this differentiation:

... dominance is inherent in hegemony. But hegemony is more than dominance. Hegemony is a form in which dominance is obscured by achieving an appearance of acquiescence to this whole as if it were the natural order of things. So, dominance is there, but it is less visible when we speak of hegemony [...] Hegemony is an internalized coherence which has most probably arisen from an externally imposed order but has been transformed into an intersubjectively constituted reality. (1994:366)

In line with this approach, I argue that up until the post-Mitch period, the agro-industrial bourgeoisie was a dominant, but not a hegemonic social force.

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44 The extraction capacities of the palm-oil mills of two private corporations alone, Dinant and Jaremar, were equivalent to 73% of the total national extraction capacity; and these companies controlled around 65% of the total landholdings cultivated with African palms in Honduras by the late 1990s (GII18, 2017; Macias, 2001).
I shall claim that, following the post-Mitch re-construction processes which are to be explored below, this social force began to consolidate itself as a hegemonic one by building alliances with other social forces, as well as articulating and producing a common sense projecting its own interests and achievements as the general interests of Honduran society, including of the subordinated social forces, such as small and medium-scale peasants.

In this regard, following the neo-Gramscian understanding of the dialectic moment of hegemony, broadly understood as a coherent conjunction between a configuration of the three pillars of hegemony, the hegemonic power structure around and through palm-oil production in Honduras cannot be unpacked without revealing the reciprocal relations between and the interactions of these three forms of power. The following three sub-sections will therefore explore the palm-oil hegemony’s construction processes in Honduras since the late 1990s against the background of its three underpinnings, material, institutional/organisational and discursive.

3.2.1. Material Underpinning of the Palm-oil Hegemony in Honduras
The material underpinning of the palm-oil hegemony is broadly understood as the power deriving from and being expressed through control over oil palm cultivation and palm-oil extraction plants which contribute to the capital accumulation strategies of the Honduran state by enabling the realisation of gains from palm-oil production. This pillar will be analysed against a background of three main factors: oil palm cultivation, palm-oil production, and its export revenue.

3.2.1.1. Expansion of Oil Palm Cultivation
One of the main figures through which palm-oil production’s material contribution to the Honduran economy can be captured is the expansion of oil palm cultivation. This is mainly because, as discussed earlier, palm-oil production is land-intensive.
In the aftermath of Hurricane Mitch, president Carlos Roberto Flores Facussé (1998-2002), a nephew of Miguel Facussé, fearing that there would be a revolt due mainly to the worsening living conditions of the poorest sector of the population, declared martial law, dissolved civil liberties and implemented an emergency response plan in Honduras (Kerssen, 2013). At the same time, international donors at the International Summit for Central American Reconstruction in Stockholm in 1998, approved the provision of US$ 2.7 billion “in loans and grants for Honduran reconstruction” (ibid.:2013:35).

Klein argued that the post-Mitch reconstruction process in Honduras, and in Central America in general, was a ‘little-examined episode’ of disaster capitalism, broadly understood as “orchestrated raids [to advance neoliberal-oriented reforms] on the public sphere in the wake of catastrophic events, combined with the treatment of disasters as exciting market opportunities” (Klein, 2007:6). International financial institutions and the Honduran state used the conditions created by the hurricane to intensely push the neoliberal agenda (ACP5, 2015). In line with both the emergency plan implemented by president Facussé and the reconstruction policies agreed in Stockholm, the government’s privatisation agenda was fast-tracked and state-owned seaports, airports, highways, electricity and telephone companies were privatised during this period (Kerssen, 2013).

The agrarian sector received particular attention during these reconstruction processes. In the aftermath of Mitch, the Honduran state opened up large tracts of empty state and municipal lands in the north of the country specifically for oil palm cultivation and provided financial credit and technical assistance particularly to small and medium-scale independent producers (GII10, 2015; GII6, 2015; ACP7, 2015). During this period, many independent agricultural producers in the north of the country began converting their landholdings to oil palm cultivation.

As Figure 3.1 shows, during and in the aftermath of the reconstruction processes following Hurricane Mitch, the total amount of land cultivated with African palms in Honduras
skyrocketed: from 32,000 in 1997 to 69,000 by 2004 and then to 160,000 hectares in 2016. The amount of land cultivated with African palms had reached around 189,000 hectares by 2017 (GII18, 2017).

**Figure 3.7: Total area cultivated with African palms in Honduras (hectares) 1970-2016**

![Graph showing the total area cultivated with African palms in Honduras (hectares) from 1970 to 2016.](image)

*Source: FAOSTAT, 2018*

However, in order to better capture the intensity of oil palm cultivation in a given agrarian setting, I argue that the total arable land needs to be taken into account. For instance, as Figure 3.2 shows, although the total areas cultivated with oil palms in Brazil and Honduras were close in size to each other, in 2015, the proportions of these areas to their total arable lands were significantly different: 0.18% and 15.20%, respectively.

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45 Table 3.1 can also be regarded as presenting important data showing how the oil palm cultivations have been dramatically increased in these countries since 1990.
Figure 3.2: Land cultivated with African palms (hectares) and its proportion to the total arable land (%) in Ecuador, Colombia, Honduras, Brazil, Guatemala and Costa Rica, 1990 & 2015

Source: Adapted from FAOSTAT, 2018

Figure 3.3 shows that whilst less than 2% of the total arable land in Honduras was cultivated with oil palms in 1995, over 15% of it was occupied with oil palm cultivation in 2015; by early 2017, this proportion had reached over 18%\(^{46}\) (GII18, 2017).

\(^{46}\) Figure 3.2 also shows the extent to which Hurricane Mitch had negatively impacted Honduras’s total arable land.
The expansion of oil palm plantations in Honduras can be further captured by looking comparatively at some of the other main crops cultivated in the country. In terms of the area of land dedicated to the cultivation of the four main export-oriented crops in the country – sugar cane, coffee, oil palms and bananas, the oil palm plantations represented the second largest cultivation in Honduras since 2005, as Figure 3.4 shows. Moreover, whilst around 17.5% of the total arable land in the country had been cultivated with these four export-oriented crops in 1980, this percentage had increased to over 58% by 2015.
The expansion of oil palm cultivation in Honduras can also be seen by looking at it from a geographical perspective, exploring its historical expansion over the territories of municipalities and departments. Up until 1975, oil palm plantations were located only in the municipalities of Tela and San Francisco in the department of Atlantida (around the Lean Valley) (GII18, 2017). By 2009, they were found in six municipalities, Tela, San Francisco, Tocoa, El Negrito, Arizona and El Progreso, within the departments of Atlantida, Colon and Yoro (ibid.). Today, as Table 3.1 shows, eleven municipalities within the four departments in the north of Honduras have oil palm plantations which occupy around 189,000 hectares of land, equivalent to over 18% of the total arable land of the country.

Moreover, 55.5% of the total surface area of Tocoa, the first municipality where oil palm was cultivated by the peasant cooperatives in the Aguán Valley in the early 1970s, is occupied by oil palm plantations today. This ratio has caused Tocoa, where the Aguán CDM project is located, to be known as “the city of palms” (Leon, 2015:13).
Table 3.1: Total land cultivated with oil palm in Honduras by municipalities and departments, 2017

<table>
<thead>
<tr>
<th>Departments</th>
<th>Municipalities</th>
<th>Total Land Cultivated with African palm (hectares) by Municipalities</th>
<th>Proportion (%) of the Land Occupied by Oil Palm Plantations to the Total Surface Area</th>
<th>Total (hectares) by Departments</th>
</tr>
</thead>
<tbody>
<tr>
<td>COLON</td>
<td>Tocoa</td>
<td>47,059</td>
<td>55.5</td>
<td>82,259</td>
</tr>
<tr>
<td></td>
<td>Truillo</td>
<td>23,500</td>
<td>24.6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bonito Oriental</td>
<td>6,500</td>
<td>13.9</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Saba</td>
<td>5,200</td>
<td>65</td>
<td></td>
</tr>
<tr>
<td>ATLANTIDA</td>
<td>Tela</td>
<td>35,400</td>
<td>30.4</td>
<td>70,000</td>
</tr>
<tr>
<td></td>
<td>San Francisco</td>
<td>15,800</td>
<td>55.6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Arizona</td>
<td>18,800</td>
<td>33.1</td>
<td></td>
</tr>
<tr>
<td>YORO</td>
<td>El Negrito</td>
<td>14,200</td>
<td>27.6</td>
<td>24,800</td>
</tr>
<tr>
<td></td>
<td>El Progreso</td>
<td>10,600</td>
<td>19.4</td>
<td></td>
</tr>
<tr>
<td>CORTES</td>
<td>Choloma</td>
<td>8,200</td>
<td>18.3</td>
<td>11,800</td>
</tr>
<tr>
<td></td>
<td>Puerto Cortes</td>
<td>3,600</td>
<td>9.2</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>188,859</strong></td>
</tr>
</tbody>
</table>

*Source: Adapted from GII18, 2017 & SEP, 2002*

3.2.1.1.1. Inclusive Model of the Palm-oil Supply Chain

In addition to the expansion of oil palm cultivation, the model of the palm-oil supply chain also provides insight into how the palm-oil hegemony is organised in Honduras. Indeed, the inclusion of independent small and medium producers into the chain is one of the most important backgrounds against which the construction of the palm-oil hegemony in Honduras must be understood. I argue that this inclusion generated the conditions under which these social groupings have come to accept the export-oriented palm-oil production and oil palm cultivation as a central accumulation strategy.

The exclusive model of the palm-oil supply chain predominant in the early and mid-1990s—characterised by the lack of inclusion of independent producers—began to evolve towards a more inclusive model in which the participation of small- and medium-scale
independent producers has dramatically expanded, almost solely through contract farming or out-growing schemes, following the post-Mitch re-construction.48

I suggest that enabling small- and medium-scale independent producers to integrate into the palm-oil market, not only as suppliers but also as extractors, can be considered as one of the main compromises made by the agro-industrial bourgeoisie in alliance with the Honduran state in return for acquiescence in its leadership and for their acceptance of export-oriented palm-oil production as a central accumulation strategy. In other words, this inclusion in the palm-oil supply chain, mainly through contract farming,49 played a crucial role in the construction of the palm-oil hegemony in Honduras and has dramatically increased particularly since the palm-oil bloc was formed within the institutional sphere in 2005-2006, as will be explored in the following subsection.

As Table 3.2 shows, whilst small-scale oil palm plantations represented 27.5% of the total farms in 2008, this ratio had increased to 68.8% by early 2017. Similarly, whilst 1.4% of the total land was cultivated with African palms in Honduras by 2008, this ratio had increased to 8.7% in 2017.

48 The first contract farming scheme / out-growing ‘project’ within the Honduran palm-oil sector was implemented by Dinant in 1998 (Walker & Pino, 2004:29; CLACDS, 1999:51).

49 A report prepared by the University of INCAE’s Latin American Centre for Competitiveness and Sustainable Development (CLACDS), titled ‘Honduras in the 21st Century: An Agenda for Competitiveness and Sustainable Development’, in 1999, considered forming an “alliance between small producers and large [agro-industrial] companies with the form of ‘contract farming’” as a need for the Honduran agro-industrial sectors, including the palm-oil industry, to gain greater market advantages (CLACDS, 1999:56). As also noted in the report prepared for the organisations of the Regional Unit for Technical Assistance (RUTA), the Department for International Development of the Government of the United Kingdom (DFID) and the Overseas Development Institute (ODI) entitled ‘Strategies and Actions in Rural Development and Poverty Reduction in Honduras’, in 2004, building alliances between large agro-industrial corporations and local producers under the model of ‘contract farming’ was considered as the solution to several problems of commercial agriculture in the country, whilst considering the increasing inclusion of independent producers into the palm-oil chain under the ‘contract farming’ model as a successful sample (Walker & Pino, 2004:29).
Table 3.2: Distribution of oil palm plantations by size (hectares and percentage) 2008 and 2017

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Farms</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small</td>
<td>Less than 5</td>
<td>576</td>
<td>5,500</td>
<td>27.5</td>
<td>68.8</td>
<td>1,520</td>
<td>16,500</td>
<td>1.4</td>
<td>8.7</td>
</tr>
<tr>
<td>Medium</td>
<td>5 to 50</td>
<td>968</td>
<td>2,139</td>
<td>46.2</td>
<td>26.7</td>
<td>26,156</td>
<td>48,475</td>
<td>24.5</td>
<td>25.7</td>
</tr>
<tr>
<td>Large</td>
<td>50 to 500</td>
<td>531</td>
<td>304</td>
<td>25.3</td>
<td>3.8</td>
<td>51,952</td>
<td>57,384</td>
<td>48.7</td>
<td>30.4</td>
</tr>
<tr>
<td>Extra-Large</td>
<td>More than 500</td>
<td>21</td>
<td>57</td>
<td>1</td>
<td>0.7</td>
<td>27,041</td>
<td>66,500</td>
<td>25.4</td>
<td>35.2</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>2,096</td>
<td>8,000</td>
<td>100</td>
<td>100</td>
<td>106,669</td>
<td>188,859</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Adapted from Ascher et al., 2010:39 and GII18, 2017

Another key statistic through which this process can be captured is the ownership of the land cultivated with African palms in the country. Table 3.3 shows that by early 2017, 69.46% of the landholdings cultivated with African palms were under control of independent oil palm producers in Honduras, regardless of their scale.
Table 3.3: Ownership of oil palm plantations (hectares) and mills in 2017 in Honduras

<table>
<thead>
<tr>
<th>Extraction Mills</th>
<th>Ownership of the Mills</th>
<th>Total Land Cultivated with Oil Palm (Hectares), by Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Total</td>
</tr>
<tr>
<td>San Alejo/Agrotor</td>
<td>Jaremar (since 1994)</td>
<td>30,700</td>
</tr>
<tr>
<td>Caicesa</td>
<td>Jaremar (since 1994)</td>
<td>15,800</td>
</tr>
<tr>
<td>COAPALMA</td>
<td>Cooperatives</td>
<td>6,000</td>
</tr>
<tr>
<td>HONDUPALMA</td>
<td>Cooperatives</td>
<td>32,500</td>
</tr>
<tr>
<td>Agropalma</td>
<td>Jaremar</td>
<td>17,800</td>
</tr>
<tr>
<td>Exportadora del Atlantico (Aguán)</td>
<td>Dinant</td>
<td>16,500</td>
</tr>
<tr>
<td>Exportadora del Atlantico (Lean)</td>
<td>Dinant</td>
<td>16,200</td>
</tr>
<tr>
<td>Salama</td>
<td>Cooperatives</td>
<td>9,078</td>
</tr>
<tr>
<td>PALCASA</td>
<td>Many independent producers as partners</td>
<td>10,600</td>
</tr>
<tr>
<td>ACEYDESÁA</td>
<td>Aceydesa</td>
<td>5,481</td>
</tr>
<tr>
<td>PALMASÁA</td>
<td>Many independent producers as partners</td>
<td>6,500</td>
</tr>
<tr>
<td>COINSU</td>
<td>Many independent producers as partners</td>
<td>8,200</td>
</tr>
</tbody>
</table>

Source: Adapted from GII18, 2017

The data shown in Table 3.3 also provide an interesting insight into the ways in which the agro-industrial bourgeoisie’s material position in the sector is maintained: Table 3.4 shows
that although the three largest palm-oil extractors own the equivalent of 18.9% of the land cultivated with the crop in Honduras, they have access to 54.3% of the palm-oil plantations in the country when account is taken of the land under the control of the independent producers who supply them with oil palm fruits.

Table 3.4: Direct control over and access to the land cultivated with oil palms in 2017 in Honduras (%), by Dinant, Jaremar and Aceydesa

<table>
<thead>
<tr>
<th></th>
<th>Dinant</th>
<th>Jaremar</th>
<th>Aceydesa</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Control over the Land Cultivated with Oil Palm (%)</td>
<td>9.5</td>
<td>8.4</td>
<td>1</td>
<td>18.9</td>
</tr>
<tr>
<td>Access to the Land Cultivated with Oil Palm* (%)</td>
<td>17.3</td>
<td>34</td>
<td>2.9</td>
<td>54.3</td>
</tr>
</tbody>
</table>

Source: Adapted from GII18, 2017

* The proportion of the total amount of land from which raw materials (fresh oil palm fruits) are supplied to these companies’ extraction mills.

The data shown in Table 3.4 also urge us to re-visit the theoretical discussion of the differences between the concepts of ‘access to’ and ‘control over’ the land from an APE perspective.\(^\text{50}\) In the sub-section analysing the institutional/organisational underpinning of the palm-oil hegemony, I shall further explore the processes facilitating the change in the trend of the ownership of the oil palm cultivations.

In the next sub-section, I shall continue to explore the material pillar of the palm-oil hegemony in Honduras by analysing the expansion of palm-oil production in Honduras as well as its material contribution to the Agricultural Gross Domestic Product (AGDP).

\(^{50}\) Due mainly to the lack of space, I shall not be able to go into this discussion. However, as seen in the case of the Honduran palm-oil sector, the agro-industrial bourgeoisie has a tendency not to expand its direct control over the land by means of acquiring new landholdings, but to significantly expand its access to the land in the form of contract farming and/or out-growing schemes. It would be interesting to see further research on this differentiation and its analytical and empirical implications in the agrarian setting from an APE perspective in the contemporary world.
3.2.1.2. The Expansion of Palm-oil Production and its Contribution to the Agricultural GDP

Since 2000, as well as the area cultivated with African palms, palm-oil production has also increased dramatically in Honduras. Figure 3.5 shows that, whilst the country produced 95,000 tonnes of palm-oil in 2000, this had increased to 237,500 in 2005 and to 460,000 tonnes in 2014. In 2016, it reached around 545,000 tonnes (IndexMundi, 2017). As stated in reports published by the United States Department of Agriculture (USDA) and the Ministry of Agriculture and Livestock (SAG), this level of production places Honduras as the third largest palm-oil producer in Latin America, surpassed only by Colombia and Ecuador, and the eighth largest in the world (SAG & USDA, 2017:9-10).

Figure 3.5: Palm-oil Production (tonnes) in Honduras, 1961-2014

Source: FAOSTAT, 2018

The dramatic expansion of palm-oil production in the country can be better understood by looking at changes in the total national palm-oil extraction capacities. Table 3.5 shows that there were only six palm-oil extraction mills in the country in 1994 but that there are
fifteen plants today. Moreover, between 1994 and 2017, the total palm-oil extraction capacity rose over five-fold.
Table 3.5: Total Installed Extraction Capacities of the Palm-oil Plants in Honduras (Metric Tons per hour - MT/h) by Ownerships and Locations, 1990-2017

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>San Alejo/Agrotor</td>
<td>1970/1994</td>
<td>Teja in the Lean Valley</td>
<td>60</td>
<td>75</td>
<td>90</td>
<td>90</td>
<td>120</td>
</tr>
<tr>
<td>Caicesa</td>
<td>1970/1994</td>
<td>San Francisco in the Lean Valley</td>
<td>30</td>
<td>45</td>
<td>45</td>
<td>45</td>
<td>60</td>
</tr>
<tr>
<td>COAPALMA</td>
<td>Cooperatives</td>
<td>Tocoa in the Aguán Valley</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>45</td>
<td>45</td>
</tr>
<tr>
<td>HONDUPALMA</td>
<td>Cooperatives</td>
<td>El Negrito in the Suia Valley</td>
<td>30</td>
<td>30</td>
<td>45</td>
<td>45</td>
<td>60</td>
</tr>
<tr>
<td>Agropalma</td>
<td>1992</td>
<td>Trujillo in the Aguán Valley</td>
<td>15</td>
<td>15</td>
<td>30</td>
<td>30</td>
<td>45</td>
</tr>
<tr>
<td>Exportadora del Atlántico (Aguán)</td>
<td>1996</td>
<td>Tocoa in the Aguán Valley</td>
<td>-</td>
<td>30</td>
<td>60</td>
<td>90</td>
<td>120</td>
</tr>
<tr>
<td>Exportadora del Atlántico (Lean)</td>
<td>1992</td>
<td>Arizona in the Lean Valley</td>
<td>15</td>
<td>30</td>
<td>45</td>
<td>60</td>
<td>90</td>
</tr>
<tr>
<td>Salama</td>
<td>Cooperatives</td>
<td>Tocoa in the Aguán Valley</td>
<td>-</td>
<td>12</td>
<td>18</td>
<td>27</td>
<td>45</td>
</tr>
<tr>
<td>PALCASA</td>
<td>1999</td>
<td>El Progreso in the Suia Valley</td>
<td>-</td>
<td>30</td>
<td>45</td>
<td>60</td>
<td>75</td>
</tr>
<tr>
<td>ACEYDESA</td>
<td>Aseydesa</td>
<td>Trujillo in the Aguán Valley</td>
<td>-</td>
<td>30</td>
<td>45</td>
<td>60</td>
<td>90</td>
</tr>
<tr>
<td>PALMASA</td>
<td>Many independent producers as partners</td>
<td>Bonito Oriental in the Aguán Valley</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>45</td>
</tr>
<tr>
<td>COINSU</td>
<td>Many independent producers as partners</td>
<td>Choloma in the Suia Valley</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>45</td>
</tr>
<tr>
<td>HONDUCARIBE</td>
<td>Cooperatives</td>
<td>Puerto Cortes in the Suia Valley</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>15</td>
</tr>
<tr>
<td>CORAPSA</td>
<td>Many independent producers as partners</td>
<td>Tela in the Lean Valley</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>30</td>
</tr>
<tr>
<td>ASAPALSA</td>
<td>Many independent producers as partners</td>
<td>Saba in the Aguán Valley</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>30</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td><strong>180</strong></td>
<td><strong>327</strong></td>
<td><strong>453</strong></td>
<td><strong>552</strong></td>
<td><strong>915</strong></td>
</tr>
</tbody>
</table>

*Source: Adapted from GII18, 2017*
Figure 3.6 shows that the total palm-oil extraction capacities of the mills owned by the three businessmen who benefitted the most from the land re-concentration processes in the Aguán Valley (through their corporations Dinant, Jaremar and Aceydesa) are equivalent to 57.3% of the total national capacity today. Since palm-oil extraction mills are one of the central axes of capital accumulation within the industry, these data provide further insights into their material dominant positions.

Figure 3.6: Total palm-oil extraction capacities (%), by ownership of the mills in Honduras, 2017

![Pie chart showing extraction capacities by ownership.]

Source: Adapted from GII18, 2017

Nevertheless, it must be noted that the material position of independent producers within the sector expanded significantly. If we classify the mills run by peasant cooperatives as being in the social sector of the economy (Ascher et al., 2010); the mills under the control of Dinant, Jaremar and Aceydesa as the agro-industrial bourgeoisie; and the rest as independent extractors, then the distribution of the total palm-oil extraction capacities by these three social groupings will be as shown by Figure 3.7: whilst 9.9% of the total national extraction capacity was generated by independent extractors in 2004, this ratio had increased to 24.6% by 2017.
Figure 3.7: Total palm-oil extraction capacities (Mt/h) of the mills under control of the three social groupings within the Honduran palm-oil sector and their distribution (%), 1990-2017

Figure 3.8 shows that since 2000, the contribution of African palm cultivation to the AGDP – with the 2000 price constant – also significantly increased: it was recorded as 801 million lempiras in 2000 and had increased to 2,107 million lempiras in 2017. Furthermore, by 2017 palm-oil cultivation’s contribution alone represented 7% of Honduras’s AGDP (BCH, 2018). According to data provided by the Honduran Central Bank, oil palm has been the third main major agricultural crop, after coffee and bananas, in terms of its contribution to the AGDP in Honduras since 2012 (ibid.).
As well as the expansion of oil palm cultivation and palm-oil production along with their contribution to the Honduran AGDP, another key statistic for capturing palm-oil production’s material contribution to the Honduran economy is its export revenue.

### 3.2.1.3. Increase in Palm-oil Export Revenue

In order to better grasp the export pattern of this agricultural product, I shall look briefly at the changes in the export quantity and the proportion of the palm-oil exported by the country. As discussed in the previous chapter, although palm-oil production dates back to the early 1970s, it was not exported on any significant level until 1983, and a dramatic increase in its export quantity started in 2000.
As Figure 3.8 shows, the amount of palm-oil exported in Honduras increased dramatically from 35,200 tonnes in 2000 to 272,488 in 2014. By the end of 2016, it had reached around 400,000 tonnes (GII18, 2017; Tribuna, 2017). These amounts make Honduras the third largest palm-oil exporter in Latin America, surpassed only by Colombia and Ecuador, and the eighth largest in the world (SAG & USDA, 2016:8).

Between 1983 and 1989, an average of 29.32% of the palm-oil produced in the country was exported (FAOSTAT, 2018). As Figure 3.9 shows, between 1990 and 1999, only 15.1% of the Honduran palm-oil, on average, was exported. This ratio, however, increased to 56.74% in the period between 2000 and 2014 (ibid.).

**Figure 3.9: Export Quantity of Palm-oil (tonnes) and Proportion (%) of Palm-oil Exported to Palm-oil Produced in Honduras, 1990-2014**

Since 2000, this proportion has peaked three times, reaching 75.02%, 73.67% and 67.26% in 2003, 2008 and 2012, respectively. These peaks, as seen in Figure 3.10, correspond to the changes in the global market prices, which partly shows how deeply the Honduran palm-oil sector is integrated with the global market.
Figure 3.10: Annual Real Price of Palm-oil on the Global Market (USD/Mt) and Proportion (%) of Palm-oil Exported in Honduras, 2000-2014

Source: Adapted from World Bank, 2018 and FAOSTAT, 2018

Figure 3.11 shows that in the last two decades, the export revenue generated by palm-oil in Honduras has also risen steeply: from UD$ 4.2 million in 1990 (FAOSTAT, 2017) to 16.3 in 2000, and to UD$ 426.6 million in 2017 (BCH, 2018a). These figures place palm-oil as the third main agricultural export product (after coffee and bananas) and the fastest growing export product in the country (SAG & USDA, 2017).
The increasing importance of palm-oil exportation for the Honduran economy can be further seen in perspective compared with coffee and banana export revenues. As Figure 3.12 shows, between 2000 and 2017, the export revenues generated by coffee, bananas and palm-oil increased by 264.45%, 320.85% and 2,517.17% respectively.

Source: Adapted from BCH, 2018a
It is also important to look at the main export markets of the Honduran palm-oil. Figure 3.13 shows that the Central American countries, along with Mexico, have historically been the key export markets for the commodity and received 89.95% of the Honduran palm-oil exported between 1994 and 2004. Since 2012, however, the European Union (EU) has become the main export market: 41.82% of the Honduran palm-oil exports were bought by the EU in 2012, but this proportion increased to 47.55% in 2014 and to 61.13% in 2015.

Figure 3.13: Distribution of the quantities of palm-oil and its fractions exported by Honduras (%), by the importers, 1994-2015

Source: Adapted from Resource Trade, 2017 and UN Comtrade, 2017

The UK, Germany and the Netherlands are the main countries within the EU which import Honduran palm-oil. The UK was the first and the only country in the EU which had imported it in 2002 (UN Comtrade, 2017). But, as Figure 3.14 shows, after 2011, Germany and the Netherlands became the main export markets of Honduran palm-oil within the EU. As can be seen, 62.5% of the Honduran palm-oil exported to the EU was imported by
the Netherlands and 31.25% by Germany in 2007. By 2016, 69.60% of the Honduran palm-oil exported to the EU went to the Netherlands and 26.08% went to Germany.

Figure 3.8: Distribution of the quantities of the palm-oil and its fractions exported by Honduras (%), by the importers within the EU, 2007-2016

Source: Adapted from Resource Trade, 2018 and UN Comtrade, 2017

The increasing importance of the Dutch and German export markets for the Honduran palm-oil corresponds with the increasing role played by different actors from these two countries in shaping the Honduran palm-oil sector since 2007, and this will be briefly explored in the following subsection.

By analysing the expansion of oil palm plantations, the growth in palm-oil production and the increase in its export revenues, I have shown how the Honduran palm-oil sector’s material contribution to the country’s economy has become immense, especially since 2000. The spokesperson of Dinant highlighted this material contribution:

*When you have an export business that generates US$, [this] also helps the host country’s economics. The African Palm-oil business generates tens of thousands [of] US currency, helping the country’s economic balance […] Particularly in an economy of a small country, such as Honduras, this is severely important.* (ACP1, 2017)
As already stated, palm-oil became the third main agricultural crop and the fastest growing export product, and Honduras became the third largest palm-oil producer and exporter in Latin America and the eighth largest in the world.

In this section, I have also shown the dominant material positions of the private companies of the three businessmen who benefitted the most from the land re-concentration process in the Aguán Valley following the implementation of the LMDSA in 1992, Miguel Facussé, Rene Morales and Reinaldo Canales. However, as has been discussed, “although dominance is inherent in hegemony” (Cox, 1994:366), it is “not a sufficient condition of hegemony” (Cox, 1981:139).

One of the moments in relation to (political) forces was defined by Gramsci as the moment

> in which one becomes aware that one’s own corporate interests, in their present and future development, transcend the corporate limits of the purely economic class, and can and must become the interests of other subordinate groups too. (1971:181)

So to complement the analyses and to analytically and empirically explore the extent to which, and how, this dominant social force has consolidated itself as a hegemonic one within the Honduran palm-oil sector, we need to pay close attention to “the particular conditions under which [the dominant social forces] reproduce the social relations of production under their control (with particular emphasis on the balance between coercion and consent)” (Van Der Pijl, 2009:252). As noted above, the change in the exclusive model of the palm-oil supply chain towards an inclusive one allowing independent and small-scale producers to be included in the chain has played a key role in constructing the palm-oil hegemony in Honduras. In the next subsection, I shall analyse the conditions under which such a change occurred within the institutional sphere.
I shall therefore now explore the institutional/organisational underpinning of the palm-oil hegemony in Honduras by looking at the institutional/organisational sphere in which the agro-industrial bourgeoisie within the palm-oil sector, as a dominant social force, constructs and secures the consensus around the desirability and viability of palm-oil production. I shall also analyse the formation of the palm-oil bloc. In this way, the interaction between the material and the institutional/organisational pillars of the palm-oil hegemony will be more clearly exposed.

3.2.2. The Institutional/Organisational Underpinning of the Palm-oil Hegemony in Honduras

The institutional/organisational means of power is broadly understood as the power driven from and “manifested [not only] in access to [and influence over] bureaucratic structures and decision-making procedures within the state institutions” (Newell, 2009:47), but also in the organisational ability to “build issue-specific coalitions that cross sectoral and geographic boundaries” (Levy & Newell, 2002:96).

The role of the state in constructing and securing a hegemony needs to be taken into account, since “the state is not unquestioningly taken as a distinct institutional category, or thing in itself, but conceived as a form of social relations through which capitalism and hegemony are expressed” (Bieler & Morton, 2003). Moreover, Gill argued that the power of the ruling class, or “class friction over others”, is partly exercised through the state (1989:476).

The Honduran state’s support for palm-oil production in Honduras dates back to the early 1970s when the agrarian reform was implemented. As has already been explained, the state facilitated the establishment of oil palm cooperatives during this period and provided members of the cooperatives with technical and financial assistance. It also built two palm-oil extraction plants in the mid-1970s. However, the state’s support for palm-oil production took a more proactive form following the post-Mitch re-construction period
when it was prioritised within the agrarian policies. This can be seen by looking at legislations/regulations/laws which were implemented, reports which were published or sponsored by the state institutions, and governmental bodies which were established to function within the sector’s sphere.

Two of the earliest institutional developments regarding non-traditional crops, including oil palm, were the establishment of the Honduran Federation of Agricultural and Agro-industrial Producers and Exporters (FEPROEXAAH) – later known as the Honduran Federation of Agro-exporters (FPX) – funded by the USAID in 1984 (Mayorga, 2017) and the creation of the Directorate of Agricultural Science and Technology (DICTA) through the implementation of the LMDSA (Decreto 31-92, 1992). The DICTA became operational in 1995 with an aim of conducting scientific research on how to improve the production of non-traditional crops, including oil palm (DICTA, 2017). By establishing the DICTA, the Honduran state began to send signals to the agricultural market that non-traditional (export) crops would be prioritised within the state-led efforts in the agrarian setting in the mid-1990s.

A report published by the SAG, the FPX and the DICTA along with other organisations in 1998 entitled ‘the Strategy for the Development of Non-traditional Agroexport by 2020’, identified six non-traditional agro-export products, one of which was oil palm, and recommended that in order to increase the country’s export revenue and strengthen the balance of payments, the Honduran state should prioritise these products and provide financial incentives and technical assistance to their producers (SAG et al., 1998). The Master Plan of the National Reconstruction and Transformation in Honduras prepared by the president’s office in 1999 in the aftermath of Hurricane Mitch also had as one of its main priorities in the agrarian sector to provide financial and technical assistance to small and medium agricultural producers (MAESTRO, 1999). In the same regard, following Mitch, ‘the Law of Financial Recovery for the Agricultural Sector’ (Decreto 28-2000) and ‘the Law of the Financial Recovery for the Reactivation of the Agricultural Sector’
(Decreto 32-2001, 2001) were passed in 2000 and 2001, respectively. Both Decrees prioritised small and medium scale oil palm producers in the north of the country by the provision of financial assistance and the writing-off of debts (GII10, 2015; ACP7, 2015).

In line with these Plans, Laws and Reports, the state began to open up large areas of empty state and municipal land in the north of the country for the cultivation of African palms and provided financial credit and technical assistance particularly to these producers to convert their land to oil palm cultivation in the aftermath of Hurricane Mitch (GII6, 2015). This state-led effort to incentivize a shift in the land use in favour of oil palm cultivation in the north of the country provides insights into how oil palm cultivation dramatically increased during this period, as was explored in detail in the previous section.

One of the most generous incentive mechanisms implemented in favour of the palm-oil sector was the construction of agricultural export zones in 2002. The Law of Construction of Agricultural Export Zones (ZADEs) was passed by the National Congress in February 2002 (Decreto 32-2001, 2002). The relation between the law and the palm-oil sector in Honduras is worth noting. Although the construction of ZADEs may have seemed to cover all the export-oriented agricultural products, the law strictly excluded traditional agricultural products, identified as “bananas, coffee, pineapple, sugar cane, sugar, round and sawn wood, shrimp, beans, maize and rice”, from its regime (ibid.:2). Thus palm-oil appeared as the only non-traditional crop which could benefit from the ZADE regime. It is therefore not surprising that Dinant’s spokesperson considered the implementation of the ZADEs as a ‘tax law’ “which the Honduran State has granted to the Palm-oil sector” (ACP1, 2017).

The considerations put forward by the law provide insights into the Honduran state’s agrarian policies:
1- It is the duty of the Government of the Republic to promote economic development, investment, and conditions conductive to the creation of new jobs for all Hondurans.
2- The agricultural sector is the largest generator of export revenues in the country and represents the source of sustenance for a large part of the national population.
3- It is the duty of the Government of the Republic to support the business sector in the balanced and sustained development of agricultural production of non-traditional products, generate mass labour sources that benefit rural communities, avoid constant migration to the main cities of the country and promote the use of idle or underutilized land for the development of non-traditional crops. (Decreto 32-2001:1, 2002)

These considerations provide insights into the (legitimising) discursive frameworks in relation to export-oriented non-traditional production, including palm-oil, within the agricultural sector –as will be explored in the next section.

3.2.2.1. Formation of the Palm-oil Bloc
As stated earlier, independent oil palm producers began to emerge within the Honduran palm-oil sector in 1998, during the implementation of the post-Mitch re-construction policies. Between 1998 and 2002, these emerging independent oil palm producers, mainly small and medium scale, formed eight main associations.51 In the same year as the implementation of the ZADEs, these eight associations, in alliance with the peasant-run palm-oil extractors – Salama, Hondupalma and COAPALMA – formed the National Federation of Palm Producers in Honduras (FENAPALMAH) (GII20, 2017). “We needed to balance the power highly concentrated in the hands of the large businesses” the former president of FENAPALMAH told me (GII20, 2017). Today, the palm-oil producers which are affiliated to FENAPALMAH represent approximately 46% of all producers and harvest around 25% of the total land cultivated with African palms in Honduras (COHEP, 2014:4).

51 The Association of Palm Producers in the Aguán Valley (APROVA), the Association of Independent Palm Producers in Atlantida (APRIPA), the Regional Association of Palm Producers in Atlantida (ARPA), the Palm Producers of Guaymas (PARGUAY), the National Association of Palm Producers in Honduras (ANAPROPALMAH), the Association of Palm Producers in Yoro and Cortes (APROPAYCO), the Association of Palm Producers in Colon (APALCO), and the Association of Independent Producers in Honduras (ANAPIH) (Diaz, 2014)
Also, in 2002 the (Roundtable) Table of African Palm was established (as a spring-off from the Honduran Table of Agriculture) with the primary objective of assessing and defining sectoral policies and solutions for the sector by bringing together public and private actors under the leadership mainly of the largest palm-oil producers and the SAG (GII20, 2017; GII18, 2017). The Table consisted mainly of members of FENAPALMAH, representatives of the SAG, and the largest palm-oil producers in Honduras, such as Dinant, Jaremar and Aceydesa. A representative of Dinant stated:

Some say that we were scared when FENAPALMAH was established ... On the contrary, we were happy to see that independent palm-oil producers were united; we had nothing to be scared of, we were and are the largest producers within this sector ... We did not see them as our rivals, we considered them as our business partners ... We always have the approach that what is good for us, is good for them in terms of business-friendly environment within the sector ... Once [the independent oil palm producers] were united, it was easier for us to sit at the same table with them, to listen to them and to discuss what needed to be done ... This has always been our approach towards the other palm-oil producers in this country. (GII21, 2017)

In June 2003, the Table established the Committee of the Agro-food Chain of African Palm representing almost every actor involved in the palm-oil chain in Honduras, including producers, extractors, distributors, representatives of some of the state institutions and traders (Mejia, 2013). The testimony of a former president of FENAPALMAH captures the main organisational as well as discursive approach behind the establishment of the Committee:

Everybody in the [Honduran] palm-oil sector has realised that we are all on the same ship; if the ship sinks, we will all die ... We recognised the necessity to put our differences aside and to work together ... Establishment of this roundtable [referring to the Committee] has enabled us to influence the sector in a direction that favours everybody and, most importantly, the nation itself. (GII20, 2017)

I suggest that the establishment of the Committee signified the formation of the palm-oil bloc in Honduras which needed to bring together the key actors functioning within the sector in order to exercise hegemony over Honduran society. Inspired by Gramsci’s
concept of an historical/historic bloc, the palm-oil bloc is broadly understood as an alliance between various social forces, such as the agro-industrial bourgeoisie, small-scale independent oil palm producers, certifiers, palm-oil distributors and traders, civil society organisations and some state institutions, which actively promote this accumulation strategy within the agrarian setting; attempt to secure its desirability and viability in the institutional, material and discursive spheres of power; and capture (most of) its benefits.

The way that the palm-oil bloc is understood here has a resonance with Jessop’s description of an historical bloc as “the complex, contradictory and discordant unity of an accumulation regime (or mode of growth)” (1997:56). Hence, it refers to the alignment of institutional, material and discursive power in a way that binds together different social forces in the form of a coalition, demonstrated in the Committee in this case, which benefit from this export-oriented accumulation strategy. Moreover, as will be explored below, this is the bloc which actively (re-)produces, (re-)articulates and (re)constructs common sense in a way that projects its interests and achievements as in the general interests of Honduran society, including of subordinated social forces.

Moreover, the National Agro-food Development Program (PRONAGRO) was established in 2004 under the SAG with the purpose of providing coordination between the public and private sectors and international cooperation by gathering different actors, such as producers, processors and marketers, in agro-food chains for 31 different agricultural products (PRONAGRO, 2017). However, only nine of these products, one of which is African palm, have been financially and technically supported by PRONAGRO (Mejia, 2013).

In 2005, the Committee presented ‘The Framework Agreement for the Competitiveness of the African Palm and Other Palms’ to the minister of SAG; and it was approved in 2006 (Acuerdo 089-06, 2006). I regard this Agreement as a manifesto of the palm-oil bloc in
Honduras; hence, it is worth quoting some of its parts at length in order to better grasp the bloc’s political, economic and institutional formations.

The agreement starts by identifying the members of the Committee, whom I consider as the main actors within the palm-oil bloc in Honduras:

_We, the members of the African Palm Agri-Food Chain Committee, representing palm-oil producers, extractors, refineries, processors of finished products, distributors, traders, importers, and researchers in the oils and fats sector and the Government of the Republic, represented by the Secretary of State in the Offices of Agriculture and Livestock, have agreed to subscribe, as indeed we have signed this Agreement, to create, consolidate and strengthen the competitive advantages in this Agri-food Chain in such a way as to ensure economic development as well as its ability to compete regionally and internationally, through the coordinated implementation of short-term and long-term actions, agreed upon by all parties. (Acuerdo 089-06, 2006)_

Within the Committee and its directorate, there were also representatives from various governmental and non-governmental organisations, such as the Animal and Plant Health Inspection Service (APHIS) under the USDA, the International Regional Organisation for Agricultural Health (OIRSA), several state institutions such as the National Health Service (SENASA), the PRONAGRO, the Honduras Foundation for Agricultural Research (FHIA), the two largest Honduran universities, UNAH and ZAMORANO, and industrial equipment and fertiliser producers, as well as seed certifiers from Honduras, Colombia, Malaysia and Costa Rica (Directorio, 2011). In other words, practically all of the actors in the Honduran palm-oil sector were enrolled in the Committee.

The palm-oil bloc in Honduras, demonstrated in the form of the Committee, as a multi-faceted alliance strongly rooted in the material capabilities of palm-oil production in the country, brought together the agro-industrial bourgeoisie within the palm-oil sector – such as Dinant and Jaremar, some of the regulatory bodies of the Honduran state – such
as the SAG, different fractions of capital\textsuperscript{52} – such as merchant and productive capital in the forms of traders, distributors, extractors and processors, as well as key civil society organisations – such as universities. In order to better grasp the infrastructure of the bloc, it is worth quoting some other parts of the Agreement:

\begin{quote}
... this Agreement includes a synthesis of the vision shared by the parties on the current situation of the [palm-oil] chain ... [W]e have outlined the scenario that we consider desirable and possible to achieve ... [W]e define the areas of action, objectives, strategies, actions and specific commitments to achieve the results and performance indicators that will allow us to achieve the sustainable development of the palm sector, in its triple role as a generator of employment, income and fats and edible oils for the national and international market ... This agreement is the starting point of a consensual process, aimed at achieving higher levels of competitiveness in a changing national, regional and international environment. (Acuerdo 089-06, 2006)
\end{quote}

The Agreement consensually prepared clearly exhibits that, despite their internal rivalries, the members of this multi-faceted alliance created the infrastructure of the (emerging) palm-oil bloc around the consensus for the maintenance and expansion of this export-oriented accumulation strategy in Honduras. I argue that, by bringing these actors onside, the palm-oil bloc was successfully formed around the officially stated central interest of “the continuum of the development of the sector” in the country (\textit{ibid.}).

Moreover, through the implementation of the Agreement, the Committee assigned itself as, and became in charge of, defining macro and sectoral policies in favour of the Honduran palm-oil sector as a whole (GII18, 2017; GII20, 2017). In this regard, the Agreement defined thirteen strategic consideration points on varied subjects, such as technological innovation, technical assistance, provision of financial credit, transportation, expansion of oil palm cultivation, further integration into the global palm-oil market, increasing efforts in research and development – particularly on second-generation agrofuels, and even the conditions of the roads linking oil palm plantations, extraction mills and export zones with each other (Acuerdo 089-06, 2006). In line with these

\textsuperscript{52} See Van der Pijl, 1998:3; Clarke, 1978; Newell & Peterson, 1998
considerations, the Agreement defined eight action points, including the readjustment of the sector’s debt, establishment of a fund, building new palm-oil extraction plants and expanding oil palm cultivation (ibid.). A special section in the Agreement focused on the export markets and underlined the need to increase palm-oil exports for the economic sustainability of the sector, as well as for the generation of employment and income for the different actors involved in the palm-oil chain (ibid.).

Under the action point on the expansion of oil palm cultivation, the Agreement suggested that priority should be given to small and medium-scale independent oil palm producers (ibid.) and recommended the provision of assistance for the installation of new palm-oil extraction mills under the control of independent producers (ibid.). These two particular emphases correspond with the change in the model of the palm-oil supply chain towards a more inclusive one which can be regarded as measure of material, political and institutional accommodation with the interests of these social groupings in the agrarian setting, as well as concessions that the hegemonic social forces were willing to make to these groups in return for their acquiescence in the leadership of the palm-oil bloc.

The inclusive palm-oil chain model promoted by the Agreement has, indeed, an analytical resonance with Gramsci’s understanding of the historical bloc:

*An appropriate political initiative is always necessary to liberate the economic thrust from the dead weight of traditional policies – i.e. to change the political direction of certain forces which have to be absorbed if a new, homogenous politico-economic historical bloc, without internal contradictions, is to be successfully formed.* (Gramsci, 1971:168)

Indeed, as will be further explored later, the successful formation of the palm-oil bloc in Honduras was largely based on this change in the political direction within the sector towards a more inclusive supply chain. In this regard, it is important to recall that by early 2017, around 70% of the landholdings cultivated with African palms were under the control of independent oil palm producers in Honduras, regardless of their scale (GII18, 2017).
As already been stated, among other proposals, the Agreement also suggested an increase in investment in research and development projects on agrofuel production technologies, particularly on second-generation agrofuel technologies, such as biogas, which were applicable to the palm-oil industry (Acuerdo 089-06, 2006). As will be explored, biogas production at palm-oil mills appeared as a new technological development at a time which would enable the bloc to further articulate and construct common sense in the subsequent years, particularly under the Zelaya administration (2006-2009), which was not an exception amongst successive Honduran governments in supporting the palm-oil sector.

3.2.2.2. Zelaya Administration: Progressive Extractivism

Following suggestions made in the Agreement, the Zelaya administration (2006-2009) established the Technical Secretariat of the Palm-oil Chain under the SAG in 2006 (Mejia, 2013). The Secretariat became the main governmental body which oversaw the Honduran palm-oil sector and played a facilitator role between state institutions in implementing the macro and sectoral policies defined by the Committee; its central roles were varied and included providing assistance to the sector in getting international certification, including the Roundtable Sustainable Palm-oil (RSPO) (GII18, 2017; Tribuna, 2016). Moreover, in line with the demand raised in the Agreement for creating a fund, the Program of Agribusiness Development for Small and Medium Producers of African Palm (PROPALMA) was created in 2006 (GII20, 2017).

In his first weeks in office, Zelaya attended a meeting under the title ‘Citizen Dialogue’ convened by Miguel Facussé at Dinant’s Aguán mill, where the Aguán CDM project would be implemented in the subsequent years (Nacion, 2006). Around forty businesspeople from different sectors, such as agro-industry, the media, textiles and tourism, as members the Honduran Council of Private Enterprises (COHEP), attended the meeting to discuss economic, social, energy and security problems in Honduras with the president (ibid.). In a press conference which was held following the meeting, Zelaya stated that his
administration would proactively support the Honduran palm-oil sector and that “the expansion of the crop is feasible on an additional 200,000 hectares, which will allow us to produce more oil to meet the demands of the food and fuel markets” (BioDieselSpain, 2006). Additionally, he stated that “African palm-oil will become ‘the oil of the Hondurans’ (el petróleo de los hondureños)” (Nacion, 2006) and set a target of 30% of imported diesel in Honduras to be replaced by agrofuel produced in the country by the end of his term (WikiLeaks, 2006).

Zelaya’s goal to expand oil palm plantations with an additional 200,000 hectares of land was over seven times larger than the Committee’s own expansion proposal, which was around 28,000 hectares (Acuerdo 089-06, 2006); this meant a 250% increase in the total landholdings cultivated with oil palms in the country, 80,000 hectares by 2006 (FAOSTAT, 2018). This over-ambitious goal provides a clear insight into the extent of Zelaya’s forthcoming proactive support for the sector.

The Zelaya administration’s support and motivation to expand oil palm plantations in Honduras can be further seen in an official report prepared by the SAG, DICTA and PRONAGRO in 2006 clearly stating that there is “the political and strategic consent of the central government to promote the expansion of the crop and to make a process of systematic growth, in alliance between producers and industrialists” (Registro, 2006:63). The report went beyond Zelaya’s ambitious goal and identified “an optimum potential for the establishment of new [palm-oil] plantations of 440,000 hectares on the Atlantic Coast and 97,000 hectares with marginal potential in new regions of the country” (Registro, 2006:5). These lands were not empty or under-cultivated landholdings; the report stated that:

... these lands are [not] uncultivated, since they are currently found with bananas, cattle, fruit trees or other crops. It will depend on the successful promotion carried out by the central government through the Agro-food Chain of African Palm, to achieve its expansion and diversification of derived products, such as biodiesel, ... and thus promote land use change. (ibid.:5-6)
In other words, the report suggested further expansion of oil palm cultivation in Honduras mainly through state policies facilitating land-use change in favour of oil palm cultivation.

Moreover, as will be explored in the chapter analysing the impacts of the Aguán CDM project’s implementation on the institutional/organisational underpinning of the palm-oil hegemony, the Zelaya administration, in line with the Committee’s demand for the promotion of biogas production, implemented the Law for the Production and Consumption of Agrofuels (Decreto 144-2007, 2007) and the Law of the Promotion of Electric Energy Generation with Renewable Sources (Decreto 70-2007, 2007) in 2007, providing a great many incentives mainly to the palm-oil extractors to install biogas technologies at their mills and providing conditions for them to enter the energy sector. The Zelaya administration also strongly facilitated such agrofuel projects to be registered under the CDM, mainly by establishing the Office of Special Projects with the objective of exploring “the potential revenues associated with the CDM” particularly for agrofuel production by giving “support to palm producers to improve their cogeneration efficiency for CDM credit” (Lokey, 2009:245).

As part of Zelaya’s ambitious aim to dramatically expand oil palm cultivation in Honduras, his administration signed an agreement to import over one million Malaysian palm trees in 2006 (BioDiselSpain, 2006). The Central American Bank for Economic Integration (BCIE) granted US$ seven million to the Zelaya administration to run this project, which was expected to benefit over 700 small and medium-scale oil palm producers, in line with the PROPALMA’s policies (Prensa, 2007). In addition, only in 2007, as well as providing financial assistance, 100 training workshops on subjects of fertilisation and plantation maintenance were given to 2,722 small and medium-scale independent oil palm producers; direct technical assistance was also provided to over 300 independent oil palm

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53 Some of the incentives provided by these laws were exemption from all agrofuel-related taxes for twelve years, including import, sales and income taxes, as well as from activities relating to agrofuel production, such as the construction, operation and maintenance of plants (Decreto 144-2007, 2007).
producers (SAG, 2007). As can be seen, Zelaya’s proactive support for the palm-oil sector gave priority to small and medium-scale independent oil palm producers.54

Zelaya’s efforts directed towards independent small and medium-scale oil palm producers coincided and reconciled with his political move towards the ‘pink tide’ or ‘left-turn’ governments in Latin America during the early years of his presidency (COHA, 2008). Although some authors have disagreed that Zelaya’s government was part of the pink tide55 (Chodor, 2015:168; Bull, 2013:75; Canon & Hume, 2012; COHA, 2008), his administration’s proactive support for the Honduran palm-oil sector did have a significant resonance with some of the “general trends around the agrarian political economy of the pink tide governments in Latin America” (Vergara-Camus & Kay, 2017:417). For instance, one trend was that “the power of agribusiness was not challenged anywhere [where left-wing governments were in power in Latin America], but some policies to support family farmers were created or expanded” (ibid.:417). This trend has a clear similarity with the policies expanding the inclusion of independent small and medium-scale oil palm producers into the palm-oil supply chain.

In line with the analysis made by Vergara-Camus and Kay, I further argue that the Honduran state’s policies regarding the palm-oil sector during Zelaya’s administration was not only a continuation of previous governments’ support for palm-oil production, but also an expansion of this support in the direction of a progressive neo-developmentalist or progressive agro-extractivism (2017:417). ‘Progressive extractivism’ or ‘social rentism’ is defined as a policy which allows “extractivist production to continue to thrive while using the government income it generates to fund social programmes” (ibid.:426). The

54 Moreover, in March 2009, Zelaya inaugurated a biodiesel production plant at the Salama’s palm-oil extraction mill, which was a donation from the Colombian government (which paid 70% of the cost of its installation) and the Zelaya administration (which paid the other 30%) (Kerssen, 2013:141-142).

55 Some of the policies implemented by his administration which had similarities to policies implemented by many of the left-wing governments in Latin America at the time were as follows: declaring a moratorium on new mining concessions; legalising emergency contraception for women; joining the Venezuela-led oil cartel Petrocaribe, joining the ALBA; expanding public expenditure on education and health care; lowering housing loan interest rates; and passing a new labour code (Kerssen, 2013; Boyer & Penalva, 2012; GII10, 2015; ACP7, 2015; ACP3, 2015; GII10, 2015; ACP5, 2015; GII19, 2015; Rios, 2010).
policies explored regarding the Honduran palm-oil sector coincide with one of the neo-developmentalist objectives:

... to choose the right sectors and then champion and establish the conditions for their market success ... In agriculture, we have seen that this view has translated in supporting agribusiness and exports while diverting some of the state funds to support the small-scale producers that have the ability to integrate successfully into the market. (ibid.:430)

In Zelaya’s case, the conditions for the Honduran palm-oil sector’s market success were already established, but he expanded them and further facilitated small and medium-scale independent producers’ integration, as well as encouraging and enabling farmers, regardless of their scale, to convert their landholdings to oil palm cultivation.

There were, however, two specific policies implemented by the Zelaya administration during the last year of his presidential term which were publicly criticised by the palm-oil producers, as well as by COHEP: the increase of the minimum wage from US$ 158 to 289 (Kerssen, 2013:138) and the passage of Decree 18-2008 in an attempt to solve the conflicts over land between the landed elites and landless peasant communities particularly in the Aguán region (Decreto 18-2008, 2008).

The critique of the increase in the minimum wage was centred on the argument that it aggravated the crisis within the palm-oil sector, which was undergoing a dramatic decrease in global palm-oil prices, which fell from US$ 922.4 USD in 2008 to US$ 707.8 in 2009 (World Bank, 2018). Reynaldo Rosales, the general manager of PALCASA, and a member of FENAPALMAH and of the Committee, publicly stated that “the increase in wages in times of crisis is not wise. The government did not measure the impact that this decision would have on the country’s economy” (cited in Ramirez, 2009). In this period, due mainly to the decrease in global prices, oil palm fruit prices in Honduras decreased
from 3,200 lempiras a ton to 1,200 lempiras \((\textit{ibid.})\). Independent oil palm producers also complained about the increase in the cost of the workforce as a consequence of the increase in the minimum wage by arguing that they were already facing an increase in the prices of agricultural inputs, such as fertilisers, which had almost doubled, whereas the palm fruit price had floored \((\textit{ibid.})\).

The second conflict between Zelaya`s government and palm-oil producers and COHEP was in relation to the Decree 18-2008. As will be explored in the chapter analysing the impacts of the Aguán CDM project’s implementation on the discursive underpinning of the palm-oil hegemony, the Decree prompted an investigation into the legality of the landed elites’ titles over their lands (Rios, 2010). Under the leadership of the FENAGH, the organisational arm of the landed elites in Honduras, and in alliance with COHEP, the organisational arm of the private sector, a de-legitimation campaign was launched against the Decree and FENAGH applied to the constitutional court with the accusation that the Decree was unconstitutional, violated the law of private property, created uncertainty for free enterprise and hence deterred investors \((\textit{Prensa}, 2008; \textit{ACP7}, 2015; \textit{Leon}, 2015)\). The way that the news about the Decree was covered by the mainstream media can be captured in the statement that ‘the controversial Decree 18-2008 has raised outrage and concern among investors in the agricultural sector for fear that their lands will be expropriated by the government’ \((\textit{Prensa}, 2008a)\).

These two policies of Zelaya’s government which partly challenged the interests of the hegemonic social forces within the palm-oil sector can be regarded as a vulnerable point for the palm-oil bloc. In Andree’s words, the hegemonic bloc “entails vulnerabilities that may harm some of the leading group’s immediate interests” (2011:177). Although these two developments partly harmed the immediate interests of the agro-industrial bourgeoisie, they did not challenge the palm-oil hegemony.

As has been explored, Zelaya never showed any political or economic intention to displace
the consensus around the desirability and viability of export-oriented palm-oil production as a central accumulation strategy in Honduras. This argument has an analytical resonance with what Newell stressed in the context of the bio-hegemony in Argentina:

... consensus around the desirability of the [bio-]technology is not the same as consensus around the policies that distribute the profits it generates, or about the specific regulations which govern access and control over the technology. Within and between broad coalitions of corporate actors, each sector and firm has its own preferences which it seeks to advance when it comes to the detail of specific measures, even if agreement on the overall orientation of policy is secured. (2009:52)

It is therefore possible to further argue that these two developments cannot be considered as a source of a potentially organic crisis in the palm-oil hegemony in the country, broadly understood as a crisis by which “the whole model of domination is put into question” (Vergara-Camus & Kay, 2017:428; Gramsci, 1971:177-178).

In the aftermath of the coup which took place in 2009, the de facto government, as well as the subsequent administrations, continued their proactive support for the palm-oil sector in Honduras. The agreement signed between the state, the landless peasant organisations and the landed elites (Dinant and Jaremar) during the Porfirio Lobo administration in 2011 to solve the bloody land conflict in the Aguán Valley, and the Pact for Honduras signed between the Honduran state and over thirty businesses, workers, peasants, academics, and religious and media organisations under the Juan Orlando Hernandez administration in 2014, along with the implications of these developments for the construction of the palm-oil hegemony in Honduras, will be explored in a subsequent chapter analysing the land conflict within the context of the palm-oil hegemony.

Before concluding this section, it should be noted that the alliances within the palm-oil bloc in Honduras were further supplemented by the addition of international organisations, particularly after 2007. Due mainly to the lack of space, I shall only briefly
mention here the role played by two Dutch-based sister organisations in securing the palm-oil hegemony in Honduras: the SNV Netherlands Development Organisation (SNV) and Solidaridad. They were two of the first international organisations which began to work in the sphere of the palm-oil industry in Honduras. It is interesting to note that although the SNV had run and participated in projects in the country since 1987, it only began to work on palm-oil issues in 2007 when the Netherlands became a major export market for Honduran palm-oil, as was explained earlier (GII23, 2017).

The largest project carried out by these two organisations, in alliance with WWF, Proforest, the SAG and FENAPALMAH, with financial support from Henkel, Johnson & Johnson, the RSPO and the Dutch Ministry of Foreign Affairs, has been the Sustainable Palm-oil in Honduras (PASH) which began in 2013 (PASH, 2017). PASH formalised a consortium around the project between eleven Honduran palm-oil extractors, including Jaremar, Aceydesa, Salama, COAPALMA and Hondupalma, the SAG, international NGOs, small- and medium-scale independent producers and their associations in Honduras in 2013 (GII23, 2017). PASH provided technical and financial assistance mainly to small producers and had reached 17,500 small farmers and workers by 2016 (Solidaridad, 2016a). Moreover, in terms of its reach, it began to represent around 80% of the Honduran palm-oil sector and around 110,000 hectares of land cultivated with African palms in the country were under the project’s coverage and 54% of the project area was owned by smallholders in 2015 (Solidaridad, 2015).

PASH’s role in securing the palm-oil hegemony in Honduras can be captured by noting that:

[PASH] contributed to improved trust levels between private sector actors ... The PASH consortium improved relations and collaboration at between them ... The consortium facilitated the development of a perception and appreciation of ‘shared interest’ amongst producers. The identification of shared interest among industry actors has led to self-monitoring within the industry, as well as an articulation of the need to develop policy around responsible expansion of oil palm plantations.
From a neo-Gramscian understanding, I consider some of the roles played by these international organisations as follows: re-articulating the common sense by projecting the interest of the hegemonic social forces within the Honduran palm-oil sector as the interest of the society as a whole; further securing the palm-oil hegemony by facilitating projects, as in the case of the inclusive palm-oil supply chain through which the consent of contending social forces, such as small- and medium-scale independent agricultural producers, can be gained; and creating some necessary conditions for the palm-oil bloc in Honduras to be projected outwards on a world scale.

The roles played by these international organisations within the Honduran palm-oil sector have an analytical resonance with the way that Gramsci analysed the roles played by “international voluntary associations [such as the Rotary Club] as well as those of international public and private organisations promoting American liberalism” (ibid.:100; Gramsci, 1977:286). Morton argued that:

[t]he outward expansion of particular modes of social relations of production and the interests of a leading class on a world scale can also become supported by institutional mechanisms within ‘the international’. (2007:121)

Cox pointed out that international organisations “embody rules which facilitate the expansion of the dominant economic and social forces but which at the same time permit adjustments to be made by subordinated interests with minimum pain” (Cox, 1983:172). Due mainly to the lack of space, I shall not be able here to go into more detail on the roles of international organisations, such as the SNV and Solidaridad, but it would be interesting to see further research on these issues.

56 For information on the inclusive supply chain projects run by these organisations, please see SNV (2008); SNV and WBCSD (2011) and Dinant (2014 & 2017).
In this section, I have explored the organisational/institutional underpinning of the palm-oil hegemony in Honduras against a background of four main factors: legislation made by the Honduran state; governmental bodies established; private and public sector alliances built to directly influence the state policies and to create a common interest between the dominant and hegemonic actors; and the engagement of international organisations, the SNV and Solidaridad in this case, with the palm-oil bloc in Honduras. In addition to underlining the reciprocal relationship between the material and institutional underpinnings of the palm-oil hegemony, I have also analysed the formation of the palm-oil bloc in Honduras by adopting a neo-Gramscian perspective, or by “thinking in a Gramscian way” (Morton, 2007:18).

As discussed earlier and argued by Cox, the moment of hegemony depends on the dialectical, reciprocal relations between the three main underpinnings of hegemony (1981:139). Bieler and Morton suggested that hegemony can be regarded “as an expression of broadly-based consent, manifested in the acceptance of ideas and supported by material resources and institutions” (2003). Fontoura et al. stated that “hegemony is sustained and resisted through discourse articulations” (2016:427), so in order to capture the palm-oil hegemony fully, we need to explore its discursive underpinning too, and that will be analysed in the following section.

3.2.3. The Discursive Underpinning of the Palm-oil Hegemony in Honduras
Within the empirical case of the Honduran palm-oil sector, the discursive underpinning of the palm-oil hegemony will be understood as the bloc’s ability to construct and reinforce (legitimising) narratives to frame issues pertaining to export-oriented palm-oil production in a way that deflects challenges and projects the interests and/or achievements of the bloc as common sense. Since the Agreement, as discussed earlier, can be regarded as a manifesto of the bloc in Honduras, looking at its central discursive frame might enable us to identify these legitimising narratives of the palm-oil hegemony in the country.
A point of departure in our exploration of the discursive pillar of the palm-oil hegemony can be found in a statement made in the Agreement highlighting that the palm-oil sector has a “triple role as a generator of employment, income and fats and edible oils for the national and international market” (Acuerdo 089-06, 2006). I argue that this statement shows the three main narratives of the central discursive strategy adopted by the palm-oil bloc which frames palm-oil production and oil palm cultivation in the country as the generator of wealth, employment, and clean/renewable energy.

The three legitimising narratives employed by the palm-oil bloc in Honduras, or the discursive underpinning of the palm-oil hegemony in general, cannot be regarded as solely intersubjective phenomena. Instead, as argued earlier, they are reciprocally intertwined with the material and institutional pillars of the palm-oil hegemony in the sense that they are materially constructed and institutionally engineered. Thus, the discursive underpinning can be regarded as a politico-ideological sphere in which a common sense is (re-)articulated and (re-)produced in favour of constructing and securing the consensus around the desirability and viability of export-oriented palm-oil production and oil palm cultivation as a central accumulation strategy in the agrarian setting in Honduras. It is the pillar on which the consent of other social forces, including subordinated ones, or of Honduran society in general, is mainly gained and/or manufactured in favour of the interest of the palm-oil bloc in the country.

There are numerous terrains on which the consent of contending social forces, or of society in general, can be gained and/or manufactured by the hegemonic social forces, including conferences, festivals, advertisements, school books and social responsibility-based programmes. Mainly because of the lack of space here, I shall look only at the role of the mass media in this regard. Gill argued that “[i]n the modern world, the production of consent involves the creation and distribution of cultural products (not only by the state but also by private media and entertainment firms)” (2008:14). He added that
“problems of hegemony involve not only questions of power, authority, credibility and the prestige of a system of rule but they also involve the political economy and aesthetics of its representation in culture and its media” (ibid.:68). By pointing out the extended role of the media in allowing hegemonies to be exercised over societies, Hall went a step further and claimed that the media were no longer the institutions “which merely reflected and sustained the consensus, but ... the institutions which helped to produce consensus and which manufactured consent” (2005:82). So looking broadly at the ways in which the mass media in the country covered export-oriented palm-oil production and oil palm cultivation in the country will reveal the discursive underpinning of the palm-oil hegemony in Honduras.

Due mainly to accessibility, I chose to look at the Honduran press as a representative of the mass media in the country. I shall employ a media framing analysis to explore “the ways in which elements of discourse are assembled that then privilege certain interpretations and understandings over others” (Boykoff, 2008:555) by applying a more deductive approach than in a standard content analysis (Matthes & Kohring, 2008). My intention here is to explore the ways in which issues regarding these subjects were covered by the print media in Honduras within the methodological terrains of the media studies employed by different authors (Matthes & Kohring, 2008; Newell, 2000 & 2009; Boykoff, 2008; Gregorio et al., 2011).

3.2.3.1. Standard Media Framing Method: ‘African palm, the most profitable crop’

I chose two of the major national Honduran newspapers to conduct my analysis: La Prensa and La Tribuna – the former is the national newspaper with the largest circulation in the country (Rockwell & Janus, 2003). This choice was due partly to ease of access since both

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57 This was a 2013 headline in La Prensa stating that the palm-oil sector generates 300,000 direct and indirect jobs in the northern region and that farmers choose to plant African palms because they are more resilient to floods and allow them to make more money than they can make out of basic grain production (75P, 2013).
journals are two of the few national newspapers which have online databases which are easily accessible.

The selection of articles was undertaken by a search on the keyword ‘palma’ (‘palm’ in Spanish) on the online databases of these two journals. La Tribuna’s online database contains news and articles published since 2014 whereas La Prensa’s dates back to 2007. Accordingly, I studied 181 news items and articles covering issues regarding palm-oil production and oil palm plantations in Honduras published within the periods available online; 133 of them had been published in La Prensa, the rest in La Tribuna (see ANNEX II).

Inspired by the work of Gregorio et al. (2011), I identified the type and the topic of the framings of the news items and articles analysed. The type of framing was identified within three codes: positive, negative and neutral, understood as coverage heavily framing positive aspect(s) of palm-oil production and oil palm cultivation in Honduras; coverage heavily framing negative aspect(s) of the subjects; and coverage framing the subjects from a neutral perspective, respectively. The topic of the framing was also identified within three codes: (1) material, broadly understood as the frame which refers mainly to these subjects’ material engagement with the Honduran economy, including employment, export revenues and energy production; (2) institutional/organizational, broadly understood as the frame which refers mainly to governance context, politics and policy making, and organizational/institutional bodies within the sphere of the Honduran palm-oil sector, such as RSPO certifications; and (3) other, broadly understood as the frame which mainly refers to something not covered by the previous two framings, such as deforestation, land conflicts and food insecurity.

The overall results of the standard media framing analysis conducted are as follows:

- In terms of the topics, 49% of the articles fell under the code of material and 31% can be identified within the code of institutional/organisational. This indicates that
the print media were relatively more interested in publishing news items and articles regarding the material aspects of palm-oil production and oil palm cultivation.

- As for the type of framings, 71% of the news items and articles analysed framed the palm-oil production and oil palm cultivations in the country from a positive perspective, such as the generation of employment and revenues; 11% of the pieces analysed covered the issues from a negative perspective, such as a cause of deforestation and food insecurity. This is an indicator that issues regarding palm-oil production and oil palm plantations in Honduras are covered by the print media strongly in favour of the palm-oil bloc’s interests.

It is important to take into account the ownership of the print media as an important factor in order to understand its coverage of these issues. Newell argued that a political economy approach to analysing media framings should take into account the “questions of ownership and corporate finance and the effect these may have upon news content” (2000:86). In line with this political economy approach, it is important to note that “a handful of powerful people control the media system in this small country” (Rockwell & Janus, 2003:18). In fact, six families, one of which is the Facussé family, control almost all of the media outlets in the country (Mundo, 2009; Garcia, 2009), Rockwell and Janus argued that this high level of concentration exhibits “the most obvious example of media oligarchy on display in Central America” (2013:21). In the light of this, it is important to note that whereas La Prensa is under the control of the Canahuati family, La Tribuna is under the control of the Facussé family – both of which are known as part of the Turcos community and members of COHEP (Mundo, 2009). It is therefore possible to argue that the ownership of the print media provides a broad reason for the predominantly positive framings of palm-oil production and oil palm plantations in Honduras.
Another important element to consider when analysing the ways in which issues are covered by the print media is primary definers, understood as “those individuals and institutional representatives who are accessed in media coverage and who help frame and define not only what the issues are, but also and more importantly, the terms of reference for their discussion” (Hansen, 1993:xviii). Woollacott stated that “the conception of the media role is one of ‘structured subordination’ to the primary definers” (2005:106). In Woollacott’s words, primary definers can be considered as “those to whom the media turn, their accredited sources in government and other institutions” (ibid.:106).

I identified the primary definers of the news items and articles studied; the results were as follows: 67 of the 181 news items and articles used palm-oil extractors and oil palm producers within the Committee, such as FENAPALMAH and Dinant, as main sources and/or references, and twenty items directly quoted either Honduran presidents or ministers. In other words, nearly 50% of the news items and articles covering issues related to palm-oil production and oil palm cultivation relied predominantly on members of the palm-oil bloc in Honduras as their accredited sources.

Some of dominant features of the media coverage regarding the type and topic of framings around the issues of palm-oil production and oil palm cultivation in Honduras are presented below, against the three main legitimising narratives described above.

3.2.3.1.1. Palm-oil as Generator of Wealth
The press strongly reported on the increases in palm-oil production, its productivity and its export revenues in Honduras. Some of the headlines and subheadings can be taken as examples of this: ‘Honduras is the eighth largest producer of African palms’ (132P, 2013); ‘Honduras third largest palm exporter in Latin America’ (5L, 2014); ‘Honduran palm with the best yields in Latin America’ (5P, 2015); ‘Expected increase of 35% in exports of palm-oil’ (111P, 2016); ‘African palm attracts more buyers and investors’ (43L, 2017); ‘Palm-oil producers expect to invoice revenues of more than 365.4 million dollars’ (24P, 2017); ‘Jacobo Paz, minister of Agriculture and Livestock (SAG) said that this item [palm-oil] has
become one of the star products of national agricultural exports in terms of volume and generation of foreign exchange’ (24P, 2017); “Coffee, palms and bananas push the economy’ (37L, 2017).58

The press also praised the installation of new extraction plants and the expansion of oil palm cultivation in the country. The news covering the inauguration of Palmasa’s extraction mill attended by President Lobo who “was satisfied by the investment of producers in the area” can be regarded as an example59 (83P, 2013). The availability of financial credit and state funds for the palm-oil sector also received particular attention from the press; the headline ‘700 million lempiras available to African palm growers’ can be regarded as an example of this (1L, 2014). Another example is ‘Private bank will finance the cultivation of palms’ (63P, 2007).60

The tendency of the press to link the material contribution of the Honduran palm-oil sector to the country’s economy by placing a strong emphasis on the export revenues which it generates coincides with, and provides an insight into, the export-oriented feature of the palm-oil hegemony. One of the best examples if this can be found in an article stating:

*Iscoa, the technical secretary of the palm chain of SAG: ‘this year’s production is practically sold ... one of the great advantages of this sector is that it has no need to look for buyers, because these always arise’; rather, the problem is that on many occasions we have to say no because production is compromised. (132P, 2013)*

This tendency made the print media sensitive to fluctuations in the global palm-oil prices; it loudly applauded increases in the global prices with headlines such as ‘Good price per ton of palm-oil increases foreign exchange’ (20P, 2016) and ‘The palm-oil sector receives good news in the form of the recovery of the price of the derivatives of the African palm’

On the other hand, the press was very careful about reporting news of decreases in the global prices and/or export revenues. When covering such decreases, the press had a tendency to turn to primary definers who could explain some of the external factors behind these declines and to clarify that the falls were not related to the Honduran palm-oil sector’s performance and that the decreases would be compensated for with higher production volumes.

3.2.3.1.2. Palm-oil as Generator of Employment

Another main narrative adopted by the media to frame the Honduran palm-oil sector was as a source of the employment. This can be seen in the headline ‘300,000 jobs generated by the cultivation of African palms’ (75P, 2013). This type of framing can also be seen in the headline ‘Juan Orlando Hernandez presents plan to create jobs’ on an article which quoted the president as saying:

_There are many who talk about generating jobs, but they do not say how, when and where they are going to be generated; we will generate jobs in the palm groves of Honduras, we will grow 125 thousand new hectares of oil palm ... The difference is that we know how and with whom we will do it._ (78P, 2013)

Another example can be given from an item quoting the secretary of the board of Palmasa talking about the inauguration of its extraction mill and saying that “the investment made will bring development in the area, the generation of employment is important for many families” (83P, 2013). The story continued by stating that ‘the launch of this work is synonymous with work, welfare and development for Honduras’ (ibid.).

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61 See also 27L, 2016; 47L, 2017
62 See 87P, 2014
63 ‘Exports in volume have not gone down, noting that companies have made adjustments towards the rise, a situation that will compensate for the fall in prices’ (119P, 2017): ‘The figures are dramatic. We estimate that exports will only generate $240 million. What will cushion the losses a little is that this year we will have a higher volume of production; that is, we will export more tons; but we will get less money’ (8P, 2015): ‘Palm production improved but prices depressed’ (86P, 2014).
As will be explored below, one of the first reactions of the members of the palm-oil bloc in Honduras and of the press itself in the face of challenges to the sector is to defend it as a source of livelihood for thousands of people.

3.2.3.1.3. Palm-oil as Generator of Clean/Renewable Energy

Another important narrative employed by the print media falls under the subject of generation/source of renewable and/or clean (agrofuel-based) energy, echoing the energy production by the palm-oil sector in Honduras.

Some examples are the headlines ‘Palm-oil producers generate clean energy’ (13P, 2007) and ‘Honduras is the world leader in palm-based energy generation’ and an article with the subheading ‘70% of the palm extracting plants are producing energy’, which quoted the president of FENAPALMAH as saying “In relative terms, Honduras is the main producer in the world of energy generated with African palm by-products. We have developed a good mechanism and we are at the forefront” (4P, 2015). The article continued with a comment from a representative of Palcasa: “The industry has a production capacity which is close to 130 megawatts/hours. This potential is conservative, taking into account the evolution of the sector in the recent years. We could sell a lot [of energy]” (ibid.). Another item with the headline ‘African palms can generate 130 megawatts of energy’ and the subheading ‘The sector has great potential to produce up to 7% of the total electricity currently used in the country’ continued: ‘The national palm sector can be an excellent ally to make the leap from fossil power generation to renewable resources’ (80P, 2013). Another example is an item covering the installation of Palmasa’s palm-oil extraction and biogas production plants with the subheading ‘The new industry, in addition to generating jobs, will generate its own electricity, export to Central America and even sell carbon credits’ (83P, 2013).

The standard print media framing analysis conducted here supports the argument that the hegemonic discourse in Honduras regarding export-oriented palm-oil production and oil palm cultivation is strongly linked to three main narratives closely aligned with the material and institutional underpinnings of the palm-oil hegemony in the country. By heavily framing the palm-oil sector in Honduras as a generator of wealth, employment and renewable/clean energy and projecting the achievements and interests of the palm-oil bloc as issues of mutual interest for Honduran society as a whole, the print media play a crucial role in constructing, sustaining and securing the consensus around the desirability and viability of export-oriented palm-oil production and oil palm cultivation in the country, and in fact the palm-oil hegemony in general.

3.2.3.1.4. Promotion of Land Use Change
In order to better capture the role played by the media in manufacturing the consent of subordinated social forces, including small and medium-scale agricultural producers in Honduras, it is worth noting the ways in which the press covered the integration of these social groupings with the palm-oil sector.

The press has promoted small and medium-scale agricultural producers’ decisions to convert their land holdings to oil palm cultivation. Some examples of media framings in this regard are ‘African palm is one of the fastest growing agro-industrial products in the country, so more and more small producers are turning to the crop, which requires less investment and the return of profits is quicker’ (82P, 2013). An article with the headline ‘African palm, the most profitable crop of the Sula Valley’, stressed that ‘Hundreds of hectares which were previously cultivated with basic grains, bananas and plantain are now land used for the production of African palms’ (123P, 2013). After stating ‘... in the Sula Valley, there are more than 40,000 hectares of African palms, generating around 80,000 jobs’, the article continued by emphasising that ‘farmers who were affected every year by the floods and who reported millions [of lempiras] of losses, are betting on the production
of palm which is more resistant and leaves better profits’ (ibid.).66 By quoting the comments of an independent agricultural producer, the article further strengthened the perception of oil palm which it wanted to re-articulate: “This is the only way that we are able to recover the huge losses that we had by wanting to grow beans and corn, the maintenance [of oil palm] is easier and every year the profits increase” (ibid.).

An article covering an agreement signed between the government, Palcasa and independent agricultural producers to plant African palm trees reported that ‘After struggling for several decades to improve their living conditions with the cultivation of basic grains, three peasant groups decided to change that by turning to palm-oil’ (42P, 2015). The item covered the decisions of peasant communities to convert their landholdings to oil palm cultivation by stating that ‘without doubt they will have higher incomes and better living conditions, compared with planting the basic grains which barely enabled them to support their families’ (ibid.). Another article under the headline ‘Farmers of El Negrito, Yoro, change grain cultivation to palm’ reported basic grain producers’ decisions to convert their plantations to oil palm by stating that

Carlos Carranza, a landowner, said that for many years he has planted corn and beans and that it has been barely enough to feed his family. ‘We believe that this is the opportunity to improve our living conditions, we have seen that the palm has taken a boom and its prices leave good profits and we cannot remain stagnant’.

(39P, 2014)67

In this way, the coverage hinted that agricultural producers who did not convert their landholdings to oil palm plantations could be considered as dullards.

Another dominant feature of the print media coverage regarding issues related to palm-oil production and oil palm cultivation in Honduras was the reiteration of global praise for the Honduran palm-oil sector. Some examples in this regard are in an article published in 2013

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66 For other news items framing oil palm as a flood-resistant crop, please see 50P, 2013; 34P, 2013; and, 121P, 2009.
67 See also 122P, 2009; 72P, 2010; 84P, 2013
with the headline ‘Panama takes palm-oil production in El Progreso as model’ which quoted the Minister of Agricultural Development of Panama as saying “Honduras and Palcasa are a good model of palm farming. That the country [Honduras] has 140,000 hectares planted represents for us a very important lesson in that area” (36P, 2013). The article continued by quoting the Minister of the SAG: “We are happy to take our country as an example of overcoming [problems] and [achieving] success in the palm sector, for the reason that we are strengthening the programs so that the cultivation continues to expand and that the production of the fruit exceeds the goals in the coming years” (ibid.).

3.2.3.1.5. Negative Aspects of Palm-oil
As reported above, the findings of the media analysis conducted here show that only 11% of the news items and articles analysed covered issues regarding palm-oil production and oil palm cultivation from negative or critical perspectives. This group of articles can be categorised under the two main criticisms: deforestation linked to the expansion of oil palm cultivation and the displacement of other agricultural products such as basic grains and cattle ranching.

On the issue of deforestation, an article published in March 2016 stated that ‘... they set fire to the national park to plant African palms’ (60P, 2016). A week later, in April 2016, the palm-oil bloc’s response was published in the press under the headline: ‘Organised palm sector did not cause fire’: AIPAH69; the item stated that ‘AIPAH condemned the fire caused in the Jeannette Kawas Blanca National Park and asked that the entire Honduran palm sector should not be generalised’ (102P, 2016). Since this provides an insight into how the palm-oil bloc deflects such critiques challenging its interests, it is worth quoting the response of the executive director of AIPAH:

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69 Asociación Industrial de Productores de Aceite de Honduras
We sympathize with the situation which occurred in the Jeannette Kawas Park. At the same time, I want to say that the organised palm sector of Honduras had nothing to do with what happened in the park [...] Do not accuse the whole field of palm. The organised palm sector repudiates what happened [...] We must find the truth behind the fire, and not accuse all the palm-oil producers. (ibid.)

In the same month, another news item was published under the headline ‘The oil palm devours the park Jeanette Kawas’ and stated that ‘The oil palm, which generated $242.5 million in 2015 to the Honduran economy, is devouring dozens of blocks from the core area of the Jeannette Kawas National Park and is wiping out the exotic flora and fauna of this nature reserve on the list of the most important wetlands in the world’ (104P, 2016).70 In another story, the executive director of AIPAH stated that stories of this kind “are not doing anything positive ... You have no idea how many people benefit and generate prosperity and are educated and out of poverty thanks to the cultivation of the palm” (128P, 2017). He continued by putting the blame on peasants by stating: “You know that many peasants from ignorance grow crops that are not suitable” (ibid.). He deflected the critiques by blaming palm-oil producers not affiliated with any cooperative, corporation or association, a pattern repeated in another statement: ‘In 2009 and 2010, the price of palm rose, and many people began to sow palms without control’ (102P, 2016). Another news item published in 2017 stated that the Secretary of the Palm-oil Technical Committee under the SAG ‘added that only African palm producers have been reported to have invaded these areas; but these practices have also been made by people dedicated to the cultivation of basic grains, cocoa and livestock production’ (131P, 2017). The bloc’s proposal for solving this problem appears to have been the RSPO certification scheme, a subject which was heavily covered by the print media in Honduras from a supportive and positive perspective.71

70 For further examples covering the link between the expansion of oil palms and deforestation in Honduras, please see 126P, 2016; 128P, 2017; Tribuna incendio, 2016; 125P, 2016
71 Due primarily to the limited space available here, I shall not be able to go into detail on the issue of RSPO certification within the Honduran palm-oil sector. However, since the central institutional efforts of the palm-oil bloc in Honduras have been heavily channeled towards this certification scheme for the last three and four years, it would be interesting to see further research analysing the RSPO scheme’s impacts on the material, institutional and discursive underpinnings of the palm-oil hegemony in Honduras. Nevertheless, for
I suggest that the palm-oil bloc successfully ensures that any challenges to the export-oriented palm-oil production and oil palm cultivation in Honduras are manageable within the existing hegemonic discourse in the country. It is important to recall that one of the most distinctive features of the discursive underpinning of a hegemonic bloc is its ability to render invisible some of the counter-narratives, debates and issues which challenge its interests by “ensuring that some issues remain ‘non-issues’” (Newell, 2009:38-39) and locking the scope of potential discussions into the dominant discursive framework which is manageable from the bloc’s point of view. In this regard, other environmental concerns linked to palm-oil production in Honduras, such as biodiversity loss, water pollution and the intensive use of pesticides and herbicides, have continued to be (almost) non-issues in the coverage of the Honduran press. The palm-oil bloc in Honduras appears to be one step ahead of the critiques and challenges which might arise against its interests. An article with the headline ‘Agro-ecological paradigm: is it possible to grow African palm and protect Honduran biodiversity?’ (12L, 2014) suggested that the bloc was seeking to project palm-oil production as environmentally sound, although no significant concerns in this regards had apparently been raised.

A final criticism of palm-oil production in Honduras which can be found in the press is linked to its displacement of other agricultural products. A news item published in 2015 under the headline ‘The palm displaces banana cultivation’ reported that ‘The incentives to cultivate oil palms in Honduras are causing a decrease in other products, such as potatoes and bananas’ (21L, 2015). The piece continued by highlighting the unevenness between the incentives provided to agricultural products by the Honduran state in favour...
of palm-oil: ‘The government created in 2014 a trust of 1,500 million lempiras for the agricultural sector, of which more than 960 million were reserved or used for the cultivation of oil palms in the regions of the Honduran Atlantic’ (ibid.). A banana producer’s comments were then quoted: “The government must take immediate action. The Minister of Agriculture must act immediately and not just devote himself to the palm whose price is sometimes up and sometimes down” (ibid.). An item published in 2013 under the headline ‘Cultivation of the palm attracts cattle ranchers’ and the subheading ‘Livestock is just a memory. Few survive’, stated that ‘livestock production is being relegated with the expansion of African palm farming in this region of Aguán. What used to be paddocks are now large plantations of palm trees, a sector that many producers are dedicating themselves to for its profitability’ (26P, 2013).

In line with this critical point of view, an article published in 2017 with the headline ‘Less palm and more corn and beans, expert recommends’ and the subheading ‘Farmers must ensure the food security of all Hondurans’ can be regarded one of the strongest articles challenging the palm-oil bloc’s interests from the perspective of food security (129P, 2017). The article stated ‘Less oil palm, more bananas, more basic grains and crops that cause less environmental impact must be cultivated by Hondurans to face the challenges that climate change inevitably imposes’ (ibid.). In the week after this article was published, another article appeared with the headline ‘Hate towards bananas and African palm?’ and the subheading ‘Now the issue we want to deal with is the African palm. We want to demonise it; it went on to state:

*We want to demonise [the African palm] by presenting it as a danger, ignoring [claims] that its cultivation is necessary for the country’s economy, and that its growers are not hurting the country, but quite the contrary. The statements [...] in the sense that we should sow maize, even if we did not even cover the costs, returning to a subsistence economy to be eliminated, I was surprised. But in the end, I understood that he ignores the economy and ignores the social value.* (32P, 2017)
This response offers insights into the hegemonic discourse in the country regarding the export-oriented palm-oil production and oil palm cultivation.

By conducting a standard media framing analysis, in this section I have explored the palm-oil bloc’s ability to reinforce and construct dominant framings of issues related to palm-oil production and oil palm cultivation in Honduras, as well as to assert moral and intellectual leadership, mainly by manufacturing consent and (re-)articulating and (re-)producing common sense. In this regard, the hegemonic discourse regarding palm-oil production in Honduras frames the export-oriented palm-oil production and oil palm cultivation as the generator of wealth, employment and clean/renewable energy; and, in line with these narratives, the interests of the palm-oil bloc along with “the continuum of the development of the [palm-oil] sector” (Acuerdo 089-06, 2006), are projected as mutual interests for the whole of Honduran society.

3.3. CONCLUSION

In this chapter, I have unpacked the power relations around and through palm-oil production in the Aguán region and in Honduras in general. I have suggested that since the late 1990s, Honduras has built a palm-oil hegemony, understood as a consensus around the desirability and viability of palm-oil production and oil palm cultivation as a central accumulation strategy. In line with the neo-Gramscian understanding of the dialectic moment of hegemony, the construction of the palm-oil hegemony in Honduras has been analytically and empirically explored against a background of the three main underpinnings of hegemony, material, institutional/organisational and discursive, by reflecting on the interactions and reciprocal relationships between these three forms of power.

By exploring the material pillar of the palm-oil hegemony, I have looked at how palm-oil production’s material contribution to the Honduran economy has significantly expanded since the late 1990s. I have argued that changes in the palm-oil supply chain towards an
inclusive model have played a crucial role in constructing the palm-oil hegemony, in the sense that fostering small- and medium-scale independent producers’ integration into the palm-oil market, not only as suppliers, but also as extractors, has allowed dominant social forces to gain the consent of these social groupings towards accepting palm-oil production as a central accumulation strategy. By showing that the agro-industrial bourgeoisie within the palm-oil sector, manifested in the form of three corporations (Dinant, Jaremar and Aceydesa) has maintained its materially dominant position in the market, I have demonstrated that the material position of independent producers in the sector also expanded significantly. These independent producers owned 69.46% of the land cultivated with oil palms in Honduras by 2017 (GII18, 2017).

Within the context of the institutional/organisational underpinning of the palm-oil hegemony, I have argued that the establishment of the Committee of the Agro-food Chain of African Palm in 2003 marked the formation of the palm-oil bloc, led by the agro-industrial bourgeoisie in alliance with the Honduran state. The bloc, expressed in the Committee binding different social groupings around the officially stated central interest of the continuation of the development of the palm-oil sector in Honduras, actively promotes palm-oil production and oil palm cultivation as a central accumulation strategy within the agrarian setting; attempts to secure this strategy’s desirability and viability in the institutional, material and discursive spheres of power; and captures (most of) its benefits. Moreover, I have regarded the Framework Agreement for the Competitiveness of the African Palm and Other Palms presented by the Committee and approved in 2006 as a manifesto of the palm-oil bloc in Honduras. By reflecting on the emphases made in the Agreement promoting an inclusive supply chain model in the Honduran palm-oil sector, I have investigated the increasing state support towards this direction, during the Zelaya administration in particular.

Finally, in this chapter I have explored the discursive pillar of the palm-oil hegemony in Honduras by conducting a media framing analysis and studying 181 news items and
articles covering subjects related to palm-oil production. I have argued that the press has heavily used three main legitimising narratives to frame palm-oil production: as a generator of wealth, employment and clean/renewable energy. I have shown that these narratives are directly in line with the discursive framework constructed in the Agreement, and claimed that the media play an important role in (re-)producing, (re-)articulating and (re)constructing common sense in a way which projects the interests and achievements of the palm-oil bloc as the general interests of Honduran society, including of subordinated social forces.

In summary, in line with my argument that the power dynamics behind the land conflict cannot be fully understood without unpacking the hegemonic power structure around and through palm-oil production in the region, and in Honduras in general, the three underpinnings of the palm-oil hegemony will be regarded as the baselines on which the implementation of the Aguán CDM project’s impacts will evaluated in subsequent chapters. Before doing that, in the next chapter I shall analyse the conflict within the context of the construction and contestation of the palm-oil hegemony in Honduras.
4. A Brief Discussion of the Land Conflict: An Organic or a Conjunctural Crisis?

4.1. Introduction
In the previous chapter, I demonstrated the hegemonic power relations around and through palm-oil production in Honduras against the background of the three underpinnings of the palm-oil hegemony which are regarded as the baselines on which the impacts of the Aguán CDM project’s implementation will be assessed in the following chapters. I shall first complement the previous chapter by analysing the land conflict in the Aguán region within the context of the construction and contestation of the palm-oil hegemony in Honduras. I shall look at the central political strategies employed by the main actors involved in the conflict, using a theoretical framework combining APE and neo-Gramscian perspectives. I shall seek to contribute to these perspectives particularly on agrarian movements.

4.2. Agrarian Dynamics around and through Oil Palm Cultivation
Castellanos-Navarrete and Jansen (2015:791) argued that recent debates on land grabbing and green grabbing within the critical APE literature have focused exclusively “on enclosure as the main driving force behind contestation and agrarian social relationships”, and accordingly limit our understanding of the complex agrarian dynamics and of the political and material responses of small- and medium-scale peasants to oil palm cultivation and palm-oil production in particular. This exclusive focus on dispossession as the main driving force behind the expansion of oil palm cultivation is also present within the predominant ways in which the Aguán conflict is critically framed not only by NGOs’ reports (Bird, 2013; HRW, 2014; FoE, 2014), but also by the (academic) activist literature (Kerssen, 2013; Kryt, 2011; Wong, 2013; Branford, 2012; Perez & Navas, 2014) and both mainstream and alternative international media coverage (Lakhan, 2014; 2016; Carasik, 2013; Gimenez, 2013; Bird, 2011).
A common feature of these critical framings is that they either neglect the fact that the Aguán’s (landless) peasant movements are not opposed to oil palm monoculture and palm-oil production or present the Aguán’s landless peasants as subsistence farmers whose predominant livelihood strategy is family farming under the umbrella of food sovereignty. However, I believe that framing the conflict in these ways, or in the words of White and Dasgupta “blaming a crop” (2010:605), limits, if not blinds, us to fully capturing the agrarian dynamics in the Aguán Valley, including the roles played by small and medium peasants in the expansion of such crops.

Before conducting my field research in the Aguán Valley in 2015, I was strongly influenced by these predominant critical framings of the conflict and accordingly expected to find a peasant movement united under the umbrella of food sovereignty and strongly opposed to, and fighting against, the expansion of an agro-industrial model of export-oriented monoculture-based African palm plantations and palm-oil production in the region. In line with this assumption, I expected to see the Aguán’s peasant movements, as subordinated social forces, challenging the consensus around the desirability and viability of export-oriented palm-oil production and oil palm cultivation as a central accumulation strategy within the agrarian settings in Honduras and, moreover, putting forward and pursuing an alternative model to palm-oil production. In that regard, I assumed that the conflict signified an organic crisis of the palm-oil hegemony in Honduras, broadly understood as a crisis in which the whole model of hegemonic structure is put into question and challenged mainly by subordinated social forces (Gramsci, 1971:177).

74 The concept of food sovereignty is here broadly understood as an emerging alternative agricultural production model based on local consumption and local production by small-scale family farmers (Nyelini, 2007). Moreover, one of the main reasons that made me take this concept into consideration in my analysis was the fact that in 2012 the United Peasant Movement of Aguán (MUCA), the largest peasant movement in the Aguán Valley and the main organiser of massive land occupations, was awarded the ‘Food Sovereignty Prize’ by the US Food Sovereignty Alliance amongst whose member organisations are Food First, Friends of the Earth and the Indigenous Environmental Network (Kerssen, 2012; Food Sovereignty Alliance, 2017; MUCA, 2012).
I found, however, that despite their awareness of critiques of palm-oil, almost all the Aguán’s peasant movements today are trying to carve out a space to grow oil palms, or to integrate themselves into the palm-oil sector in general. These broad empirical findings disrupted my presumptions and urged me to look at the case differently. I therefore identified with how Li explained ethnographic research:

_Ethnographic research obliges the ethnographer to confront the gap between the chaotic ‘common sense’ of lived realities and the schemes he or she must apply in seeking to make sense of them._ (2014:5)

In my case, the Aguán’s landless peasants’ acceptance, if not the desirability, of palm-oil production and oil palm cultivation took me into uncharted territory where the theoretical and analytical categories which I was familiar with (such as green grabbing) did not hold, but opened up “the possibility of generating new knowledge and connections” (_ibid._:5).

By analysing the conflict in the Aguán Valley within the context of the palm-oil hegemony in Honduras and engaging with a (neo-)Gramscian understanding of ‘common sense’ within the agrarian dynamics in the region, I want to challenge and further complicate the predominant ways in which the conflict is critically presented mainly by the activist and social-movement literatures, inspired mainly by the concept of food sovereignty as an “‘alternative-development’ niche” (Li, 2014:5).

The main argument which will be developed in this chapter is that the conflict signifies a conjunctural crisis of the palm-oil hegemony in Honduras, broadly understood as a crisis in which some characteristics of a hegemony are challenged, particularly targeting specific personalities within a hegemonic bloc (Gramsci, 1971:177-178; Vergara-Camus & Kay, 2017). In order to analytically and empirically make sense of this argument, I shall describe some key episodes of the conflict while broadly exploring the central political and economic strategies followed both by the agro-industrial bourgeoisie in alliance with the Honduran state and by the Aguán’s peasant movements.

In the previous chapter analysing the historical politico-economic roots of the land conflict in the Aguán, I pointed out that in the aftermath of Hurricane Mitch in 1998, the region experienced a process of resurgence of the peasant movements and the central character of rural politics moved beyond the everyday forms of peasant resistance and transformed into collective action (Akram-Lodhi et al., 2007).

Following Leon’s work (2015), I argue that, in the resurgence of the Aguán’s landless peasant movements, there were two main groups based on the origins of their founding members: the hill peasant movements and the valley peasant movements. One of their main differentiations lay on the lands which they sought to recuperate, along with the agricultural production methods which they wanted to exercise. On the one hand, the Peasant Movement of Aguán (MCA), one of the typical hill movements composed of landless “families with little to no organisational experience in the cooperatives and with very little knowledge of oil palm monoculture” (Leon, 2015:243), tended to recuperate lands not cultivated with African palms and to practise slash-and-burn basic grain production. On the other hand, the Unified Movement of Aguán Peasants (MUCA), the main and largest valley movement, formed by former members of dissolved (oil palm) cooperatives and their younger generations, targeted their former lands in full production of African palms and wanted to produce palm oil (ACP7, 2015; ACP8, 2018).

However, this differentiation rapidly disappeared in the early 2000s, when...

... the attraction of monoculture became very strong, forcing these movements to seek paths towards the palm-oil industry, mostly as sellers of labor power, but ideally as producers of the raw material. (Leon, 2015:243)
Indeed, the reversal of the hill movements’ approach towards oil palm cultivation corresponded with the construction processes of the palm-oil hegemony in Honduras in this period, as was explored in detail in the previous chapter.

Since May 1999, when 700 landless families affiliated to the MCA launched the first land recuperation on the former CREM’s lands, the agrarian settings in the Aguán Valley were marked by land recuperations and road blockages.\textsuperscript{75} I therefore argue that the central political strategies followed by the Aguán’s peasant movements during this period were predominantly in the direction of a \textbf{war of movement/manoeuvre}, broadly understood as a military analogy to refer to a political strategy of frontal attack or insurrection which “is analogous to rapid assault targeted directly” at attaining a position as a dominant social force (Morton, 2007:190; Gramsci, 1971; Egan, 2014; Coutinho, 2013).

Up until 2006, as well as joining direct actions collectively organised by the landless peasant movements, the main organisational and political strategy of MUCA, as the largest peasant movement in the region, was to take legal action requesting the nullification of the dissolved oil palm cooperatives’ land sales, mainly against Miguel Facussé, Rene Morales and Reinaldo Canales (ACP7, 2015; ACP8, 2015): “We believed that the justice system would protect us, because our lands were taken from us illegally”, commented Rivas, spokesperson of MUCA (ACP8, 2015).

The year 2006 was a turning point both for Honduran politics and for the Aguán’s peasant movements, because that was when MUCA decided to combine its legal struggles with direct action (ACP7, 2015). The two main reasons for this decision were the failure of

\textsuperscript{75} It is, however, important to state that this differentiation between the movements mentioned above did not mean that there was no unity between them; quite the opposite, as Leon pointed out that this differentiation “should be understood as form of unity in diversity” (2015:243). Some of the direct collective actions taken by these movements can be taken as illustrations of this unity: in June 2001, around 4,000 peasants blocked the highway connecting Tocoa with the rest of the country and with the port for a period of two days; in January 2002, some 1,500 peasants blockaded the highway again; in May 2003, 2,000 peasants blocked the highway for four hours; and in February and July 2005 another highway blockade took place (Bird, 2013; CAO, 2013; ACP7, 2015; ACP8, 2015).
MUCA’s attempts to recover the former lands through legal means and the change in the government; Manuel Zelaya Rosales came to power with a slightly populist emphasis on civic participation. Paz, a peasant leader in MUCA at the time, explained the main motivations behind the movement’s decision:

*Nine different lawyers working for us were bribed by landowners; they were cheated by different institutions of the state; they were told not to confront the state and the landowners ... However, we peasants were still struggling to survive and neither landowners nor the state were taking us seriously ... There was no institution to listen to us ... Wherever we went, doors were closed in our faces ... Since the legal actions didn’t go through, we decided to take real actions on the streets, on the fincas, to call attention to the injustice which we were suffering ... Also, there was a change in the government [referring to Zelaya], so we thought it might be the right time for us.* (ACP7, 2015)

Not only Paz but also many other leaders of MUCA gave similar testimonies about their lawyers being bribed by the landowners during this period (ACP8, 2015; ACP13, 2015; ACP12, 2015). It is possible to argue that these bribery cases, allegedly organised by the agro-industrial bourgeoisie as a hegemonic social force, have an analytical resonance with Gramsci’s understanding of “the ‘normal’ exercise of hegemony” (1971:80):

*Between consent and force stands corruption/fraud (which is characteristic of certain situations when it is hard to exercise the hegemonic function, and when the use of force is too risky).* (ibid.:80)

Using bribery to block the legal processes challenging the interests of the agro-industrial bourgeoisie can be understood within this context. However, this tactic pushed MUCA to re-visit its main political strategies and to decide on taking direct action, such as organising land recuperations, but also on challenging the prevailing relationship between the dominant elites and the state.

As a foundational moment of the re-configuration of the rural politics in the Aguán context, a month after Zelaya came to power, on 7 February 2006, 5,000 MUCA members blockaded “the principal bridge to Tocoa – thus cutting off the town from the rest of the
country – in order to request a resolution of their demands” (Leon, 2015:298). The action lasted for four days until the Zelaya administration sent a negotiating commission which reached several verbal agreements with the peasants, in particular regarding granting the land titles which had been taken from the former members of the cooperatives, as well as distributing new lands to the landless peasants living on the hillsides of the Aguán valley (Kerssen, 2013; Leon, 2015). Rivas stated that:

*We were told that the Public Ministry had supposedly contacted the Supreme Court of Justice; and we were told that the Supreme Court would receive a delegation from MUCA that same year, and the Supreme Court and Zelaya were going to investigate Facussé’s claims over the land in the Aguán … But this never happened, we were fooled.* (ACP8, 2015)

It is true that the Zelaya administration never honoured this initial verbal agreement with MUCA, and the movement decided to take further direct action. Leon believed that the Aguán’s landless peasant movements learned a lesson from this: “What was agreed by the government under pressure would be forgotten once the pressure was lifted” (2015:299). So in 2007, several road blockages and small-scale state-land occupations took place to put pressure on the Zelaya administration to meet the requirements of the initial verbal agreement (ACP7, 2015; ACP13, 2015).

In addition, in January 2007, MUCA organised the first land recuperation targeting a privately-owned (disputed) palm-oil plantation in full production. Until then, in addition to the CREM’s lands, all the recuperations organised by the Aguán’s peasant movements had targeted only state or municipal lands. On this occasion, however, MUCA attempted to recuperate one of Dinant’s plantations, *La Concepción* 76 (Leon, 2015:299). This was the first land recuperation directly targeting the agro-industrial bourgeoisie’s private lands and was therefore a key moment in the ongoing violent land conflict. The recuperation lasted for five days until Dinant used the coercive power of the Honduran state by

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76 *La Concepción* was one of the oil palm cooperatives dissolved during the mid-1990s, and MUCA claimed that its landholdings had been illegally taken away by Facussé.
requesting the army to evacuate the landless peasants; the army accordingly evicted the peasants violently, wounding many of them (Kerssen, 2013; Leon, 2015).

The MUCA’s recuperation was followed by other landless peasant movements’ recuperation attempts on privately-owned lands in the Aguán valley which were under the control mainly of Morales and Canales (ACP8, 2015; ACP22, 2015). This increasing pressure, along with the Zelaya administration’s political move towards the Pink Tide, as described earlier, led to the passing of Decree Law 18-2008 on 31 March 2008 (Decreto 18-2008, 2008). This Decree would have purportedly resolved around 426 legal land conflicts, titling 40,000 hectares of land for the benefit of approximately 20,000 peasant families all around the country, and in addition it would have prompted a full investigation of the lands claimed mainly by Facussé, Morales and Canales in the Aguán region (Kerssen, 2013:42; Rios, 2010; ACP7, 2015; ACP8, 2015).

The Decree, which came into force in May 2009, also mandated the INA to transfer the former CREM’s lands to landless families (Bird, 2013; Rios, 2010; Edelman & Leon, 2013; Kerssen, 2013; ACP7, 2015). Mainly because of the institutional inefficiency of the INA, however, the Decree did not achieve its objectives; only one peasant group in the Aguán, La Guadalupe community affiliated to the MCA, received its property title back under this legal disposition, in September 2009 (ACP8, 2015; Bird, 2013).

The Decree was strongly opposed by the large landowners in alliance with FENAGH and COHEP. They applied to the constitutional court accusing the Decree of being unconstitutional, violating the law of private property, creating uncertainty for free enterprise and deterring investors (Prensa, 2008; GII10, 2015). On the other hand, the implementation of the Decree signified “a steep increase in the levels of violence against peasant communities” (Leon, 2015:280-81). Indeed, following the passing of the Decree, the conflict between the large landowners and the peasant movements escalated, and several peasants were assassinated in this period (see Bird, 2013; HRW, 2014; Kerssen,
2013; Leon, 2015). A clash was recorded between landless peasants and landowners over the CREM lands which resulted in twelve deaths in August 2008 (CAO, 2013:3).

In May 2009, MUCA recuperated another of Dinant’s plantations, El Chile, to put pressure on the government to respond to the commitments made in the Decree (CAO, 2013:38; ACP7, 2015). Moreover, a month later,

... on 8 June 2009, less than a month before the coup, they decided to raise the stakes and go directly for the central axis of capital accumulation in the region: the extraction mills. Early in the morning on that day, they entered and occupied the Exportadora del Atlántico extraction mill – the property of Miguel Facuseé – in Quebrada de Arena and remained in control for a few hours before they were evicted. (Leon, 2015:299)

It is important to understand that this is the extraction plant in which the Aguán CDM project is being implemented.

The peasants were evicted from the mill but remained on Dinant’s El Chile plantation for over ten days until Zelaya himself went to the Aguán valley to negotiate with them. On 17 June 2009, Zelaya met with MUCA’s leadership and signed a set of agreements (ACP1, 2015; Kerssen, 2013) which included the creation of a Technical Judicial Commission, “made up of representatives of MUCA, the executive branch and the Agriculture and Livestock Secretariat (SAG) ... to pursue a negotiated solution to the conflict” (Leon, 2015:299-300) and to review the legalities of the land title transfers which had taken place in the mid-1990s.

On 23 June 2009, the first day of its establishment, the Commission gave an immediate order to the INA to expropriate 66 hectares of land from Dinant’s Paso Aguán plantation, some parts of which overlapped with the former CREM’s land, and to transfer them to landless peasant families (CAO, 2013; Bird, 2013). Rivas described how
On 23 June, MUCA’s leader Fabio Ochoa was the first person from us [MUCA] to be called to the commission … Later that day, he was shot 40 times, his body received nine bullets. Thanks to God he survived but he can’t walk, talk or eat now, he can’t function properly. (ACP, 2015)

As will be explored below, only five days after this attack, a military coup took place in Honduras which had a two-fold impact on the conflict: the region was militarised and the conflict escalated dramatically; and the Aguán’s (landless) peasant movements, which until then had not been coordinated politically with other subordinated social forces in Honduras, began to form alliances at the regional, national and international levels.

4.4. The Mixed Forms of Political Strategy since 2009: War of Manoeuvre and War of Positions

In March 2009, Zelaya announced that there would be a non-binding fourth ballot in the elections of June that same year, asking “the population’s opinion regarding the possibility of convening a constituent assembly to rewrite and transform the 1982 constitution” (Leon, 2015:282). After the announcement of this referendum, the country’s economic, political and military elites, concerned about the Zelaya administration’s political move towards the Pink Tide, began to run a strong campaign against the president, claiming that he wanted to remain ‘president for life’ by changing the constitution and following in the steps of Hugo Chavez in Venezuela77 (ACP, 2015; GII, 2015; ACP, 2015; GII, 2015).

On the morning of the election/referendum, a coup d’état orchestrated by the country’s elites in alliance with the US government78 took place: Zelaya was kidnapped by the military and taken to Costa Rica (Kerssen, 2013; Leon, 2015). The post-coup regime’s answer to the conflict in the Aguán was to militarise the valley in order to protect the landowners’ properties (Kerssen, 2013; Edelman & Leon, 2013; ACP, 2015; ACP, 2015; ACP, 2015).

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77 For further information on the constitutional crisis which occurred following the 2009 coup, please see Meyer, 2010 and Kerssen, 2013.
78 Hillary Clinton, as US Secretary General at the time, publicly admitted that the US had played a role in supporting the coup (Al Jazeera, 2014). For further information on the coup, please see a document leaked by WikiLeaks, headed ‘Who’s who of the Honduran coup’ (WikiLeaks, 2009).
As mentioned above, the coup had a dual effect on the conflict in the Aguán valley. On the one hand, coercive force was excessively exercised over the landless peasant communities and movements, death squads reappeared in the region and the result was a rising body count, with dozens assassinated (Kerssen, 2013; Bird, 2013; FoE, 2013; Rios, 2010; GII19, 2015; ACP7, 2015; ACP8, 2015; HRW, 2014). In line with repeated waves of militarisation and criminalisation against the landless peasant movements, the conflict dramatically accelerated and intensified, and has claimed over 150 lives since then.\footnote{In line with the fact that the fatal conflict in the Aguán valley dramatically accelerated following the 2009 coup, almost all the media coverage of the conflict described it as starting in 2009.}

On the other hand, the coup also inspired a far-reaching political ‘awakening’ for civil society in the country, as Hondurans called it (GII22, 2015). This awakening, as Kerssen argued, ... created an unprecedented articulation of formerly atomized, even conflicting, social movements. Students, teachers, industrial workers’ unions, human rights organizations, indigenous peoples, peasants, feminists, LGBT communities, artists and faith-based groups were galvanized by the coup and the repression that followed. (2013:95)

In the rural areas, Boyer and Penalva stated that, “in the post-coup moment, the country’s peasant and small-farmer movements, split for more than two decades, have begun talking to each other again” (2012:65).

MUCA’s peasant leaders argued that the Aguán’s landless peasant movements recognized that they needed to be more united in the face of the repression and the divisive strategies employed by the state, and to build alliances with different peasant movements and progressive sectors of society, including other subordinated social forces such as indigenous groups (ACP7, 2015; ACP8, 2015).
From a neo-Gramscian perspective, the Aguán’s movements’ involvements with alliances, such as the Agrarian Platform established in 2010, signifies an important political and strategic turning point in the rural politics, from a predominant war of movement to an engagement also in a war of positions, broadly understood as a military analogy referring to a long-term political strategy “coordinated across multiple bases of power, to gain influence in the cultural institutions of civil society, develop organizational capacity, and to win new allies” (Levy & Newell, 2002:88). Indeed, the post-coup ‘awakening’ of the Honduran civil society created the conditions under which the Aguán’s peasant movements significantly developed their organisational capacities, won new allies and began to attempt to assert a moral and intellectual struggle for ‘the right to land’ in the agrarian settings in Honduras.

One of the earliest examples of these alliances at the national level was the movement’s political involvement with the National Front of Resistance Against the Coup (later called the National Front for Popular Resistance, or FNRP) established by progressive segments of Honduran society such as workers’ unions following the coup (GII22, 2015; Kerssen, 2013; ACP5, 2015; GII24, 2015; GII12, 2015).

It is important to note that the Aguán’s movements did not make a shift in their political strategies from a war of manoeuvre to a war of movements, but rather began to combine both strategies in their struggles. For instance, after the de facto president Roberto Micheletti abolished the Technical Judicial Commission established by Zelaya’s administration to resolve the conflict in the Aguán valley, MUCA decided to organise massive land recuperations to put pressure on the new government (2010-2014) to resolve the land dispute in the valley (ACP7, 2015).

On 9 December 2009, MUCA launched the largest land recuperation ever organised in Honduras: over 2,500 landless peasant families simultaneously recuperated 26 privately-

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80 Porfirio Lobo Sosa became president in January 2010.
owned (disputed) oil palm plantations\textsuperscript{81} in full production (of which 21 were under the control of Facussé and the rest of Morales and Canales), comprising around 20,000 hectares of land (ACP7, 2015; Kerssen, 2013; ACP8, 2015; ACP13, 2016). The state’s immediate response was to send 3,000 troops to evict the peasants; the landowners’ response was to increase the numbers of their private security forces and to arm them. Dinant hired 300 private security guards supervised by ex-military officers (ACP8, 2015; CAO, 2013; Bird, 2013). Paz explained that:

\textit{The military and the private security forces of the landowners were evicting us violently; they were beating up women, children, harassing them, sexually abusing them ... However, when they evicted us from a plantation, a couple of hours later we were tearing down the fences and occupying it again, or we were occupying other fincas ... This action series lasted until March 2010. (ACP7, 2015)}

The Aguán was pummelled by repeated waves of state-sponsored violence including constant surveillance, death threats, capture orders, kidnappings, sexual violence and assassinations (Bird, 2013; HRW, 2014; ACP8, 2015; ACP9, 2015; Bird, 2013; GII24, 2015):

“It has become very dangerous to walk around wearing boots and a straw hat; it has become dangerous to look like a campesino”, Paz recalled (ACP7, 2015). It is estimated that in 2010, 27 people, of whom 23 were peasants, were killed in the Aguán valley (Bird, 2013:47-55; HRW, 2014).

At the same time, a strong media campaign was being launched with the intention of deflecting the challenges arising from the peasants’ activities by marginalising them in the eyes of Honduran society, by “alleging that peasants are organised armed guerrilla groups consisting of criminals, thieves and other delinquents”\textsuperscript{82} (MUCA-MI, 2011; Kerssen, 2013).

\textsuperscript{81} These 28 oil palm plantations were the ones corresponding to the 28 oil palm cooperatives dissolved in the aftermath of the implementation of the LMDSA in 1992.

\textsuperscript{82} An article published in one of the largest mainstream newspapers in Honduras in 2010 stated that:

‘The president of the National Association of Industrialists (ANDI), Adolfo Facussé, confirmed that he possessed detailed information revealing that a ‘replica’ of the Colombian Armed Revolutionary Forces (FARC) was being formed in the Aguán. He explained that these people were taking advantage of the agrarian conflict in northern Honduras and receiving training from Nicaraguan elements. ‘They are forming a well-armed guerrilla force, encouraged by armed fighters in Nicaragua whose objective is to imitate the Colombian FARC,’ he announced. He added that these movements are financed by ‘friends’ of Honduras in
An article published in March 2010 under the headline ‘Guerrilla cell is armed in Bajo Aguán’ stated that “Support for leftist movements, training by Colombian guerrillas, and the strategic financing of drug trafficking are behind the peasant groups which continue to hold several farms’ (Prensa, 2010). The large landowners began to depict the peasants who recuperated their lands as thieves. It should be noted that it is a common practice by hegemonic social forces to marginalize contending social forces when they cannot be co-opted (Newell, 2009; Levy & Egan, 2003). “Mr Facuseé, Mr Morales and Mr Canales used every power in their hands to demonise us and our struggle for land in the eyes of the [Honduran] public”, commented Karla Zelaya, a peasant leader (ACP13, 2015).

In line with these strategies, on 9 March 2010 “thousands of employees” of Dinant organised a ‘peaceful’ march in the capital, Tegucigalpa, demanding that the Lobo administration must resolve the conflict in the Aguán (Prensa, 2010a). The demonstration was trumpeted by the mainstream media under the headlines ‘Dinant employees ask for quick solution’ (Prensa, 2010a) and ‘They demand a cessation of the Bajo Aguán conflict’ (Tribuna, 2010) and the subheading ‘Thousands of employees of Corporation Dinant, owned by businessman Miguel Facuseé, marched peacefully asking the government to respect their work and the legal security of the property’ (Prensa, 2010a). In a press release, they declared:

_We are the workers and the members of the largest private labour community in Honduras; in the face of illegal acts and political aggression which endanger the
Venezuela and other places. The industrial leader expressed worry that ‘part of the Honduran territory is being occupied by guerrilla forces associated with drug traffickers.’” (cited by Kerssen, 2013:147-148).

For instance, a news item covering the land recuperations in the Aguán Valley was published in August 2010 under the headline ‘Agropalma loses 650,000 lempiras daily’ and the subheading ‘The Agropalma group, chaired by entrepreneur Rene Morales Carazo, announced yesterday that it is losing 650,000 lempiras a day because of the theft of the produce of five African palm farms’ (Prensa, 2010b).

A news item published in La Prensa covering this demonstration stated that ‘Dinant employees wanted the people to know that they are the largest labour force in the country, receiving the best benefits in Latin America’ (Prensa, 2010a). A story in La Tribuna stated ‘They carried signs and among their slogans they said: ‘The lands of the Aguán with Dinant are productive’; ‘Honduras, I am Dinant, an example of work and improvement’ and ‘President Lobo! Do not allow this theft’. Among the protesters, there were employees of Dinant companies and peasant groups organised on the Atlantic Coast, as well as representatives of Central America’ (Tribuna, 2010).
degree of well-being that we have achieved, we declare: ... We recognize that there is no better system than political democracy and free enterprise, characterized by respect for the law, the right to freedom, access to the markets and the income to the property of the legitimately acquired goods ... We recognize the figure and the performance of Miguel Facussé Barjum, the model entrepreneur who Honduras needs for its economic growth, to develop guaranteeing a better standard of living for the lower-income population ... What happens there [in the Aguán Valley] is very serious because it can spread throughout the country. (Tribuna, 2010)

Once it was recognised that the marginalisation strategies, along with militarisation and criminalisation policies exercised on the peasants, were not stopping the movement’s direct actions, the agro-industrial bourgeoisie in alliance with the state decided to make concessions.

4.4.1. The Agreements: Concessions to the Aguán’s Peasant Movements
Under pressure both from the Aguán’s peasant movements and from the large landowners, the post-coup President Lobo launched negotiations to reach an agreement which would resolve the conflict. These negotiations began in March 2010 (Kerssen, 2013). The large landowners in the Aguán, mainly Facuseé and Morales, did not join directly; they were, however, consulted by Lobo before and during the discussions (Rios, 2010; Irias, 2011).

The original proposal put forward by the state was a co-investment type of agreement in favour of Facuseé and Morales, in the sense that the crops harvested on the plantations which would be allocated to MUCA should be sold only to the palm-oil mills under the control of Facuseé and Morales (Propuesta, 2010; Rios, 2010). However, this proposal was strongly rejected by MUCA.

Finally, on 17 April 2010, the state and MUCA signed a preliminary agreement according to which the state committed itself to purchasing a total amount of 11,000 hectares of land in the Aguán Valley, mainly from Facuseé and Morales, on behalf of MUCA and to
allocating it to the 28 peasant groups affiliated to the movement\textsuperscript{85} \cite{Prensa2010c, Prensa2010d}. Accordingly, MUCA would be indebted to the state for purchasing the lands.

The mainstream media announced the preliminary Agreement by stating that “The land conflict which caused ten deaths and kept residents and businessmen of Bajo Aguán and the rest of the country in suspense has been brought to an end” \cite{Prensa2010s}. President Lobo stated:

\begin{quote}
... now, [it is time] to work [for the Aguán’s peasants]; [this Agreement] is to help them produce and make it an activity that benefits their families, I take it to my heart as a pilot project. We are going to support them. What I ask you is that you also do your part: work hard, work every day. (ibid.)
\end{quote}

Although it has been pointed out that MUCA had signed the agreement under significant pressure\textsuperscript{86} \cite{Irias2011, Leon2015, Rios2010, ACP7, 2015}, MUCA nevertheless considered this preliminary agreement “as a victory, since it was the first time that they had managed to pry anything away from Facussé” \cite{Leon2015:309, GII19, 2015, Kerssen2013, ACP13, 2017}. Accordingly, MUCA scaled down its recuperation of 26 plantations to six,\textsuperscript{87} 4,000 hectares of land cultivated with oil palms in full production, part of the promised land that would be purchased from Dinant \cite{ACP7, 2015, ACP8, 2015, Rios2010}.

The preliminary Agreement, however, generated the first fragmentation within MUCA \cite{Irias2011}: peasant families who were former members of four dissolved peasant

\textsuperscript{85} Accordingly, 3,000 hectares of land cultivated with African palms and 3,000 hectares of uncultivated land would be purchased and allocated by the state in the same year as the Agreement, and 1,000 hectares of land cultivated with palms and 4,000 of uncultivated land would be bought and allocated in the following year \cite{Leon2015, Prensa2010d}.

\textsuperscript{86} As an example of the pressure that was put on MUCA, during the negotiations, six members of MUCA were killed \cite{Hernandez, 2010c}.

\textsuperscript{87} The six plantations were La Isla, La Confianza, La Aurora, La Concepcion, La Lempira and Maranones; all of which were oil palm cooperatives which had been dissolved in the aftermath of the 1992 counter-agrarian reform.
cooperatives\textsuperscript{88} refused to sign the agreement and formed the \textbf{Authentic Movement for the Re-vindication of Aguán Peasants (MARCA)} in April 2010 (Kerssen, 2013; Leon, 2015). Kerssen comprehensively captured the central argument of MARCA’s separation from MUCA:

\textit{Unlike the others, which had sold their titles to investors in the early 1990s, MARCA’s cooperatives still held the original land titles received through the agrarian reform (hence the name ‘authentic’). They felt that signing the agreement risked weakening their position in ongoing court cases.} (2013:100-101)

Here, it is crucial to note that MARCA did not oppose oil palm cultivation and palm-oil production; they just disagreed with paying for the land which would be purchased from Facuseé and Morales. Also, the state and MARCA reached another agreement in May 2011 through which the state granted MARCA 471 hectares of land cultivated with African palms on the \textit{San Estaban} plantation (INA, 2011).

In order to define the financial conditions of the permanent Agreement which was to be signed between the state, MUCA and large landowners, a Committee was established which, after a long assessment processes, decided that the value of each hectare subject to the Agreement would be 135,000 lempiras, equivalent to US$7,150 at the time; the financial operation would be through a loan from the state-owned bank BANPROVI with a fifteen-year term to pay back, at an interest rate of 6% and with a period of three years of grace (Rios, 2010; MUCA, 2011).

The final Agreement was signed by MUCA, the state and Facuseé in June 2011 (ACP8, 2015). Accordingly, the 4,000 hectares of oil palm plantations in full production\textsuperscript{89} which MUCA had recuperated were officially allocated to the movement at a price of over US$28 million. Lobo stated:

\textsuperscript{88} These are \textit{La Trinidad, San Estaban, El Despertar} and \textit{San Isidro} (Leon, 2015:310).

\textsuperscript{89} All of these plantations were owned by Facuseé, but had been recuperated by MUCA since December 2009. The names of these seven plantations are \textit{La Confianza, La Aurora, La Lempira, La Concepcion, Maranones, Isla 1 and Isla 2}. 
We hope that this agreement will bring peace to the area and that we shall also get MUCA to start productive activity, without any kind of apprehension and with full security and my commitment to support them, help them, because I want the farmers of Honduras to have the opportunity to demonstrate that they are capable of being successful in production as other campesino groups have been, as is the case of Hondupalma. (Lobo, cited by MUCA, 2011a)

The Agreement was officially recognised in Decree 161-2011 which was passed in October 2011 (Decreto 161-2011, 2011).

As a result of MUCA’s strong opposition, the condition of selling the palm fruits only to Facuseé and Morales was not included in the final Agreement which, instead, mandated the movement to sell to “the highest bidder” (MUCA, 2011a). Karla Zelaya stated that following the Agreement, Facuseé started a market war and offered the highest price per tonne of fruit (ACP13, 2017); this was not unexpected, since he was one of the two largest palm-oil producers in the country. Moreover, the declaration of the Agreement coincided with a boom in the global palm-oil price which benefitted Facuseé, who exported over 50% of the palm-oil he produced. “We were fooled; … we ended up having no option but to sell our products to Facuseé”, Zelaya stated (ACP13, 2017).

This final agreement generated a further fragmentation within MUCA into MUCA-Left Bank and MUCA-Right Bank, 90 referring to the peasant settlements’ locations on either side of the Aguán river, each one of which signed a new agreement with the state in February and June 2012, respectively (MUCA 2012a; 2012b). The new Agreements obliged the groups to sell the totality of their production of fresh fruit to the Salama Cooperative, which in turn had to sell the totality of the crude oil produced from this transaction to HONDUPALMA (ibid.). In other words, the new Agreements brought back the co-inversion nature, but this time in favour of two peasant-run palm-oil extractors, Salama and Hondupalma.

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90 MUCA-Left Bank comprised the Maranones, Isla 1 and Isla 2 plantations and MUCA-Right Bank comprised the La Confianza, La Aurora, La Lempira and La Concepcion plantations (MUCA 2012a; 2012b).
From a neo-Gramscian perspective, the Agreements discussed above can be considered as concessions made to MUCA, as the largest peasant movement in the Aguán Valley, by the agro-industrial bourgeoisie in alliance with the state, in return for the continuation of the development of the Honduran palm-oil sector. This intention can be further seen in a consideration put forward by Decree 161-2011:

... for several years, there has been a confrontation in the Bajo Aguán in the Department of Colon as a result of the reclamation of lands by a large group of peasants, generating friction and uncertainty which negatively affect the cultivation and development of African palm plantations and in particular industrial palm-oil production and export in general. (Decreto 16a-2011)

It can therefore be claimed that by allowing the MUCAs to purchase back part of their former landholdings from Facuseé under relatively good conditions compared with those which most small-holders had received when they had decided to enter the oil palm industry (GII25, 2017), the palm-oil bloc in Honduras had made economic-corporate sacrifices to deflect the challenges arising from the Aguán’s peasant movements regarding the question of land. However, Gramsci argued that: “such sacrifices and such a compromise cannot touch the essential … in the decisive nucleus of economic activity” (1971:161). Indeed, the selling of 4,000 hectares of land did not touch the essential for the nucleus of Dinant’s economic activity, considering that Dinant would receive over UD$28 million from such sales and that the land would continue to produce palm-oil.

In the next sub-section, I shall look at the ways in which the war of positions was used by the Aguán’s movements as a political strategy within the context of the conflict by exploring the alliances built by the movements at different levels.

**4.4.2. Advancing the War of Positions: Agrarian Platform**

Between 2009 and 2011, it is estimated that around 100 people were killed in the region, mostly members of the Aguán’s peasant movements; as Human Rights Watch (2014) commented, impunity had also run rampant, as not a single person had gone to jail for
these crimes. From 2000 to 2010, there were only two main international organisations campaigning against the repression and violence exercised on the Aguán’s peasants: Via Campesina International, the largest global peasant organisation, and Food First Information and Action Network (FIAN International), an “international human rights organization” which campaigned “for the realization of the right to adequate food and nutrition” (FIAN, 2017). However, in April 2010 following the mounting violence in the region, 41 national and sixteen international organisations, amongst which were Via Campesina International, FIAN International, Friends of the Earth International and the Center for Justice and International Law, made an ‘international call’ with the headline ‘Honduras: Stop violence against peasant organizations in the Bajo Aguán Valley’ (FIAN, 2010). As will be explored next, this increasing international attention on the violence against the Aguán’s movements enabled them to further develop their organisational capacities and to win new allies at the international level, thereby advancing their strategic situation in the war of positions.

One of the most important and fatal episodes which attracted international attention to the region was the El Tumbador Massacre during which five members of MCA were killed, allegedly by Dinant’s security forces, during a recuperation attempt on 15 November 2010 (Bird, 2013; Kerssen, 2013; Gil12, 2015; Gil19, 2015; Leon, 2015; HRW, 2014). Four days later, six international organisations, including FIAN International, sent a letter regarding the massacre to member states of the EU. They requested the EU to support “through political dialogue, the implementation of existing legislation (Legislative Decree 18-2008) to resolve the case of CREM” (FIAN, 2010). In the following month, however, the Supreme Court of Justice in Honduras made its final decision on FENAGH’s

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91 Between 1996 and 2004 this global network organisation’s headquarter was in Tegucigalpa, Honduras (Boyer, 2010:330).
92 210 landless peasant families affiliated with MCA attempted to recuperate El Tumbador, one of Dinant’s largest oil palm plantations, whose territories overlapped with the former CREM lands which were supposed to be transferred to landless peasants, in accordance with Decree 18-2008 passed by the Zelaya administration (Bird, 2013).
legal appeal against the Decree – as mentioned earlier – and declared it unconstitutional on 14 December 2010 (Prensa, 2010e).

In addition, in November 2010 following the massacre, Rights Action, an international human rights-based NGO, launched a campaign targeting Dinant’s loan agreements with international financial institutions, such as the World Bank’s International Finance Corporation (IFC) and the German Investment Corporation (DEG). The organisation sent letters of complaint regarding Dinant’s alleged involvements with human rights violations in the Aguán Valley to these institutions (Bird, 2013; CAO, 2013). The campaign succeeded in getting DEG to cancel its US$20 million loan agreement with Dinant and the IFC to investigate the allegations and freeze the loan (HRW, 2014).

Probably the most important development which had a strong influence on the Aguán’s peasant movement’s war of position was the launch of the Vamos al Grano (‘Let’s go to the Grain’) campaign launched by Oxfam in Honduras in June 2010, demanding fairer and more equitable agriculture with greater emphasis on small and medium-scale producers (OXFAM, 2010). As part of the campaign, on 16 October 2010, the day celebrated by Via Campesina as “the International Day of Action for People’s Food Sovereignty” (Via Campesina, 2016), 32 rural organisations formed the Agrarian Platform93 (Agrarian Platform, 2010). The Platform consisted of almost every major rural organisation in Honduras, from landless peasant organisations such as MUCA and MCA to rural workers’ unions such as ANACH and CNTC, and from indigenous movements such as OFRANEH and COPINH to environmentalist movements such as Madre Tierra (Agrarian Platform, 2011).

The establishment of the Agrarian Platform allowed the peasant movements in the Aguán to build further alliances with other subordinated social forces in Honduras, to expand

93 In order to better capture the Platform’s scope, it is worth naming some of the organisations under it: MUCA, MCA, La Via Campesina, ANACH (Asociación Nacional de Campesinos Hondureños), CNTC (Central Nacional de Trabajadores del Campo), FIAN, UTC (Unión de Trabajadores del Campo), OFRANEH (Organización Fraternal Negra Hondureña), COPINH (Consejo Cívico de Organizaciones Populares e Indígenas de Honduras) and Madre Tierra (Agrarian Platform, 2011:66).
their organisational capacities mainly by becoming involved in coalitions crossing geographic and sectoral frontiers and thus advancing its struggles for the right to land in a war of positions. The formation of the Platform created a political space for different rural movements in Honduras to collectively define their common strategies and demands, particularly around the questions of agrarian reform and food sovereignty. MUCA in particular began to strategically propound “a political discourse around the idea of food sovereignty” (Leon, 2015:344). The discourse appeared as an important narrative for the Aguán’s movements, particularly by seeking to assert intellectual and moral leadership and to gain influence over Honduran society.

In this regard, some of the projects run by MUCA followed principles of food sovereignty (Nyeleni, 2007:76). For instance, following the Agreements signed in 2011 and 2012, peasant families affiliated with MUCA started to diversify their agricultural production beyond oil palm cultivation; mainly for internal consumption, they began to cultivate basic grain crops, to raise livestock and to farm fish (ACP8, 2016; ACP13, 2017; Kerssen, 2013). In the light of its longstanding struggle for the right to land and its agricultural diversification attempts, MUCA was awarded the ‘Food Sovereignty Prize’ by the US Food Sovereignty Alliance in 2012 (Kerssen, 2012).

It is important to re-emphasise that particularly since the early 2000s, almost none of the Aguán’s peasant movements had been openly opposed to monoculture-based oil palm cultivation or to export-oriented palm-oil production. On the contrary, as has been seen, they tried to carve out a space to produce oil palms in the Aguán Valley and they expanded oil palm plantations on the landholdings under their control. “This is a part of our culture” one member of MARCA commented, referring to oil palm cultivation: “I am a _palmero_ [‘oil palm producer’ in Spanish], my father was a _palmero_ and my children will be _palmeros_” (ACP19, 2015). Raul Ramirez, a member of MUCA, recalled:

_I remember the years we spent in the hills doing milpa [basic grain production] ... we could not sleep for days when we heard on the radio that heavy rains were_
coming because our milpas would be just washed away and we would not be able to feed our families ... But, we don’t have such problems anymore with [African] palms; we know that even hurricanes can’t tear them down ... Also, the price is much better than for [basic] grains in the market, so we know we will be able to feed our children and womenfolk. (ACP9, 2015)

Rivas also stated: “we know it is not the right solution or the right answer to our problems ... but we are not against oil palm since it is the only viable crop we can grow in the region” (ACP8, 2017). In other words, despite their awareness of the critiques of oil palms, the Aguán’s movements heavily committed themselves to cultivating oil palms under the traditional monoculture model.

4.5. Common Sense of Lived Realities
These chaotic agrarian dynamics around and through oil palm cultivation and palm-oil production in the Aguán Valley within the context of the Aguán’s movements urge us to re-visit the (neo-)Gramscian concept of common sense. Gramsci used the term ‘common sense’ to refer to “the uncritical largely unconscious way of perceiving and understanding the world that has become ‘common’ in any given epoch” (1971:322). Common sense is conservative and maintains the status quo by acquiescing to things as if they are the natural orders. I argue that the Aguán’s movements’ approach towards oil palm cultivation can be better captured from this perspective. Because it comprehensively captures the roles played by oil palm cultivation in the Aguán Valley, it is worth quoting Leon’s analysis in full:

*Oil palm has been constructed as the only viable crop in the region in economic (better price in the market) and environmental (flood resistant) terms. At the same time, oil palm plantations are seen as spaces of danger and violence and as an opportunity to leave poverty behind. They are presented as a dangerous monoculture which destroys ecological diversity at the same time as they are the key for a better future for the local poor. The oil palm is the development wager of the state at the same time as it is understood as creating an unruly landscape, in which illegal activities such as gun running and drug trafficking can flourish. All of these contradictory elements live together, side by side, creating a situation in which the ‘naturalness’ of the dominant position of the palm oil industry goes unquestioned.* (2015:313-14)
In line with this chaotic common sense of lived realities around and through oil palm plantations in the Aguán Valley, Leon added that “there is a consensus regarding its importance and centrality” (2015:314). Kerssen also stated that:

*oil palm – an economically important crop with secure markets, infrastructure, access to credit and distribution channels – remains strategic to the peasant movements of the Aguán. It is a pragmatic component of their long-term struggle for land and food sovereignty.* (2013:118-19)

It should however be noted that although the construction of the desirability and viability of oil palm cultivation and palm-oil production as a central accumulation strategy in the agrarian settings mainly dates back to the early 2000s, the seeds of this construction were sown by the implementation of the 1974 agrarian reform which enabled members of oil palm cooperatives to be better off in comparison with basic grain producers. This reality can also be captured by recognising that Salama and Hondupalma are regarded by the Aguán’s movements as models which they desire to emulate (ACP12, 2015; Kerssen, 2013). Indeed, Aguán’s (landless) peasants, particularly MUCA, claim that if their lands had not been taken away in the mid-1990s, they would be like Salama or Hondupalma today.

As has already been discussed, the Aguán’s movements have not challenged oil palm cultivation and palm-oil production as a central accumulation strategy as a whole. This reality has made me recognise that the conflict in the Aguán Valley does not signify an organic crisis of the palm-oil hegemony in Honduras through which the whole model of the hegemonic structure is put into question and challenged (Gramsci, 1971:177; Vergara-Camus & Kay, 2017). Instead, it signifies a conjunctural crisis of the palm-oil hegemony in the country through which some characteristics of the hegemony are challenged, particularly with some personalities within a hegemonic bloc as the target (Gramsci, 1971:177; Vergara-Camus & Kay, 2017).

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94 It should be remembered that Facuseé and Morales have always been put up as the target of the Aguán’s movements’ struggles in the conflict. Although it is reasonably understandable why the movements target these two principal members of the agro-industrial bourgeoisie bearing in mind the role which they played in the land re-concentration process in the valley during the 1990s, it is sad to admit that the Aguán’s
1971:177-78; Vergara-Camus & Kay, 2017). This differentiation also has an analytical resonance with what Newell said about the bio-hegemony in Argentina:

Consensus around the desirability of the technology is not the same as consensus around the policies that distribute the profits it generates, or about the specific regulations which govern access and control over the technology. (2009:52)

Indeed, what has driven the conflict in the Aguán valley is mainly the land policies in the region, not the palm-oil production or oil palm cultivation as a whole.

The validity of this argument can be further evaluated by looking at the two agrarian reform proposals made by the Agrarian Platform in 2011 and 2014. The rural organisations under the Platform consensually proposed the Integral Agrarian Transformation Law in 2011 (Agrarian Platform, 2011) and the Law of Integral Agrarian Reform with Gender Equity for Food Sovereignty and Rural Development in 2014 (Agrarian Platform, 2014), which can be regarded as the political manifestos not only of the Aguán’s movements but also of the other organisations around the question of the agrarian settings which they desire to create and establish. These comprehensive proposals put forward important policies mainly in line with food sovereignty principles: prioritising agricultural production by small, medium and cooperative producers; the prohibition of genetically modified crops; the desire of the State Secretariat of Agrarian Reform and Food Sovereignty to provide financial and technical assistance to peasant producers; prioritising single mothers and young women in awarding lands to peasant producers; the eradication of the exploitation of workers; and establishing rural educational centres for training “young peasants and peasants and indigenous peoples and communities, preferably in agricultural and forestry areas, of the peasant economy and rural culture” (Agrarian Platform, 2011; 2014).

movements’ socio-historical criticisms did not go beyond these two personalities and include some of the top political leaders.
There is, however, no single proposition against monocultures or extractive agro-industrial activities, the palm-oil industry in particular, within these comprehensive agrarian reform proposals. This can be regarded as a reflection of the well-structured palm-oil hegemony in Honduras, because these alternative proposals do not directly challenge the consensus around the desirability and viability of oil palm monoculture and palm-oil production as a central accumulation strategy.\textsuperscript{95}

4.6. Conclusion

In this chapter, I have analysed the conflict within the context of the palm-oil hegemony in Honduras. I have looked at the main political strategies employed by the Aguán’s landless peasant movements throughout the conflict and shown that between 1999 and 2009 the movements’ predominant political strategy was in the direction of a war of manoeuvre. However, following the coup in 2009, the movements also began to engage in a war of positions by building alliances. The establishment of the Agrarian Platform has been considered as a main example in this regard. I then suggested that the movements have significantly developed their organisational capacities, won new allies and begun to attempt to assert a moral and intellectual struggle for ‘the right to land’ in the agrarian settings in Honduras. As I have shown, the movements did not give up the political strategy of a war of manoeuvre. In 2010, MUCA carried out the largest land occupation in the region and recuperated 26 privately-owned disputed oil palm plantations. As a response to this collective action, several agreements were signed between the movements, the state and large landowners, including Facussé, the owner and developer of the Aguán CDM project. I consider these agreements as concessions made to MUCA, as the largest peasant movement in the region, by the agro-industrial bourgeoisie in alliance with the state, in return for the continuation of the development of the Honduran palm-oil sector.

\textsuperscript{95} Analysing the question of the extent to which food sovereignty principles can be reconciled with monoculture-based palm-oil production is well beyond the scope of this thesis; even so, it would be interesting to see further research looking at the agrarian political economic implications of these alternative proposals in practice and exploring the complex agrarian dynamics around and through oil palm cultivation from this perspective.
Against the background of the two agrarian reform proposals made by the Agrarian Platform, I have re-emphasised that the Aguán’s peasant movements do not oppose palm-oil production or oil palm cultivation. After analysing the movement’s acceptance, if not the desirability, of palm-oil production and oil palm cultivation as a central accumulation within the context of the neo-Gramscian understanding of common sense, I have argued that the conflict in the Aguán signifies a conjunctural crisis of the palm-oil hegemony in Honduras.

In the following three chapters, I shall investigate the impacts of the Aguán CDM project’s implementation on the power dynamics behind the conflict against the background of the three underpinnings of the hegemony, material, institutional/organisational and discursive, respectively.
5. The Aguán CDM Project and the Material Means of Power

5.1. Introduction
The previous three chapters have unpacked the power relations behind the conflict from a political economy perspective. Following a neo-Gramscian understanding of the dialectic moment of hegemony, the construction of the palm-oil hegemony has been analytically and empirically explored against the backgrounds of the three main underpinnings of a hegemony, namely material, institutional/organisational and discursive. The conflict has also been analysed within the context of the construction and contestation of the palm-oil hegemony in Honduras and considered as a conjunctural crisis of the hegemony in the country, broadly understood as a crisis by which only some characteristics of a hegemony are challenged without putting the whole model of the hegemonic structure into question (Gramsci, 1971).

In line with these explorations, the alignment and mutually reinforcing nature of the three pillars of the palm-oil hegemony in Honduras are analytically regarded as the baselines through which the impacts of the implementation of the Aguán CDM project on the power dynamics behind the conflict are to be theoretically and empirically evaluated.

Accordingly, this chapter will analyse the impacts of the project’s implementation on the material underpinning of the palm-oil hegemony in Honduras by investigating the question of how the project’s implementation has provided additional material means of power to the main actors involved in the conflict, in particular Dinant as the project owner and developer, one of the leaders of the agro-industrial bourgeoisie and an important member of the palm-oil bloc in Honduras.

5.2. The Aguán Project’s Implementation and the Material Means of Power
There is an emerging literature applying neo-Gramscian perspectives to the realm(s) of the CDM and of the carbon markets in general (Matt & Okereke, 2014; Stephan, 2011; Matthews & Paterson, 2005; Okereke et al., 2009; Bumpus & Liverman, 2011). Within this literature, the CDM, as well as carbon markets, has been regarded as an ‘hegemonic
project’, broadly understood as a concrete political initiative promoted by large fractions of transnational capital, aiming to address climate change and portraying the project and the ideas behind it not only as solutions to the global emission problem, but also “as being universal and in the interest of the entire society” (Stephan, 2011:5).

This emerging literature has critically explored how such political initiatives within the global environmental governance structure, including the CDM, are “subordinated to the interests of the neoliberal hegemonic bloc” at the global level, mainly at the hands of large fractions of transnational capital (Matt & Okereke, 2014:127). By providing an empirical grounding for the claim that the CDM – within the form of the Aguán CDM project’s implementation – is subordinated to the interests of hegemonic social forces, of the palm-oil bloc in this case, within the material sphere of power from a neo-Gramscian perspective, this chapter draws upon and seeks to contribute to this emerging literature.

In this regard, in this chapter I shall investigate how the project’s implementation has provided Dinant with additional material means of power, broadly understood as the power which mainly derives from and is expressed by access to and control over technology, production, natural resources and finance (Newell, 2009:41; Phillips & Newell, 2013:655; Newell et al., 2011:90; Power et al., 2016:13). Departing from and deploying this broad understanding of the material means of power in the case study, I shall attempt to theoretically and empirically investigate the extent to which the project’s implementation has impacted on Dinant’s abilities and/or capacities to have access to and control over biogas ‘technology’, palm-oil ‘production’, land and methane – as ‘natural resources’ – and CDM ‘finance’, respectively.

5.2.1. Access to and Control over (Biogas) Technology
For analytical clarity, it is necessary to note that the technology used in the Aguán CDM project is a biogas technology, a ‘second generation’ waste-to-energy technology which generates electricity, heat and organic fertilisers by capturing and utilising biogas out of Palm-Oil Mill Effluent (POME) (Lewidow, 2016:8). Accordingly, this subsection will present
an analysis of the question of how the project’s implementation has played a role in shaping the project developer’s ability to access and control the biogas technology.

The CDM literature looking at technological aspects of the CDM focuses heavily on the questions of whether and how the CDM facilitates the transfer of low-carbon/renewable energy technologies to host countries in the global South and of how these transfers perform in contributing to reducing global emissions (Cools, 2007; Das, 2011; Haites et al., 2006; Hascic & Johnstone, 2011; Seres et al., 2010). In the context of the Aguan CDM project, it is important to note that one of the project’s benefits has been defined on its Project Design Document (PDD) as an involvement in “technology transfer to the region” (UNFCCC, 2011:4).

Although the CDM literature has paid a great deal of attention to the roles played by almost all the different actors involved in the CDM, such as project developers, CDM consultants, designated operational entities (DoEs), non-governmental organisations (NGOs), brokers of certified emission reductions (CERs) and designated national authorities (DNAs) (Olsen, 2014; Olsen & Fenhann, 2008; Phillips & Newell, 2013; Alexeew et al., 2010; Bohm & Dabhi, 2009), the literature has nevertheless largely overlooked technology providers’ functions within the technology transfers, or the CDM governance in general, and has considered them as distant private actors performing unpolitical/technocratic exercises of solely providing technologies to CDM projects (Newell et al., 2009; Phillips & Newell, 2013). However, as is shown in this subsection, technology providers can also enact the day-to-day CDM governance by performing more political exercises.

In this regard, my empirical research on the Aguán CDM project contributes to the literature by revealing the novel role played by the project’s technology provider within the CDM context in Honduras. My findings show that the technology provider of the project has also served as a market enabler and/or facilitator within the context of the
day-to-day CDM governance in Honduras by generating demand, raising awareness of CDM opportunities for and partnering with Honduran palm-oil extractors, including Dinant, to promote the development of biogas projects and to influence the direction of CDM investments in the palm-oil sector in the country.

It is therefore important to provide a brief introduction to Biotec International (BI) as the project’s technology provider (UNFCCC, 2011). BI is a company based in Belgium but with regional offices in Colombia and Malaysia, which provides technology systems to decontaminate wastewater and solid organic waste for the industrial, energy and agricultural sectors in tropical regions (BioTec, 2018). It designs, installs and operates biodigestors, composting plants and organic fertilization systems and has projects in Honduras, the Dominican Republic, Peru, Colombia, Nigeria, Ghana, Gabon, Malaysia and Indonesia (BioTec, 2016 & 2016a). Palm oil has been one of the main sectors in the agribusiness industry to which BI has provided wastewater and by-product treatment technologies since 1998 (BioTec, 2018a). Moreover, the first biogas utilisation technology from POME in the world in the form of a covered lagoon (the same technology as implemented in the Aguán CDM project) was installed by the company in 1999 in Colombia (BioTec, 2017). In 2006, BI was the technology provider for the Eecopalsa CDM project owned by Palcasa in Honduras, the first African palm biogas project certified under the CDM in the world (Eecopalsa, 2006; USDA, 2010).

During an interview conducted with Pierina Bustos, one of the two CDM consultants who provided consultancy services for the Aguán CDM project, it was noted that Bustos was also a biogas technician who worked for BI at the time of the project’s implementation (GII5, 2015). I have also found out that in order to facilitate the provision of its services and the acquisition of its clients, BI offers its customers consultancy services not only on the feasibility and appropriateness of the proposed investments, but also on the registration and monitoring processes of CDM (BioTec, 2016c; GII5, 2015).
When I looked at the other palm-oil-based biogas plants in Honduras, I found that by 2011, when Dinant’s Aguán project was officially registered as a CDM project by the CDM-EB, six of the ten palm-oil extraction mills in Honduras had biogas technologies installed and, except for the Aceydesa mill, their technologies were provided by BI (see Table 5.1). By being the technology provider of around 83% of the biogas plants installed at palm-oil mills in Honduras in 2011, BI had a very important market position in the Honduran palm-oil sector engaged with biogas production. It was also noticed that all of the biogas plants in the Honduran palm-oil sector were involved with the CDM, as can be seen in Tables 1 and 2.
Table 5.10: The Palm-Oil Extraction Plants in Honduras by Ownerships, Installation of Biogas Plants, Involvement with the CDM and Technology Providers, 2011

<table>
<thead>
<tr>
<th>Palm Oil Extraction Mills</th>
<th>Ownerships</th>
<th>Biogas Technologies Installed</th>
<th>CDM Projects Developed</th>
<th>Technology Providers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Exportadora del Atlantico (Aguán)</td>
<td>Dinant</td>
<td>YES</td>
<td>YES</td>
<td>BIOTEC INTERNATIONAL (BELGIUM)</td>
</tr>
<tr>
<td>2 Exportadora del Atlantico (Lean)</td>
<td>Dinant</td>
<td>YES</td>
<td>YES</td>
<td>BIOTEC INTERNATIONAL (BELGIUM)</td>
</tr>
<tr>
<td>3 San Alejo / Agrotor</td>
<td>Jaremar</td>
<td>YES</td>
<td>YES</td>
<td>BIOTEC INTERNATIONAL (BELGIUM)</td>
</tr>
<tr>
<td>4 Caicesa</td>
<td>Jaremar</td>
<td>NO</td>
<td>NO</td>
<td>-</td>
</tr>
<tr>
<td>5 Agropalma</td>
<td>Jaremar</td>
<td>NO</td>
<td>NO</td>
<td>-</td>
</tr>
<tr>
<td>6 Aceydesa</td>
<td>Aceydesa</td>
<td>YES</td>
<td>YES</td>
<td>RAJAWALI SEROJA SDN BHD (MALASIA)</td>
</tr>
<tr>
<td>7 Palcasa</td>
<td>Independent Producers</td>
<td>YES</td>
<td>YES</td>
<td>BIOTEC INTERNATIONAL (BELGIUM)</td>
</tr>
<tr>
<td>8 Hondupalma</td>
<td>Cooperatives</td>
<td>YES</td>
<td>YES</td>
<td>BIOTEC INTERNATIONAL (BELGIUM)</td>
</tr>
<tr>
<td>9 Salama</td>
<td>Cooperatives</td>
<td>NO</td>
<td>NO</td>
<td>-</td>
</tr>
<tr>
<td>10 Coapalma</td>
<td>Cooperatives</td>
<td>NO</td>
<td>NO</td>
<td>-</td>
</tr>
</tbody>
</table>

Sources: Adapted from Eecopalsa, 2011:10-11 & GII5, 2015

Bustos provided deeper insights into how the presence of the CDM has played a role in shaping BI’s market position in Honduras, and in the global South in general, by stating:
... we [BioTec] were searching for palm-oil mills which used an open lagoon type of wastewater treatment system and didn’t have biogas production technology, all around the world ... And, we were approaching them with a whole package [in which] there is CDM [as a part of] marketing strategy ... When you go to them [palm-oil extractors] and ask them if they want to buy this technology [which is] very expensive, they say ‘no’ ... But thanks to CDM, we were managing to sell our technology so well and so fast ... because you can easily convince investors that it is going to be a very profitable business when they make money from CDM; they were covering around half of the installation costs [at the time] ... So, we were providing a full-package service, installation of the technology and consultancy and technical assistance for CDM ... from preparation of PDD to validation, from validation to monitoring, from monitoring to verification ... We were very well prepared for this ... We had the best portfolio in the world [in the sense of] success of registration for CDM. (GII5, 2015)

This testimony shows that, to BI, the CDM along with its finance has represented a marketing tool to sustain and expand their position in the (global and Honduran) biotechnological market(s). In other words, the CDM has become a component of BI’s ‘marketing strategy’.

A spokesperson for Dinant also stated that the idea of investment in biogas technology became more ‘attractive’ when the proposed biogas technology “was presented [by BI] with money we could make out of carbon credits” (ACP1, 2015). He said:

_We saw that Palcasa [referring to the Eecopalsa CDM project] had installed the technology with the same provider and without having any problem they began to sell carbon credits ... [BI] offered to prepare a feasibility report for our mills [the Atlantico and the Lean]. (ACP1, 2015)_

The project’s technical and financial feasibility studies prepared by BI in 2006 showed that Dinant’s Atlantico palm-oil extraction mill was in a suitable position to apply to the CDM and estimated that around half of the installation and maintenance costs of the implementation of the technology could be covered by the CDM finance through selling the CERs which would be generated by the project (UNFCCC, 2011). Then, accordingly, Dinant was convinced and began the CDM application processes with assistance and consultancy provided by BI (GII5, 2015). As Dinant’s spokesperson had stated, the CDM
finance opportunities introduced to the company by BI made the biogas investment seem financially ‘more profitable’ and ‘more attractive’ (ACP1, 2016). As will be further explored in subsequent chapters, BI, through Bustos, as a CDM consultant, has also played important roles in the preparation of the project’s PDDs, the issuance processes of its Letters of Approval (LoA) and its ongoing monitoring processes.

It is important to note here that, according to Bustos, BI followed and implemented the same marketing strategy when approaching the owners/developers of other palm-oil-based biogas CDM projects in Honduras (GII15, 2015). She also recalled that BI’s first entry into the Honduran market occurred through the implementation of the Eecopalsa CDM project (ibid.).

I therefore suggest that a foreign technology provider, BI in this case, has acted as a market enabler and/or facilitator in the context of the day-to-day CDM governance in Honduras by generating demand, raising awareness of CDM opportunities for and partnering with Honduran palm-oil extractors, including Dinant, to promote the development of biogas projects in the country. In other words, the way in which the CDM’s presence is instrumentalised by BI as a component of its marketing strategy shows that the company’s role in the day-to-day CDM governance in Honduras goes beyond an unpoltical/technocratic exercise of solely providing technologies to CDM projects since it performs a more political exercise and enacts the CDM governance mainly by serving as a market enabler and facilitator in the country.

It is therefore possible to conclude this subsection by arguing that the CDM’s presence in Honduras has played a role in providing (necessary market) conditions under which a partnership between Dinant and BI has been established around the Aguán CDM project. Although the CDM’s presence has allowed BI to gain, sustain and expand its position in the Honduran bioenergy market, Dinant’s ability to access the biogas technology has also been further secured and expanded thanks to the CDM’s presence instrumentalised by BI.
as a component of its marketing strategy. In short, it is possible to argue that engagement with the CDM has become a corporate political strategy for each of the companies to sustain and expand its position in the markets under which they all function and has provided Dinant with an additional means of material power around the question of access to the biogas technology.

5.2.2. Access to and Control over (Palm-Oil) Production
In this subsection, I shall investigate the extent to which the Aguán CDM project’s implementation has provided Dinant with an additional material means of power around the question of access to and control over production. However, the question of what we understand by the term of ‘production’ within the empirical context of this project deserves a more solid contextualisation.

The discussion around the project and its impacts on the land conflict is highly polarized in two competing positions around this question. Whereas one approach comprehensively takes almost every activity of the project owner on the land into account within the discussion (Kerssen, 2013; Conant, 2011; Wong, 2012; 2013; Bird, 2011; 2013; Durran, 2012), the competing approach puts forward an argument that palm-oil production and/or oil palm plantations, as central issues behind the conflict, are not the project’s components, not subject to the project and therefore irrelevant to the discussion on the CDM project which is solely about biogas production (GII15, 2016; CDM Policy Dialogue, 2012:49).

The testimony of Axel Michaelowa, the managing director of Perspective, a CDM consultancy company based in Germany which provided consultancy services to the Aguán CDM project in the preparation of its PDD, provides a deeper insight into the latter approach. When I asked him when they became aware of the conflict in and around the project site and what their first thoughts about it had been, he responded:
I thought OK, it is interesting but one needs to be careful about the project ... At that time, of course, I again thought that CDM Watch [an international NGO which led the global campaign against the Aguán project’s registration] was throwing the baby out with the bathwater because the palm-oil plantations are not biomass power plants. And the CDM project is actually just [about] the biomass power plant ... So, I always thought ‘why do people attack the CDM project when they mean palm-oil plantations as such’. (GII15, 2016; 2017)

Dr Michaelowa’s testimony is in line with the argument that the Aguán CDM project is only about biogas production and that therefore conflicts on oil-palm plantations are not relevant to the project’s boundaries.

In the light of this, I argue that carefully looking at and clearly defining the nature and/or the scope of the proposed Aguán CDM activity will strengthen and clarify our analytical focus in this discussion. My research contributes to this discussion by arguing that the Aguán CDM activity is a vertically integrated type of project, broadly understood as a project within which (biogas) technology is integrated into a pre-existing activity (palm-oil production, along with the generation of POME, in this case), so its implications cannot be fully grasped without taking into account palm-oil production as the main prior activity into which the biogas technology is vertically integrated.

I argue that the Aguán CDM project, along with its implications, can be fully understood only in relation to the project owner’s palm-oil production activities which are not directly or formally part of the project itself. In other words, the nature of the Aguán CDM activity as a (vertically) integrated type of project reveals a long chain of interactions between several separate production stages, such as the cultivation of African palm trees, the harvesting of their fruits, their transportation and the extraction of palm oil, whose functionalities are the *sine qua non* of the proposed CDM activity’s functionality.

In this sense, the CDM activity (biogas production) is totally dependent on the palm-oil production process, one of the main by-products of which is liquid waste and/or POME, as the main feedstock of the biogas plant under the CDM project. This correlation between
the biogas production and the prior activities into which the technology was vertically integrated was actually also stated and justified even in its official PDD by noting that an increase in biogas production, and therefore in emission reduction, could occur over time “due to increased production in the Palm Oil Plant (due to increased harvest from palms according to the natural growth cycle) and the corresponding increase of wastewater volumes” (UNFCCC, 2011:30).

In line with this conception around what constitutes the production in this case, in this subsection I shall analyse how the project’s implementation has provided Dinant with additional material means of power around the question of access to and control over palm oil production.

The Exportadora del Atlantico palm-oil extraction and refining mill where the Aguán CDM project is implemented is composed of diverse palm-oil-based agro-industrial processes such as fractionation, refining and intensification. A conventional palm-oil production process, as in the case of Dinant’s Aguán mill, generates three main kinds of waste: solid waste (fibres, shell and empty fruit bunches), air emissions (smoke from boilers and incinerators), and liquid waste, consisting mainly of organic pollutants such as methane (Tan & Nehdi, 2012; UNFCCC, 2011; Vis et al., 2012; Yeong et al., 2012). In the palm-oil industry, there are two main conventional ways to treat the liquid waste: either to discharge it directly into nearby waterways, or to store it in open lagoons which are cooled with water for the purpose of lowering the chemical oxygen demand (COD) concentration and then dumped into nearby waterways (Tan & Nehdi, 2012; UNFCCC, 2011; Yoshizaki et al., 2013; Buron et al., 2007; Global Sustainable Biomass Fund, 2013; Hamilton-Hart, 2015; Kill & Overbeek, 2013). The combination of liquid waste with the cooling water generates POME, which in turn generates biogas containing about 65% of methane, one of the most potent greenhouse gases, which is released directly into the

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96 It is important to note that palm-oil production requires significant amounts of water for its extraction processes, so the mills are generally built next to waterways.
atmosphere from the open lagoons (Simedarby, 2014; Tan & Nehdi, 2012; Kerseen, 2013; Yunus et al., 2012).

The industrial wastewater treatment systems at palm-oil production mills are subject to countries’ environmental regulations. The Honduran state defines this as “a maximum COD concentration … at the output of industrial wastewater treatment system” (UNFCCC, 2011:14). Hence, discharging the liquid waste generated by the palm-oil extraction and refining processes at the mills into nearby waterways without a pre-treatment to lower the COD concentration is illegal because “it pollutes aquatic environments by depleting dissolved oxygen” (Rayahu et al., 2015:9). This makes an open lagoon system, like the one which Dinant had at its Aguán mill, the cheapest solution with a low operational risk for the wastewater treatment from a business perspective (UNFCCC, 2011; 2011a).

The biogas capturing and utilising technology used in the Aguán CDM project consists simply of the processes of covering the open lagoons with plastic blankets, capturing the methane generated in the POME, utilising it and ultimately generating heat and electricity. Unlike the first generation of agrofuel technologies which required a specific level of modifications and changes in the production processes of the prior activities (palm-oil production in this case), the second-generation agrofuel technology does not require any changes in the palm-oil production processes since it generates agrofuel from the by-products of prior activities, the liquid wastewater in this case, and is vertically integrated (Gobi & Vadivelu, 2013; Salihu & Alam, 2012).

Biogas production enables a project’s owner/developer to use the energy and the heat for its own consumption at its mill and, accordingly, to replace diesel and bunker oils as fossil fuels used in the boilers, as well as the electricity supplied to the mill from the national grid (Madaki & Seng, 2013). From a technological point of view, the installation of this waste-to-energy technology by the implementation of the Aguán CDM project can be regarded as a technological upgrading for the project developer in the sense that the
Aguán mill has evolved into a second-generation (integrated and diversified) biorefinery, more resource efficient and economically more competitive (Lewidow, 2016:1).

Indeed, the implementation of the CDM activity and the installation of the biogas production technology have enabled Dinant’s Aguán palm-oil plant to be self-sufficient in its use of power (Dinant, 2018). The spokesperson for Dinant explained the financial importance of biogas production for the company as follows:

*The use of [biogas] from the [palm-oil] production process does have a financial benefit to the company since it allows us to use this material to generate our own electricity. It also allows us to eliminate the use of fossil fuels such as bunker fuel, not only allowing us to reduce production costs, but as well to help the country’s economics, since we no longer need to use US$ to buy such types of fuel. Also, the project has allowed us to stop using electricity from the national [grid] ... [Biogas production] does impact in a positive way on the company’s financial results. It reduces costs and therefore allows us to obtain better financial results.* (ACP1, 2016)

In order to better grasp the financial implications of the installation of the biogas technology in the empirical context of Dinant, it is important to note that, as stated by its spokesperson, Dinant also sells the energy surplus generated through biogas production to the national grid, which is legally mandated to buy the energy generated from renewable sources, such as biogas in this case, under Decree Law 70-2007 : ‘the Law of the Promotion of Electric Generation with Renewable Sources’ (Decreto 70-2007, 2007).

Moreover, one of the additional by-products generated by the implementation of the Aguán CDM project should be mentioned here since it also plays a role in shaping Dinant’s palm-oil production activities in the financial and material senses: organic fertilisers produced by composting (Yoshizaki et al., 2012). On its official website, Dinant explains:

*The treated effluents from the extraction process of crude palm oil are used as fertigation (irrigation water) on approximately 1,000 hectares of our palm...*
Dinant’s spokesperson elaborated on this:

*The use of organic fertilizers and compost [created as by-products of biogas production process] has a positive impact on the company’s finances and, as mentioned before, it allows the country to reduce the use of US$ for buying inorganic fertilizers and other types of nutrient sources.* (ACP1, 2016)

So one of the final products of biogas production, as a second-generation bioenergy technology, is organic liquid and solid fertilisers which further enables Dinant to obtain even better financial results from its palm-oil production.

It is therefore possible to conclude this subsection by stating that the installation of second-generation agrofuel technologies such as biogas technology at palm-oil mills paves the way for the valorisation and/or realisation of the potentials of POME to produce value-added products and to lower overall palm-oil production costs. In this regard, through the installation of the biogas technology, “waste [in the form of POME] has been converted into wealth” in the context of the Aguán CDM project (Ng et al., 2012:59). It is therefore possible to claim that the project’s implementation, the installation of the biogas technology in particular, has provided Dinant with an additional material form of power in the sense of financially sustaining, strengthening and expanding Dinant’s ability to control palm-oil production by generating the several different additional revenue streams described above and making the operations more resource-efficient. As Dinant’s spokesperson explained, it has enabled the company to achieve better financial results from its palm-oil production into which the project has been vertically integrated.

5.2.3. Access to and Control over (Land and Methane, as) Natural Resources

In this subsection, I shall analyse how the implementation of the Aguán CDM project has provided Dinant with additional material means of power around the question of access to and control over natural resources. In line with the project’s vertically integrated nature
as discussed above, it can be argued that there are two main units of natural resources which are most relevant to the project within its boundaries: land and methane. Land is the natural resource on which oil palm trees are cultivated and palm fruits, as the raw materials of palm oil, are harvested. Methane is a natural resource which is not only being captured and utilised throughout the biogas production process, but is also part of the commodification processes through the CDM in the empirical context of the project.

Land in the form of the oil palm plantations on which African palm trees are cultivated, and which is one of the main objects of the conflict in the region, can be considered as one of the main axes of capital accumulation in the palm-oil industry. As explained in a previous chapter, Dinant became involved in the palm-oil industry by acquiring lands from peasant cooperatives from 1992 onwards, following the implementation of the SAP-oriented counter-agrarian reform law. Since then, it has enormously expanded its land holdings cultivated with African palms, securing full control over the complete life-cycle of palm-oil production which is highly land-intensive. Because of this, one of the first questions which needs to be raised in this subsection is whether and in what ways the implementation of the Aguán CDM project has impacted on Dinant’s ability to maintain access to and control over its land.

The critical discussion on the link between the project and the land conflict centres on the argument that the project’s implementation has enabled and/or incentivised the project developer to further expand its landholdings in the region, resulting in the acceleration of the forced dispossession of local farmers from their own lands. Wong’s (2013) statement can be taken as a sample of how these critical framings have portrayed this link:

*In Bajo Aguán, carbon trading and the related changes in land ownership laws have resulted in the expansion of palm oil plantations, which now use a new methane-capture system which purportedly reduces the plantations’ footprint ... This expansion has displaced many farmers as aggressive plantation owners have manoeuvred to get a piece of the lucrative carbon credit business.*
When asked whether the implementation of the CDM project and the installation of the biogas technology had enabled Dinant to continue to acquire land in the Aguán region, Dinant’s spokesperson stated:

*It is a major misconception that people are thinking we are using the money from the CDM project in order for financing the purchase of land. We haven’t bought any land [in the Aguán Valley] for many years.* (ACP1, 2015)

As Pineda pointed out in his testimony, Dinant has not expanded its own landholdings in the Aguán region since 200397 (ACP1, 2015; IFC, 2008). It could therefore be possible to argue that the project’s implementation did not impact on Dinant’s abilities to control the land in the Aguán region in the form of landownership.

The findings of this study contribute to this discussion by showing that Dinant did not expand its landholdings after the early 2000s and, accordingly, suggesting that there is no empirical evidence to argue that the project’s implementation has played a direct role in enabling and/or incentivising the project developer to further expand its landholdings in the Aguán Valley.

Even so, I argue that focusing solely on Dinant’s control over and access to the land in the form of legal ownership as the centre of the analysis is a limited approach since it overlooks Dinant’s abilities to access the land through other channels, such as contract farming and/or out-growing schemes, under which independent producers supply raw materials – the fresh palm oil fruits in this case – harvested on their own landholdings to Dinant. Indeed, as argued in the literature on the palm-oil industry, the contract farming and out-growing schemes represent an important opportunity for palm-oil extractors to expand their access to natural resources without involving “any formal change in land property rights” (Borras et al., 2012a:411; 2012a; McCarthy, 2010; Li, 2011; Alonso-

97 On the contrary, as explained in a previous chapter in detail, around 4,000 hectares of Dinant’s land in the Valley were sold to peasant movements in 2010 and 2011 in accordance with agreements signed between Dinant, the state and peasant movements.
Fradejas, 2012). So while analysing the impacts of the project’s implementation on Dinant’s abilities to control and maintain access to the land, we should also take these schemes into account.

As the earlier analysis has shown, since the mid-2000s Dinant, along with other members of the agro-industrial bourgeoisie in the Honduran palm-oil industry, has shown a tendency not to expand its direct control over the land by acquiring new landholdings, but to increase its access to land by introducing contract farming and out-growing schemes.

In the light of this, I suggest that looking at how Dinant uses these schemes in its palm oil production activities is crucial. Kabibe, the (former) manager of corporate social relations for Dinant, stated that:

*Since the company began to find itself in a financially, socially and politically difficult situation arising from the conflict with the peasant [movements] on the issue of the land to which [Dinant] holds legal titles in the [Aguán] Valley, Dinant strategically decided not to expand its landholdings further; instead, we turned our business focus towards improving our relations with the local small-scale independent African palm producers ... We began to establish [contract-based] commercial relations with them, gave them training on various issues and even provided technical and financial assistance to them ... The strategy has been quite successful in many senses, including our public image. (GII7, 2015)*

On Dinant’s official web-site, the company states that it “jointly develop[s] African palm plantations” with these small-holders (Dinant, 2018a) and, as mentioned earlier, “the company implements a systematic and continuous program of training, technical assistance as well as support for financial procedures in domestic and foreign banks” (Dinant, 2018b).

As Table 3.4 in a previous chapter shows, although Dinant owns around 9.5% of the total land cultivated with African palms in Honduras, it had access to around 17.3% of the palm-oil plantations in the country by 2017, thanks to the contract farming and out-growing schemes which it had developed mainly with independent producers. Indeed, today
Dinant buys African palm fruits harvested from around 15,000 hectares of land which belong to small-scale independent landowners (with land holdings from around 10 to 500 hectares) in the Aguán and the Lean Valleys (GII18, 2017; ACP1, 2016). The amount of land owned by the independent producers with contract-based commercial relations with Dinant was less than 5,000 hectares in 2008 when the project’s local stakeholder consultation meeting took place (GII7, 2015; GII18, 2017). In other words, although Dinant has not expanded its own landholdings in the form of legal land titling in the Aguán region since 2003, it has nevertheless significantly expanded its ability to access new land by establishing out-growing schemes with small- and medium-scale independent African palm producers in the country.

It is, however, still analytically and empirically difficult (if not impossible) to explore the extent to which the implementation of the Aguán CDM project and the installation of the biogas technology has played a role in shaping this ability of Dinant. It is therefore possible to claim that there is no significant empirical evidence that the project’s implementation has provided Dinant with any additional material means of power around the question of access to and control over the land in the Aguán region.

There is, however, another unit of natural resources to be considered in this analysis of the Aguán CDM project’s impact on the project developer’s ability to access and control natural resources: methane, or the atmosphere in general. As analysed by the literature on the CDM, carbon-offsetting projects such as the Aguán CDM activity “create a commodity and value out of a piece of nature – carbon dioxide in the atmosphere – that, if achieved properly, does not exist” (Bumpus, 2010:7). I argue that through the implementation of the Aguán CDM project, Dinant has gained access to and control over methane, which has not been previously subjected to a private property regime in the sense that it has always been considered as a component of “the atmospheric commons” (Joshi, 2015:120).
By enabling a unit of nature which was previously not commodified, methane in this case, to be commodified and by drawing material and legal boundaries around the commodification processes of carbon reductions in the context of CDM governance (Bumpus, 2010; Castree, 2003), the implementation of the Aguán CDM activity allows Dinant to claim ownership over the methane captured and utilised through the production processes of biogas technology. This ability provided by the implementation of the CDM project accordingly shapes and defines the project developer’s and/or owner’s access to and control over the CDM finance of which the realisation will be explored in the following section. It is therefore possible to argue that the implementation of the Aguán CDM project has provided Dinant with additional material means of power around the question of access to and control over a unit of natural resources: the methane captured and utilised through the CDM activity.98

It is possible to conclude this subsection by stating that although there is no empirical evidence to claim that the project’s implementation has provided the project owner/developer with additional material means of power around the question of access to and control over the land, Dinant’s ability to access and control methane, as a natural resource, has been shaped and secured through the implementation of the project in the context of the CDM.

5.2.4. Access to and Control over (CDM) Finance
Not only NGO reports (Bird, 2013:9), but also (academic) activist literature (Kerssen, 2013:73; Conant, 2011; Wong, 2012; Perez & Navas, 2014; Durran, 2012) and both mainstream and alternative media sources (Neslen, 2011; Lakhani, 2014; Carasik, 2013; Bird, 2011; Kryt, 2011; 2011a; Wong, 2013) have predominantly argued that Dinant has “received carbon credits under the Clean Development Mechanism of the Kyoto Protocol on global climate change” (Edelman & Leon, 2013:1713).

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98 It is estimated that by implementing the project, Dinant captures around 30,183 metric tonnes of CO₂ annually (UNFCCC, 2018).
I was highly influenced by these criticisms and presumed that Dinant had already received carbon credits generated by the Aguán CDM project. However, my presumptions were disrupted when I found that the claim about the project generating CERs was incorrect. Consequently, my empirical research contributes to the discussion around the connection between the land conflict in the Aguán Valley and the project by revealing that no CER has been issued for the Aguán CDM project to date.

On this topic, Dinant’s spokesperson stated that:

Even though our company has been registered in the CDM mechanism, we are not actually selling any carbon credits, nor have we done so in the past. It has been a very common mistake made by many parties to believe that our company has used the money from the CDM mechanism to expand or to buy its land, when actually we have not received a single cent out of that mechanism. (ACP1, 2015)

Indeed, the project was officially registered as a CDM project by the CDM-EB in 2011. However, the findings of the current study show that the project’s post-registration stages have not been completed to date; hence, no CER has yet generated by it (UNFCCC, 2018).

Here, it is important to provide a broader insight informed by the testimonies of the project developer/owner into why Dinant has not completed the post-registration stages to date:

Dinant has not benefited financially from the CDM yet. Up to this point in time, our company has not yet looked for financing from the CDM, nor have we sold a single Carbon Credit … The price for carbon credits when the process started was higher ... and dropped dramatically ... We as a company had already spent around US$200-250 thousand just to reach this point [referring to the CDM registration stage in the project cycle] ... When we made the calculations [on the expenses which Dinant would need to make related to the post-registration stages, such as fees for consultancies and hiring a DoE], we realised that it was not worth following the [post-registration] process with [low] carbon credit prices ... We decided not to follow through. (ACP1, 2015; 2016).
Although the main reasons for it might vary, Hondupalma has not completed the post-registration stages for its own CDM project to date either, as Table 5.2 shows. In other words, of the five palm-oil-based biogas plants officially registered as CDM projects between 2006 and 2012 in Honduras, only Jaremar, Aceydesa and Palcasa have accessed CDM finance in the form of CERs issued through their own CDM projects.

Table 5.11: The Palm-Oil Extraction Plants in Honduras by Ownerships, CDM project numbers, Their Registration Dates and Current Status within the CDM Project Cycle, 2018

<table>
<thead>
<tr>
<th>Palm Oil Extraction Mills</th>
<th>Ownerships</th>
<th>CDM Project Number(s)</th>
<th>Registration Dates</th>
<th>Current Status within the CDM Project Cycle</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exportadora del Atlantico (Aguán)</td>
<td>Dinant</td>
<td>3197</td>
<td>2011</td>
<td>Registration</td>
</tr>
<tr>
<td>Exportadora del Atlantico (Lean)</td>
<td>Dinant</td>
<td>0</td>
<td>-</td>
<td>Under Consideration</td>
</tr>
<tr>
<td>San Alejo / Agrotor</td>
<td>Jaremar</td>
<td>1483</td>
<td>2008</td>
<td>CER Issuance</td>
</tr>
<tr>
<td>Aceydesa</td>
<td>Aceydesa</td>
<td>5354</td>
<td>2012</td>
<td>CER Issuance</td>
</tr>
<tr>
<td>Palcasa</td>
<td>Palcasa</td>
<td>492</td>
<td>2006</td>
<td>CER Issuance</td>
</tr>
<tr>
<td>Hondupalma</td>
<td>Cooperatives</td>
<td>4406</td>
<td>2012</td>
<td>Registration</td>
</tr>
</tbody>
</table>

Sources: UNFCCC, 2018a; CDM-Lean, 2007

It is important to note that even though Dinant has not yet completed the post-registration stages for the Aguán project due mainly to the low price of CERs, the project’s monitoring process is currently underway in practice in that Dinant follows the monitoring
methodologies and plans defined in its PDD and validated by the DoE (ACP1, 2016; GII5, 2015). In other words, Dinant monitors the emissions reductions within the boundaries of the Aguán CDM project by means of the computerised monitoring system provided by BI which digitally measures, archives and stores the amount of methane captured through the CDM activity (UNFCCC, 2011). Moreover, in early 2018, Dinant asked BI to provide consultancy services to prepare the project’s monitoring report, the main requirement of the monitoring stage of the CDM project cycle (ACP1, 2018).

The project’s ongoing monitoring process, along with Dinant’s recent request to prepare the project’s monitoring report, gives a clear signal of the company’s intention to complete the post-registration stages. This signal coincides with Dinant’s spokesperson’s comment in this regard:

... the price of carbon credits is so low now ... [However,] that does not mean that we will not seek in the future to obtain income from carbon credit sales ... Dinant will indeed look to sell its carbon credits; however, at this particular point in time I don’t know exactly when the company is going to look for this to happen, but I’m sure we will eventually look for it ... [Thanks to the CDM modalities and procedures], we don’t have a time constraint. (ACP1, 2015; 2016)

The project owner’s clear intention to access CDM finance and the recent steps taken toward this have urged me to better understand the processes and the procedures which need to be followed for the project to issue CERs within the context of the CDM governance, in both theory and practice. I shall therefore try briefly to explain the steps which need to be taken by Dinant to access CDM finance.

In theory, Dinant, as the project owner/developer, prepares the monitoring report and submits it to a DoE99 hired by Dinant. The verification process starts by the DoE confirming the authenticity of the reductions in GHG emissions measured in the monitoring report

99 In accordance with the CDM modalities and rules, it is mandated that the DoE has to be a different DoE from the one hired for the preparation of the validation report on CDM activity.
over a defined verification period (CDM Rulebook, 2017a). As the last step of the certification process, the validation stage starts with the DoE verifying the authenticity of the monitoring report, submitting the validation report to the project participants and the CDM-EB and requesting the Board to issue “CERs equal to the verified amount of reductions of anthropogenic emissions by sources of greenhouse gases” (ibid.). The CER issuance stage, as the last stage of the CDM project cycle, starts with the CDM registry administrator working under the authority under the CDM-EB promptly issuing the appropriate number of CERs according to the certification report submitted by the DoE (ibid.).

In particular, Pineda’s statement above that “we don’t have a time constraint [to complete the post-registration stages]” (ACP1, 2016) made me wonder whether the CDM modalities and rules set up a deadline for the project owners/developers to complete these stages once a project is officially registered, and then how the issuance takes place. Michaelowa pointed out that the CDM modalities and rules allow project developers/owners of registered CDM projects to complete the post-registration stages at any time they want and, accordingly, to request the CDM-EB to issue CERs retroactively (if appropriate) covering the official monitoring and/or crediting period of the CDM activity (GII15, 2016). In other words, if a registered CDM project adequately follows the monitoring methodologies defined and validated by its validation report, there is no officially specified deadline for its project developer/owner to complete the post-registration stages and accordingly to ask for CERs to be issued retroactively covering its defined crediting/monitoring period(s), in accordance with the CDM modalities and rules.

Informed by Dr Michaelowa, Dinant’s spokesperson and the official CDM modalities and rules, it is therefore possible to claim that there are two main scenarios ahead for Dinant: in the first, Dinant will not complete the post-registration stages and therefore be unable to access the CDM finance; in the second, Dinant will complete the post-registration stages and request the CDM-EB to issue CERs retroactively, covering the project’s first
crediting period, between 1 February 2011 and 31 January 2018. It is important to note that Dinant can still complete the post-registration stages and access the CDM finance in accordance with the CDM modalities and rules.

This subsection can therefore be concluded by arguing that Dinant has not completed the post-registration stages of the CDM project cycle for the Aguán CDM project and has therefore not yet benefitted from CDM finance, unlike the ways in which the case has been framed and presented by the predominant critical framings mentioned above. Even though Dinant, in accordance with the CDM modalities and rules, can still complete the post-registration stages and access the CDM finance, there is no empirical evidence to show that the project’s implementation has provided Dinant with additional material means of power around the question of access to and control over the CDM finance to date.

5.3. Conclusion
Following the consideration of the three main underpinnings of the palm-oil hegemony in Honduras as baselines for evaluating the impacts of the Aguán CDM project’s implementation on the land conflict in the region, the question of how the project’s implementation has provided Dinant with additional material means of power has been empirically explored in this chapter against the backgrounds of Dinant’s abilities to access and control biogas technology, palm-oil production, land and methane as units of natural resource, and CDM finance.

In the contributions which this chapter has made to the discussion of the case study, it has been argued that, on the one hand, there is no significant empirical evidence to claim that the project’s implementation has provided Dinant with additional material means of power around the questions of access to and control over the land and CDM finance to date, unlike the ways in which the case has been criticised and presented, as discussed above. On the other hand, as the analysis has shown, Dinant’s abilities to access and control the biogas technology, palm-oil production and methane have been secured and
further expanded through the project’s implementation by providing the (necessary market) conditions for an issue-specific partnership between Dinant and the technology provider to be established around the project, by generating the several different additional revenue streams described above and making the palm-oil production more resource-efficient, and by enabling Dinant to claim ownership over methane, a ‘recently’ commodified unit of nature. These additional material means of power provided by the project’s implementation contribute to Dinant’s efforts to preserve and expand its existing and future (hegemonic) position in the Honduran palm-oil sector.

In the next chapter, I shall investigate the question of how the project’s implementation has provided Dinant with additional institutional/organisational means of power, understood as the power derived from and “manifested [not only] in access to [and influence over] bureaucratic structures and decision-making procedures within the state institutions” (Newell, 2009:47), but also in the organisational capacity and/or ability to “build issue-specific coalitions that cross sectoral and geographic boundaries” (Levy & Newell, 2002:96).
6. The Aguán CDM Project and the Institutional/Organisational Means of Power

6.1. Introduction

In line with the overarching research question of this current study formulated as how the Aguán CDM project’s implementation has impacted on the power dynamics behind the land conflict in the region, Chapters 2, 3 and 4 have been dedicated to unpacking from a political economy perspective the power dynamics behind the land dispute in which Dinant is involved and establishing baselines on which the impacts of the project’s implementation are to be evaluated, namely, the three main pillars of the palm-oil hegemony in Honduras. Chapter 5 has offered an analysis of the CDM project’s impacts on the material underpinning of the palm-oil hegemony in Honduras from a theoretical framework combining an Agrarian Political Economy (APE) with a neo-Gramscian perspective. This has been done by investigating how the project’s implementation has provided additional material means of power to Dinant, as the project owner and developer, one of the leaders of the agro-industrial bourgeoisie and an important member of the palm-oil bloc in Honduras.

Within the context of the institutional and organisational underpinning of the palm-oil hegemony in Honduras, my intention in this chapter is to investigate how the project’s implementation has impacted on Dinant’s institutional and organisational means of power, understood as the power derived from and “manifested in access to [and influence over] bureaucratic structures and decision-making procedures within the state institutions” (Newell, 2009:47), as well as in the organisational capacity and/or ability to “build issue-specific coalitions that cross sectoral and geographic boundaries” (Levy & Newell, 2002:96).

One of the most appropriate analytical terrains within which this analysis can be made is the (day-to-day) CDM governance, which allows us to capture the roles played by the different actors involved in the implementation of a CDM project, as well as “insights
about who is governing it, by what means, for whom and how effectively” (Newell et al., 2009:717).

Based on the definition given above, it is possible to distinguish between two main strands of this form of power: *institutional* (referring to influence over the state and decision-making processes) and *organisational* (referring to the ability to build partnerships and/or alliances). The chapter will therefore be divided into two sections. The first section will be an analysis of how the project’s implementation has provided Dinant with additional institutional means of power around the question of accessing and influencing state institutions and the decision-making processes within them, within the empirical context of the Aguán CDM project’s implementation. This will be done by looking at the ways in which the Aguán CDM project and the CDM in general have been governed on the ground by the Honduran Designated National Authority (DNA), the only state institution with responsibility for administrating CDM projects located in Honduras (in terms of ensuring their contribution to sustainable development at the national and local levels, in accordance with the CDM modalities and rules). The second section will be an analysis of the impacts of the project’s implementation on Dinant’s organisational capacity, and this will be undertaken by looking at the issue-specific alliances and/or partnerships established around the project between Dinant and other actors involved in the day-to-day CDM governance, such as CDM consultants, designated operational entities (DoEs) and technology providers.

One of the main contributions of this thesis to the literature analysing the CDM and carbon markets in general from neo-Gramscian perspectives is to ground on empirical evidence (in the specific context of the Aguán CDM project) the argument that such initiatives within global environmental governance are subordinated to the interests of hegemonic social forces in the material, institutional/organisational and discursive spheres of power (Matt & Okereke 2014; Stephan, 2011; Okereke et al., 2009), and exploring the interaction of these forms of power in the setting of the palm-oil hegemony in Honduras. I shall analytically and empirically suggest that hegemonic social forces – in
the form of the palm-oil bloc – subordinate the CDM to their own interests in the institutional and organisational sphere of power in the specific context of the Aguán CDM project’s implementation.

6.2. The day-to-day Governance of the Aguán CDM Project

As Newell warned, the core trap in analysing CDM governance is to fetishize it by trying to investigate its governance without understanding the pre-existing broader local and national political-economic and political contexts in which CDM projects are implemented (Newell, 2008; 2009; 2014; Phillips & Newell, 2013) “as if it is disembedded from or can be abstracted from the broader power relations in which it operates and which structure its form and effectiveness” (Newell, 2014:325). Indeed, narrow technocratic accounts of CDM governance, along with approaches solely isolating “specific institutional features of the CDM […] as the principal problem to be addressed” (ibid.:334) particularly around the question of accountability, efficiency and capacity of the national authorities in charge of CDM governance (Phillips & Newell, 2013), fail to recognise how the existing landscapes of power into which CDM projects are received shape the form and effectiveness of the CDM governance and particularly define the questions of “who is attracted to the market and how, who is able to participate in the market, and who is able to capture the benefits from the CDM” (Newell, 2014:334).

As has been thoroughly analysed in the CDM literature, the existing national strategies and priorities of host countries, for instance, play a key role in shaping the form and effectiveness of the ways in which DNAs govern CDM projects, mainly regarding the ways in which the concept of sustainable development is interpreted by DNAs (Newell et al., 2009; Newell & Bumpus, 2012; Alexeew et al.; 2010; Bohm & Dabhi, 2009; Buron et al., 2007; CDM Policy Dialogue, 2012). Within the empirical context of the Aguán CDM project’s implementation, it is important to attempt to capture the Honduran state’s existing policies and priorities specifically for the energy and agro-industrial sectors into which the Aguán CDM project has been received. Before providing empirical insights into the form and effectiveness of the ways in which the Honduran DNA has governed CDM
projects, the Aguán project in particular, on the ground, the following sub-section will therefore present an exploration of the existing priorities and policies.

6.2.1. The Institutional Formation of the Honduran DNA
Honduras signed the Kyoto Protocol in February 1999 and was ratified as a non-Annex I country by the UNFCCC in July 2002 (UNFCCC, 2008). It was one of the first non-Annex I countries to realise the potential to benefit from CDM finance: the first ever CERs issued by the CDM in the world were generated by two CDM projects located in the country in 2005 (the Rio Blanco and La Esperanza Hydroelectric CDM projects) (UNFCCC, 2005). Today, Honduras has 30 CDM projects registered by the CDM-Executive Board (CDM-EB) which makes it the country hosting the largest number of the CDM projects in the Central American and Caribbean region (CDM-Pipeline, 2018).

Following the ratification of the Kyoto Protocol in Honduras by 2002, the Honduran state constituted the DNA in the same year. The undersecretary of the Ministry of Energy, Natural Resources, the Environment and Mines (SERNA) was assigned as the head of the DNA (GII9, 2015), authorised to issue Letters of Approval (LoAs) ensuring that proposed CDM projects would provide sustainable development benefits to the country and/or host communities and authorising the project developer as a project participant.

Until 2012, when the institutional formation of the Honduran DNA was restructured, the lines of authority involved in the issuance of LoAs can be seen in Figure 6.1 below. Project developers were required to submit a Project Idea Note (PIN) broadly defining proposed projects, their locations and their feasibility analyses, to the Office of the Vice-Minister at SERNA (GII9, 2015). The vice-minister, as the head of the Honduran DNA, asked technical officers working at the Technical Office to evaluate these PINs (ibid.). Based on the technical officers’ assessments, the LoAs would either be issued or not\(^\text{100}\) (GII4, 2015). The

\(^{100}\) Since its formation in 2002, the Honduran DNA has never rejected any request for LoA issuance (GII4, 2017).
process of the issuance of a LoA could take from a week to a month based on the number of applications which the DNA was receiving at the time (GII9, 2015).

**Figure 6.9: Lines of authority involved in the issuance of LoAs in Honduras between 2002 and 2012**

![Diagram of lines of authority involved in the issuance of LoAs in Honduras between 2002 and 2012.]

Source: Adapted from GII9, 2015; GII4, 2015; 2017

Referring to the pre-2012 structure of the DNA, Wilmer Alexander Henriquez, a member of the current Honduran DNA and an energy specialist working under SERNA, stated that:

> It was too easy for a project developer to get an approval letter [...] It was just desk-work [...] There were some cases in which approval letters were given to projects whose environmental licences were refused [...] They [referring to the DNA] were not even asking to see the environmental impact assessments. (GII4, 2015)

He went on to explain the main reason behind the decision to restructure the DNA by stating that it was “to make it look more legal” (GII4, 2015). By ‘more legal’, he meant to further complicate the lines of authority and procedures as follows: the approval requirements were clearly defined; several different government bodies were involved in...
the approval procedures; the LoA authorisation power was taken from the vice-minister of SERNA and given directly to the minister; and four technicians and one engineer were specifically assigned to a position under the DNA to assess the relevant documents (GII4, 2017). The current structure of the DNA in terms of the lines of authority involved in the issuance of a LoA are shown in Figure 6.2 below.

**Figure 6.10: Lines of authority involved in the issuance of LoAs in Honduras since 2012**

![Diagram of lines of authority](image)

*Source: Adapted from GII4, 2014; 2017*

When the LoA was issued for the Aguán CDM project in 2008, the formation of the Honduran DNA was, however, in the pre-2012 context. So when exploring the empirical context of the ways in which the Aguán project has been governed by the Honduran DNA, the main focus will be on the pre-2012 formation of the DNA.
6.2.2. National Priorities and Uneven Distribution of the CDM Projects in Honduras

As already stated, national priorities and strategies not only in relation to climate change and energy, but also in relation to attracting foreign direct investments and accessing new financial markets, have an important impact particularly on the distribution of CDM projects by their sectoral scopes (Newell et al., 2009). In order to more clearly contextualise these priorities and strategies in Honduras and to investigate more fully whether these priorities impacted on the ways in which the Aguán project was governed by the Honduran DNA, it is necessary to provide some broader insights into the state’s energy policies in the mid-2000s.

As explained in a previous chapter, after Manuel Zelaya became president in January 2006, on his fourth day in office he declared a ‘state of energy emergency’ (GII9, 2015; El Universal, 2006; CIDOP, 2016) with the intention of increasing the national installed energy capacity to prevent future electricity shortfalls and to solve the state-owned National Electric Energy Company’s (ENEE) financial crisis, whose deficit was estimated to be above 2% of the GDP at the time (World Bank, 2010:1).

Zelaya appointed congressman Moises Starkman as his energy advisor (GII9, 2015). Starkman was a long-term agrofuel supporter and, as leaked documents show, he was known as the agrofuel ‘czar’ (WikiLeaks, 2006). On Starkman’s advice, Zelaya began to promote agrofuel production in the country with the proposed aims of increasing employment, giving rural populations access to electricity, reducing the country’s import-oriented fossil fuel dependency, diversifying the energy supply, helping to solve ENEE’s financial crisis by gaining control of prices, and stimulating rural and national (economic) development, as well as sustainable development, by reducing the environmental pollution created by agro-industrial activities (GII10, 2015; GII4, 2015; ACP5, 2015).

When he became the president’s energy advisor, Starkman publicly expressed on several occasions that Honduras could make hundreds of millions of dollars from carbon credits by registering renewable energy projects in such mechanisms (GII9, 2015; ACP5, 2015;
Accordingly, the Zelaya administration established the Office of Special Projects under the presidential office and headed by Starkman; part of the objectives of this office was to explore “the potential revenues associated with the CDM” particularly for agrofuel production by giving “support to palm producers to improve their cogeneration efficiency for CDM credit” (Lokey, 2009:245). It is therefore possible to argue that the Honduran state’s priorities and strategies within the energy sector had focused on increasing the number of renewable energy projects in the country, particularly agrofuel-based projects, and enabling these projects to benefit from carbon finance.

Two of the laws implemented by the Zelaya administration need to be noted for their effects on the numbers of projects requesting LoAs from the Honduran DNA. These were the Law for the Production and Consumption of Agrofuels, introduced to the parliament in 2006 and approved in 2007 (Decreto 144-2007, 2007), and the Law for the Promotion of Electric Energy Generation with Renewable Sources, approved in 2007 (Decreto 70-2007, 2007). Both laws provided considerable incentives to the private sector to invest in renewable energy projects, particularly in agrofuel production.\(^{101}\) Moreover, by considering the promotion of agrofuel production as a “national interest”, the Agrofuel Law specifically aimed at “giving agro-industry the possibility of being the future source of inputs for the production of ecological fuels from renewable sources” (Decreto 144-2007, 2007). It is also crucial to note that, as explored in a previous chapter analysing the construction of the palm-oil hegemony in Honduras, the implementation of this agrofuel law was partly a result of the palm-oil bloc’s influence on the Honduran state.

According to Dr Valerio Gutierrez Lopez, head of the DNA between 2007 and 2010, as well as the vice-minister and later minister of SERNA under the Zelaya administration, by implementing these two interrelated laws, the government was seeking to promote agrofuel production specifically within two main ‘promising’ sectors in Honduras: the

\(^{101}\) Please see a previous chapter analysing the palm-oil hegemony for further information on the natures of these two laws.
palm-oil and sugar industries (GII9, 2015). Indeed, the material nature and the nature of the processing and/or extraction processes of these two crops – which both generate significant amounts of organic by-products usable for agrofuel production – makes them two of the most prominent crops in agrofuel production systems (Alonso-Fradejas et al., 2016; Borras et al., 2016; Hassan & Abd-Aziz, 2012; Hunsberg & Alonso-Fradejas, 2016). Moreover, in terms of their productive/economic scales in the Honduran economy, by 2005, palm oil and sugar were the fifth and the sixth largest export goods respectively (BCH, 2018a; GII9, 2015; Wikileaks, 2006a).

Lopez stated that there was a significant increase in the number of agrofuel-based projects applying for LoAs following the implementation of the two laws (GII9, 2015). The increase in the number of LoAs issued for agrofuel-based projects can be clearly seen on Figure 6.3 below. Whilst only two out of eleven LoAs issued between 2004 and 2006 were for agrofuel-based projects, the Honduran DNA issued ten LoAs for agrofuel-based projects between 2007 and 2009.

**Figure 6.3: LoAs issued by the Honduran DNA since 2004, by the type of project**

![LoAs issued by the Honduran DNA by the types of projects](image)

*Source: Adapted from UNFCCC, 2018*
Lopez further noted that since the country was in a state of energy emergency, the Presidential Office asked the DNA, as well as the ministry, “to do their best” for renewable energy projects to be operationalised; this included providing environmental licences as quickly as possible and completing the assessment processes as fast as possible (GII9, 2015). When asked about how the Honduran DNA was processing the LoA requests coming from CDM project developers at the time, Lopez responded:

I came to the position and just followed the custom; I did the same as my predecessor did [...] it was mainly paperwork for us [...] I had a technician working for me, I was sending the PINs to him and he was checking them [...] however, we didn’t have the capacity to check everything [...] and also we already knew that there were some international experts [referring to CDM consultants and DoEs] paid by the company [the project developers] who would check everything [...] so, it depended on the number of projects we were receiving, but we were generally giving the letter [LoA] in around one week [...] we were helping, you know, fast-tracking. (GII9, 2015)

According to Lopez, agrofuel-based projects’ implementations were given particular priority by the ministry in the line with the Zelaya administration’s energy policies favouring such projects (GII9, 2015).

When specifically asked about whether the DNA received any particular pressure and/or influence from any governmental institution or public official on the LoA decision-making processes, Henriquez stated:

We [the DNA] didn’t receive any such pressure; first, we already worked at the ministerial office level; this meant that there were few [governmental] institutions above us to put pressure on us [...]. However, the projects you would approve should serve a good purpose for the national development plans, for the country; you don’t even need to be told that you work for the government, you work for the ministry, here is the national development plan, this is a main reference you have to take to account for your decisions. (GII4, 2015)
These testimonies show that national priorities and strategies in relation to the energy sector, and to agrofuel production in particular, strongly influenced the decision-making processes within the DNA structure in favour of fast-tracking the LoA applications for such projects and resulted in having an uneven characteristic of the CDM’s sectoral reach in Honduras, as can be seen on Chart 2 below.

The Honduran DNA issued LoAs for 34 projects from 2004, thirty of which were registered as CDM projects by the CDM-EB (UNFCCC, 2018a). As Figure 6.4 shows, 91% of the LoAs issued by the Honduran DNA to date were given to hydro-102 (47%) and agrofuel-based (44%) projects (ibid.).

**Figure 6.4: LoAs issued by the Honduran DNA since 2002 by the type of the CDM project**

![Pie chart showing the distribution of LoAs by type of CDM project](chart.png)

*Source: Adapted from UNFCCC, 2018a*

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102 Developments of hydro-electric power plants have been historically prioritised in Honduras, as a river rich country. Up to 1998, over 50% of the total national installed energy capacity was by hydro projects; today, this ratio is around 25% (ENEE, 2004 & 2017). Due mainly to the lack of space, I shall not be able to go into details on the political economic background of hydro energy in Honduras. However, for statistical data on the development of hydro-power in Honduras, please see Hunt et al. (1998), World Bank (2007; 2010) and ENEE (2004; 2007; 2017).
Chart 3 gives a deeper insight into how this uneven characteristic is also present within the agrofuel based projects in favour of palm-oil production and sugar-production-based projects. It shows that 86% of the LoAs issued by the DNA for agrofuel-based projects were received by palm-oil producers\textsuperscript{103} (53%) and sugar producers (33%).

**Figure 6.5: LoAs issued for the Agrofuel-based CDM Projects by the Honduran DNA to date by their sector**

![Pie chart showing LoAs issued by the Honduran DNA](image)

*Source: Adapted from UNFCCC, 2018*

Henriquez also highlighted the relations between the Honduran state’s priorities on agrofuel production, the palm-oil sector and the CDM by stating:

*If the palm-oil industry has a plan to expand palm-oil production, it is very good for the country because they work like an electricity generation factory […]. Also, biomass has a very good market in Honduras and will have a better future […]. The CDM is just one of the incentives provided to the [palm-oil] companies to motivate them to produce more biomass.* (GII4, 2015)

\textsuperscript{103} As shown in the previous chapter, by 2011 six out ten palm-oil mills in the country had biogas plants installed; and all of them received LoAs from the Honduran DNA (GII5, 2015; Eecopalsa, 2011).
The uneven characteristic of the CDM’s sectoral reach in Honduras, in favour of agrofuel-based projects and of palm-oil-based projects – including the Aguán CDM project – in particular, seems coherent with the argument that the form and effectiveness of the ways in which DNAs govern CDM projects at national levels are generally aligned with existing national priorities and strategies (Newell et al., 2009). Indeed, taking into account the national priorities given to agrofuel production within the Honduran state institutions, such as the establishment of the Office of Special Projects and the implementation of agrofuel-related laws, a bigger picture can be seen of the context in which the CDM was governed on the ground by the DNA in the country, suggesting that agrofuel production-based CDM projects were comfortably accommodated in the bureaucratic and official structures within the governmental institutions, of which the DNA was part, favouring such projects in line with these national priorities.

We now turn to exploring how the alignment between the existing national priorities and the form and effectiveness of the CDM governance at the national/local level takes place within the empirical context of the issuance processes of LoAs, and the ways in which the Honduran DNA governs CDM projects, the Aguán project in particular.

6.2.3. Sustainable Development as Tick-box
As previously stated, the main responsibility of the DNAs within the (day-to-day) CDM governance structure is to ensure that CDM projects deliver sustainable development benefits to host countries and/or communities. As has been well analysed in the CDM literature, differences in existing national strategies and priorities play a key role in defining the way in which DNAs in different countries approach CDM project activities, mainly regarding the interpretation and translation of the concept of sustainable development (Newell et al., 2009; Newell & Bumpus, 2012; Alexeew et al.; 2010; Bohm & Dabhi, 2009; Buron et al., 2007; CDM Policy Dialogue, 2012a). Although some countries’ DNAs, such the Brazilian one, set specific sustainable development criteria to assess whether projects which applied for LoA issuances would contribute to sustainable
development, other countries, such as China, do not specify any criteria for sustainable development assessment (Newell et al., 2009).

In Honduras, there have been no sustainable development criteria set by the DNA to assess whether project activities will deliver sustainable development benefits to the country and/or the affected communities. Henriquez stated that “there is no solid understanding of sustainable development; that is why it is a very slippery and manipulative terrain” (GII4, 2015). When asked whether the Honduran DNA ever considered setting specific sustainable development criteria for the CDM activities in Honduras, he responded that “it would slow down registration processes and procedures. What we, as DNA, want is not to make the already complicated [CDM] application processes more complicated, but to speed up the applications” (GII4, 2017).

When Lopez, who issued the LoA for the Aguán CDM project as the head of DNA in 2008, was asked how he ensured that the project would provide sustainable development benefits, he replied with the question “What sustainable development benefits?” (GII9, 2015). After I showed him the project’s LoA which he himself had issued, clearly stating that “the project will assist Honduras to achieve sustainable development” (UNFCCC, 2008), he replied “Well, the project reduces [greenhouse gas] emissions; isn’t that a part of sustainable development?” (ibid.).

Informed by the comments reported above, along with the fact that the Honduran DNA has not set any specific sustainable development criteria to date, it is possible to argue that the DNA has considered the sustainable development requirement of the CDM “in a very laissez-faire way” (Newell et al., 2009:720).

Departing from the intellectual problem regarding Dinant’s alleged involvements in human rights violations at and around the project site, I asked Lopez whether he was aware of the ongoing conflict between Dinant and (landless) peasant movements when he
was issuing the LoA for the Aguán CDM project, owned and developed by Dinant. He responded:

I heard it on the news that some peasants were killed [...] I don’t know, the situation in Bajo Aguán is too complex for me to understand [...]. But back then [in 2008] there was no conflict [...] everything was OK [...]. Mr Facussé [the project developer/owner] and the government were very close [...] The real conflict started afterwards. (GII9, 2015)

However, as shown in previous chapters analysing the historical background of the land dispute in the Aguán region, contrary to what Lopez claimed, there was an ongoing conflict before, during and after the LoA was issued in November 2008.¹⁰⁴

When asked whether the Honduran DNA would still have issued an LoA for the Aguán project if they had been aware of the ongoing fatal conflict, Lopez said that they would not have (GII9, 2015). When asked whether they had ever considered withdrawing their LoA from the project, his response revealed an interesting fact heavily ignored by the CDM literature about the role of the DNA within the CDM governance structure: the DNA did not have the authority to withdraw a LoA already issued at the time (ibid.). Indeed, until the 76th CDM-EB meeting which took place in November 2013, the DNAs did not have any authority to withdraw LoA(s) which they had already issued (UNFCCC, 2013). Since then, there has been only one DNA which has withdrawn one of its LoAs: the DNA of Panama, which withdrew the LoA issued for the controversial Barro Blanco hydro dam project in 2016 (GII28, 2017).

When specifically asked whether the DNA had conducted field research to interview the affected communities located around the Aguán CDM project in the Aguán region for

¹⁰⁴ In order to broadly remind the reader of some key moments related to the conflict taking place in the Aguán Valley before the issuance of the LoA, four main events can be mentioned: in February 2006, over 5,000 landless peasants protesting against the land claims made by large landowners, mainly Facussé, blockaded the main highway in Tocoa; in January 2007, one of the project developer’s palm-oil plantations was occupied by the peasant movements; in March 2008, president Zelaya signed a Decree Law 18-2008 to investigate the legal bases of the large landowners’ land claims, including the project developer’s; in August 2008, twelve landless peasants were killed during an occupation of a privately-owned palm-oil plantation (FIAN, 2011; CAO, 2013; ACP7, 2015; ACP8, 2015).
better assessing the potential sustainable development benefits of the project, Lopez smiled and responded by saying “We do not have time, capacity or money to make a field visit for every project coming to our office. Well, we did not go to Aguán to see the field” (GII9, 2015). In other words, the Honduran DNA did not make any particular effort to assess whether the Aguán CDM project would provide sustainable development benefits to the country and/or the host community/ies.

In line with this finding, it is also important to note the extent to which participation in global environmental mechanisms, such as the CDM, has become a national priority in itself, as shown by the National Development Plan, approved in 2010 under the title of ‘Honduras: Country Vision and Plan for the Nation, 2010-2038’ (National Plan, 2010). The Plan states:

> Also recognized is the importance of promoting the use of economic and financial instruments such as carbon markets, sale of environmental services, incentives and disincentives to promote the sustainable management of natural resources, protection of the environment [...] The purpose of all these instruments is to contribute for society to perceive that the sustainable management of natural resources and protection of the environment are activities that can be compatible with economic profitability and social equity [...]. [The Honduran state will] ensure that the increased share of renewable energy in the generation mix of the country results in the placement of Certificates of carbon credits on international markets, allowing Honduras to reach levels of regional leadership that locate it as a distinct nation on the path of progress, sustainable development and climate change mitigation. (ibid.:26, 58, 102, 137)

As captured on the National Plan, benefitting from such mechanisms, including the CDM, has become a national priority in itself.

6.2.4. Brief Discussion

It is possible to conclude this section by claiming that the national priorities and strategies seeking to benefit from global environmental mechanisms had an important impact on the forms and effectiveness of the ways in which the Honduran DNA governed CDM projects on the ground, within the context of the day-to-day CDM governance. Such form
and effectiveness in alignment with national strategies and priorities favoured the implementation of biogas projects, partly by fast-tracking decision-making processes and procedures within the state institutions. This resulted in the DNA not making any efforts to assess whether the Aguán project would meet the CDM’s sustainable development requirement and even ignoring the ongoing conflict at and around the project site in their decision-making processes. Hence, the issuance of the LoA for the Aguán CDM project did not go beyond a tick-box process.

In relation to the central aim of this section analysing how the project’s implementation has impacted on Dinant’s institutional means of power, I argue that there is no strong empirical evidence to claim that the project’s implementation has provided Dinant with additional institutional forms of power around the questions of access to and influence over bureaucratic structures and decision-making procedures within the state institutions. In fact, the empirical evidence shows a causality flow in the opposite direction in the sense that, as explained in the previous chapter analysing the palm-oil hegemony in the country, Dinant’s existing institutional forms of power, along with those of other members of the palm-oil bloc in Honduras, have shaped national priorities and strategies favouring palm oil, as well as palm-oil-based agrofuel production, which has then impacted on the forms and effectiveness of the ways in which the DNA has governed CDM projects in favour of the implementation of such projects. It could be said that the CDM governance at the national level was conditioned by the institutional power which Dinant, along with other members of the palm-oil bloc, already possessed. In this regard, instead of adding an additional institutional means of power, the CDM in Honduras has reflected and been subordinated to the already existing institutional forms of power of this hegemonic bloc.

6.3. Construction of Issue-specific Alliances/Partnerships around the Aguán Project

As has already been argued, one of two main strands of the institutional/organisational forms of power is the organisational means of power, understood as the capacity and/or ability to “build issue-specific coalitions that cross sectorial and geographic boundaries”
(Levy & Newell, 2002:96). Within the empirical context of the Aguán CDM project, the central question of this section will ask how the project’s implementation has provided Dinant, as the project owner/developer, with additional organisational means of power. This will be done by looking at the issue-specific alliances and/or partnerships established around the project between Dinant and other private corporate actors involved in the day-to-day CDM governance, such as CDM consultancy firms, CER buyers, DoEs and technology providers.

It is important to note that all of these corporate actors, including Dinant as the project owner/developer of a CDM project, functioning within the structure of the day-to-day CDM governance should be considered as market-enablers for the CDM in the sense that they are the pillars on which the architecture of the CDM is built. In other words, without a DoE, no emission-reduction activity could be registered as a CDM project; or the entire CDM structure would collapse without CER buyers, representing the demand site of this market-based mechanism. The consensus around the desirability of the continuum of this mechanism is the common interest bringing all those different corporate actors together (Stephan, 2011; Matt & Okereke, 2014). Within the empirical context of the Aguán CDM project, the main consensus amongst these actors is around the desirability of the project’s successful and adequate implementation, in accordance with the CDM modalities and rules. However, as noted by Newell, within and between such broad issue-specific coalitions, alliances and partnerships of corporate actors, each one “has its own preferences which it seeks to advance” (2009:52). As will be illustrated below, two of the partnerships built by Dinant around the objective of the successful implementation of the project were terminated when the campaign against the project began to be considered by these two corporate actors as ‘dangerous’ for them (GI15, 2016).

6.3.1. Technology Provider
The first and one of the main issue-specific alliances which Dinant built around the Aguán CDM project’s implementation was with the technology provider, the Belgium-based Biotec International (BI). As illustrated in the previous chapter, by generating demand,
raising awareness of CDM opportunities for and partnering with Honduran palm-oil extractors, including Dinant, to promote developments of biogas projects and influence the direction of CDM investments towards the palm-oil sector in Honduras, BI has served as a market enabler and/or facilitator within the context of the day-to-day CDM governance in Honduras. Informed by testimonies, the previous chapter has shown how BI used the CDM opportunities as a component of its marketing strategy for its biogas technology (GII5, 2015).

Pierina Bustos, one of the two CDM consultants who provided consultancy services for the Aguán CDM project and a biogas technician who worked for BI at the time of the project’s implementation, stated that BI recognised the increasing investment potential in Honduras following the introduction of the Agrofuel Law (Decreto 144-277, 2007) along with the Renewable Energy Law (Decreto 70-2007, 2007) to the Honduran parliament by the Zelaya’s administration in 2006 (GII5, 2015). Then, BI decided to step into the Honduran market by opening an office in the country (ibid.). She explained:

*Our eyes were always on the Honduran market because it was really big, one of the top palm oil markets in the world ... And, when we learned the government [was] preparing a legislation for biofuels, the company [BI] decided to open an office in Tegucigalpa [in 2006] and to study the Honduran market ... There were three of us at that office.* (GII5, 2015)

Their first client from the Honduran palm-oil industrial businesses was Eecopalsa, which contracted with BI in 2006. In the same year, BI approached to Dinant, whose Aguán and Lean palm-oil extraction mills did not have biogas technologies installed at the time (ACP1, 2015). Roger Enrique Pinel Pineda, the spokesperson for Dinant, explained:

*We saw that Palcasa [referring to the Eecopalsa CDM project] installed the technology with the same provider and without having any problem they began to sell carbon credits ... [BI] offered to prepare a feasibility report for our mills.* (ACP1, 2015)
Accordingly, BI first conducted a technical and economic feasibility study for the installation of the biogas technology at the Aguán and Lean mills in 2006 (UNFCCC, 2011). The findings of that study showed that Dinant’s Aguán palm-oil extraction mill was in a suitable position to apply to the CDM and estimated that around half of the installation and maintenance costs of the implementation of the technology could be covered by the CDM finance through selling the CERs (UNFCCC, 2011). Pineda said that the idea of investing in biogas technology became more ‘attractive’ when the proposed biogas technology “was presented [by BI] with money we could make out of carbon credits” (ACP1, 2015).

In July 2007, Dinant, as the project developer/owner, signed the final contract with BI for the installation of the biogas technology (UNFCCC, 2011a); that date is taken as the Aguán CDM project activity’s starting date, which in accordance with the CDM rules and modalities refers to “the date on which the project participants commit to making expenditures for the construction or modification of the main equipment or facility”; that is, when the project developer has committed to major expenditure related to project activity (UNFCCC, 2017:19). According to Bustos, the contract signed between Dinant and BI comprised two main issues: one was the purchase agreement for the technology, the other was for providing CDM consultancy (GII5, 2017). That contract marked the legal/formal basis of one of the main issue-specific alliances built around the Aguán CDM project’s implementation between Dinant and a second party, BI in this case.

6.3.2. CDM Consultancy Firm

Bustos explained that although BI provided CDM consultancy as a part of the contracted services, BI always encourages project developers/owners to sign another contract with an independent and globally recognised CDM consultancy firm “for the sake of transparency [...] and to speed up the application and registration process” (GII5, 2015). Accordingly, Dinant contracted Perspectives, a Germany-based CDM consultancy firm, in August 2007 (GII15, 2017; UNFCCC, 2011). Under this agreement, Perspectives committed itself to supporting Dinant in achieving the registration of the Aguán CDM project under
the CDM, as well as the verification and issuance of carbon credits from the project. Hence, it is possible to consider the contract signed between Dinant and Perspectives as another important partnership built around the project.

6.3.3. CER Buyer
A third important partnership which Dinant built around the Aguán CDM project’s implementation was with EDF Trading, as the potential CER buyer (UNFCCC, 2011a). In June 2007, a CER brokerage agreement was signed between Dinant and EDF Trading (ibid.). EDF Trading is a London-based subsidiary of EDF, one of the largest electricity producers in Europe, with a presence in Asia, the US and Canada (EDF, 2016a). It is one of the top three buyers of CERs in Europe, and manages over 400 CDM projects in more than fifteen countries under the sectoral scopes of wind, hydro-dams, biogas and wastewater management (EDF, 2018). With the CER brokerage agreement signed with Dinant around the Aguán CDM project, EDF Trading committed itself to being the CER buyer of the project. This agreement can also be considered as the basis of another issue-specific partnership which Dinant built.

6.3.4. Designated Operational Entity
In November 2007, TÜV SÜD was contracted as the DoE for preparing the Aguán CDM project’s validation report (UNFCCC, 2011a). The main responsibility of TÜV SÜD, as an independent and accredited third-party certifier hired by Dinant, was to conduct a validation study and to prepare a validation report, in accordance with the CDM modalities and rules. The roles played by the DoE in the project’s implementation process will be explored in more detail in terms of discursive power in the next chapter. It is important to note here, however, that the contract signed between TÜV SÜD and Dinant represented another important issue-specific partnership built around the project’s implementation.

6.3.5. Registration Process
In accordance with the CDM rules and modalities, one of the first steps for a project to apply for the CDM is to conduct a local stakeholder consultation meeting. “One of the first
things we suggest that our clients should do is to organise a stakeholder meeting with local people”, Bustos explained (GII5, 2015). The local stakeholder consultation meeting, the conditions of which will be explored in the next chapter, took place on 3 January 2008 at the project site (UNFCCC, 2011:50). Following the consultation meeting, another responsibility of Bustos, as the CDM consultant working both for Dinant and BI, was to obtain an environmental licence for the project (GII5, 2015). According to her, she helped Dinant to get the licence because she had experience from the Ecopalsa CDM project: “It was an easy job” (GII5, 2015). The environmental licence for the Aguán project activity was granted in September 2008 (Licencias, 2017).

In the first week of November 2008, after the environmental licence was granted, Bustos submitted the Aguán project’s PIN prepared by herself, along with the environmental licence, to the Honduran DNA in order to get the LoA (GII5, 2015). In line with what was explained about the LoA’s issuance process, Bustos also stated that “the DNA was encouraged to get approval for biomass production projects from the government; so it was a relatively soft process for us to get [letters of] approval for [such] projects” (GII5, 2015). On 13 November 2008, the Honduran DNA issued the LoA for the Aguán CDM project, confirming that the project would “assist Honduras to achieve sustainable development” (UNFCCC, 2008).

The latest version (version 6) of the PDD was completed on 25 January 2011 and submitted, along with the LoAs issued by the Honduran and the UK DNAs, to TÜV SÜD as the contracted DoE, for the preparation of the validation report of the project (UNFCCC, 2011a). Only six days later, on 31 January 2011, the DoE published the final Validation Report on the Aguán CDM project activity, submitted it to the CDM-EB, and requested the board to register the project as a CDM project, in accordance with the CDM rules and modalities (ibid.).

6.3.6. Terminus of Partnerships
As will be explored in the next chapter, January 2011 marked the beginning of an
international campaign organised by NGOs and social movements demanding that all the actors involved in the Aguán project should withdraw from it and that the CDM-EB should reject the project’s registration principally because of the project owner’s alleged involvements in human rights violations which had taken place at and around the project site. In response to the accusations of human rights violations, CDM-EB stated:

*The Board is aware of violence, even deaths, associated with land disputes in the Aguán Valley, Honduras, specifically disputes over land held by the project owner. This is a matter of grave concern to the Board. Nevertheless, after careful consideration, the Board concluded that it was not in a position to accept responsibility in respect to these incidents of violence. (CDM-EB, 2011)*

The CDM-EB eventually registered the Aguán project as a CDM project at its 62nd Meeting, which took place in Marrakesh in Morocco on 15 July 2011; the Aguán project’s registration date was recorded as 1 February 2011 (CDM-EB, 2011a).

It is important to note the impacts of the international campaign against the project’s registration on the partnerships built on the project’s implementation between Dinant and other parties. As will be further explored in the next chapter analysing the discursive form of power in relation to the project’s implementation, Perspectives voluntarily withdrew from the project on 21 January 2011 as a result of the campaign (UNFCCC, 2011:48). In the interview which I conducted with Axel Michaelowa, the Manager Director of Perspectives, he explained:

*When [the campaign] started to develop a global discussion, we thought: it is getting dangerous for us […]. We withdrew when it became clear that the project was being massively attacked by international NGOs. (GII15, 2016; 2017)*

On 14 April 2011, Reuters published a news item under the headline ‘EDF Trading quits Honduras biogas project’ (EDF, 2011). John Rittenhouse, the chief executive of EDF Trading, told Reuters:

*We have taken the situation in Honduras very seriously and have spent the past*
few months looking at our options in respect to our withdrawal ... We have therefore issued our notification of termination to the seller and will no longer be involved in this project. (ibid.)

The impacts of these terminations on this section’s central question will be discussed in the following sub-section.

6.3.7. Brief Discussion
In line with the definition of the organisational strand of the institutional/organisational form of power (Levy & Newell, 2002), I argue that the implementation process of the Aguán CDM project has further reinforced Dinant’s organisational capacity and/or ability to establish issue-specific partnerships crossing geographic and sectorial boundaries. It did so by enabling Dinant to build partnerships with four foreign private corporations around the objective of the successful implementation of the Aguán CDM project: a Belgium-based technology provider, a Germany-based CDM consultancy firm, a UK-based transnational corporation as CER buyer, and a Germany-based DoE accredited by the UN. Each of these partnerships can be considered as additional organisational capacity for Dinant.

However, this additional organisational means of power gained by Dinant through the CDM project’s implementation was weakened by the international civil society campaign against the project, which resulted in the withdrawals and/or terminations of the two of main partnerships: those with Perspectives and with EDF Trading.

6.4. Conclusion
The aim of this chapter was to investigate how the Aguán CDM project’s implementation has provided Dinant, as the project owner/developer, with additional institutional/organisational means of power. Two main strands of such means of power have been identified: institutional and organisational. Accordingly, the chapter was divided into two main sections; the first exploring the impacts of the project’s implementation on Dinant’s institutional means of power, and the second analysing the project’s impacts on Dinant’s organisational forms of power.
The first section explored the form and effectiveness of the ways in which the project has been governed by the Honduran DNA and has argued that there is no strong empirical evidence to claim that the CDM project’s implementation has provided Dinant with additional institutional forms of power. However, by showing a causality flowing in the opposite direction, it has been claimed that Dinant’s existing institutional forms of power, along with those of other members of the palm-oil bloc in Honduras, have shaped national strategies and priorities favouring palm-oil and palm-oil-based agrofuel production, which have then impacted on the forms and effectiveness of the ways in which the DNA has governed CDM projects in favour of the implementation of such projects. In other words, CDM governance at the national level in the form of the Honduran DNA was conditioned by the institutional power which Dinant, along with other members of the palm-oil bloc, already possessed. So instead of adding additional institutional means of power, the implementation of the Aguán CDM project has been subordinated to Dinant’s already existing institutional forms of power.

In the second section, it was argued that Dinant had gained additional organisational means of power through the project’s implementation which had provided conditions under which Dinant built issue-specific partnerships with four foreign corporate actors around the objective of the successful implementation of the Aguán CDM project. However, although these corporate actors built partnerships with Dinant around the common interest of the project’s successful implementation, they each had their own preferences. As illustrated above, when two of these corporate actors began to feel that their self-interests, in the form of their public image, were at risk because of the international campaign against the project, they terminated their partnerships with Dinant. Nevertheless, the other two main partnerships built around the project have remained intact; it is therefore still possible to argue that the project’s implementation has reinforced Dinant’s organisational capacity and/or ability to establish issue-specific partnerships crossing geographic and sectoral boundaries (Levy & Newell, 2002).
In the next chapter, I shall investigate the question of how the project’s implementation provided Dinant with additional discursive means of power, understood as power which “derives from and expresses itself in the ability to construct and reinforce dominant framings of issues” (Newell, 2009:52).
7. The Aguán CDM Project and the Discursive Means of Power

7.1. Introduction

The three underpinnings of the palm-oil hegemony in Honduras have been regarded as the baselines from which the impacts of the Aguán CDM project’s implementation on the conflict can be evaluated. Chapters 5 and 6 have explored how the project’s implementation has provided additional material and institutional/organisational means of power to Dinant, the project owner/developer and an important member of the palm-oil bloc in Honduras. In this way, I have sought to contribute to the emerging literature analysing the CDM and carbon markets in general from neo-Gramscian perspectives (Newell, 2014; Matthews & Paterson, 2005; Matt & Okereke 2014; Stephan, 2011; Okereke et al., 2009). This has provided an empirical grounding for claims that hegemonic social forces subordinate global environmental governance initiatives such as the CDM to their own interests (Matt & Okereke, 2014) within the material and institutional/organisational spheres of power, and has looked at the interaction of these forms of power within the context of the Aguán CDM project’s implementation.

In this chapter, I shall investigate how the project’s implementation has enabled Dinant to gain an additional discursive means of power, broadly understood as power which “derives from and expresses itself in the ability to construct and reinforce dominant framings of issues” (Newell, 2009:52). As argued by Newell (*ibid.*), discursive power is particularly crucial for hegemonic social forces, such as Dinant, not only for deflecting challenges arising from subordinate groups, but also for projecting their interests and achievements as common sense and/or mutual interests.

Within the empirical context of the Aguán CDM project, the discursive means of power will be broadly understood as Dinant’s ability to construct, reinforce and/or generate (legitimising) narratives to frame the project’s implementation, and palm-oil production in general, as a general interest and/or common sense. By providing an empirical grounding for the claim that the CDM is subordinated to the interests of hegemonic social forces,
Dinant in this case, within the discursive sphere of power, this chapter is intended to further contribute to the literature looking at the CDM from neo-Gramscian perspectives.

Accordingly, the chapter will be structured as follows: it will start by providing general insights into the theoretical understanding of the discursive means of power from a neo-Gramscian perspective. Then it will identify the legitimising narratives and practices in relation to the project’s implementation, along with their sources, and analyse how, by whom and at what step(s) of the CDM project cycle these narratives and practices are realised, constructed and activated on the ground. Finally, I shall also explore the nature of the politics of the contestations and resistances by concerned groups challenging the project’s implementation, including the peasant movements in the Aguán Valley, and look at the ways in which NGOs and social movements have launched their global campaign and articulated their counter-narratives.

7.2. A Neo-Gramscian Understanding of Discursive Power
Gramsci strongly criticised and rejected economistic and deterministic readings of Marx, proposing that “ideational superstructures were mere reflections of the economic base” (Levy & Egan, 2003:805; Peet & Watts, 1996; Mann, 2009; Moore, 1996; Morton, 2007). Instead, he urged that attention should be paid to the dynamic interplay between the realms of ideology, culture, power and history (Gramsci, 1971). This attention enabled Gramscian theorists to recognise that “the operation of hegemony involves more than an appeal to material or economic interest, and it saturates both productive and ideological relations across the social formation” (Mann, 2009:340).

The concept of hegemony can be considered as the most influential element of Gramsci’s theoretical and political legacy (Mann, 2009; Matt & Okereke, 2014; Cox, 1981; Levy & Egan, 2003; Levy & Newell, 2002; Stephan, 2011; 2014). Departing from a neo-Gramscian understanding of power as a combination of consent and coercion (Cox, 1983:164), it is possible to argue that dominant social forces do not rule solely through coercive force, which is only one dimension of their power (Stephan, 2011). Instead, hegemony entails
... not only a unison of economic and political aims, but also intellectual and moral unity ... The development and expansion of the [dominant] group are conceived of, and presented, as being the motor force of a universal expansion ... In other words, the dominant group is coordinated concretely with the general interests of the subordinate groups. (Gramsci 1971:181-82)

Hence, Morton considered hegemony

... as an expression of broadly based consent, manifested in the acceptance of ideas and supported by material resources and institutions, which is initially established by social-class forces occupying a leading role. (Morton, 2007:113)

In this regard, hegemony partly rests on discursive frameworks, ideologies in general, conveying a mutuality of interests (Levy & Newell, 2002:86). Hence, the acceptance of the interests of the dominant social forces as the universal interest of the society – mainly by linking these interests with those of subordinate forces – is key to the establishment of hegemony (Matt & Okereke, 2014). Thus, the capacity for implanting dominant social forces’ interests in the minds of others is linked to hegemony (Leopold, 2015). Hegemony is legitimised only when a particular set of interests is projected as the general interest (Levy & Egan, 1999:4).

Actively constituting perceptions of mutual interests through discursive frameworks is therefore necessary for a dominant social force to stabilise and reproduce relations of production and meaning (Levy & Egan, 2003). Discursive means of power are understood as the ability of dominant social forces to assert “intellectual and moral leadership” (Gramsci, 1971:182), generally through building consent among other social forces (Stephan, 2011).

Indeed, the discursive sphere of power is particularly crucial for dominant social forces to project their own interests as common sense, understood by Gramsci as “the uncritical largely unconscious way of perceiving and understanding the world that has become ‘common’ in any given epoch” (1971:322). Common sense is therefore conservative and maintains the status quo by presenting things as if they are part of the natural order.
Organic intellectuals, broadly understood as a “strata of intellectuals which give [a social group] homogeneity and an awareness of its own function, not only in the economic but also in the social and political fields” (Gramsci, 1971:5), therefore play a key role in creating conceptions of common sense (Newell, 2009:39). They do this by “developing, and sustaining the mental images, technologies and organizations which bind together the members of a class and of an historic bloc into a common identity” (Cox, 1983:168). In other words, by generating, constructing and reinforcing discursive frameworks, organic intellectuals actively constitute perceptions of mutual interests, closely aligned to the material and institutional/organisational spheres of power of dominant social forces (Levy & Newell, 2002; Newell, 2009). There are reciprocal relations between the three forms of power and discursive power is an amalgam of material and institutional/organisational means of power, which, in turn, influences their development (Cox, 1981).

The discursive means of power in relation to the Aguán CDM project’s implementation which will be analysed in this chapter cannot be considered as solely an intersubjective phenomenon. Instead, as will be shown, it is strongly and reciprocally intertwined with the material and institutional/organisational forms of power analysed in the two previous chapters. Moreover, as a politico-ideological sphere closely aligned with the other two means of power, it (re)articulates and (re)produces common sense by constructing and securing the consensus around the desirability of the project’s implementation and of palm-oil production in general. It is the pillar on which the consent of other social forces – including subordinated ones – of Honduran society can be gained and/or manufactured in favour of the interests of the Honduran palm-oil bloc in general.

The question then arises of how we can grasp the discursive forms of power in relation to the project’s implementation. By drawing upon and seeking to contribute to the emerging literature analysing the CDM and carbon markets in general from neo-Gramscian perspectives, I argue that the implementation of a CDM project can provide its developer/owner with additional discursive means of power in the forms of two main
legitimising narratives and practices,\textsuperscript{105} in line with the CDM’s dual goals: the stimulation of emission reduction and Sustainable Development (SD). Accordingly, by investigating the sources of these narratives within the context of the day-to-day CDM governance in detail, the subsequent sections will explore how the Aguán CDM project’s implementation has provided Dinant with an additional discursive means of power against the background of these two narratives.

Finally, one of the most distinctive features of discursive power is its ability to render invisible counter-narratives, debates and issues which challenge the interests of the dominant social force by “ensuring that some issues remain ‘non-issues’” (Newell, 2009:38-39) and locking the scope of (potential) discussions into the dominant discursive framework. In line with this ability, as will be explored, the discursive framework constructed around the implementation of the Aguán CDM project not surprisingly neglects other issues and debates, such as palm expansion-related deforestation and human rights violations at and around the project site.\textsuperscript{106} To better grasp the issues neglected by the discursive framework on the ground, the final section of this chapter will pay particular attention to the nature of the politics of contestations and resistances, specifically in the form of the global campaign launched against the project’s implementation.

\textsuperscript{105} These narratives and practices are materially formed and/or constructed, and they go beyond intersubjectivity and appear as material ‘practices’ within the CDM architecture; however, for the sake of simplicity, I shall refer to these narratives and practices simply as ‘narratives’.

\textsuperscript{106} This feature of discursive power resonates with the Marxist-oriented commodification of nature literature, which applies the concept of commodity fetishism to the carbon markets to explain how the abstraction and individuation dimensions of the processes of commodification of carbon obscure the social relations of its production (Kosoy & Corbera, 2010; Castree, 2003) while rendering only the carbon characteristic visible. Moreover, the discursive power in this sense is also conceptually similar to the more post-structuralist-oriented notions of ‘discursive disentanglement’ and ‘depolitisaton’ applied to the analyses of the carbon markets, broadly understood as “the disentangling of an object from its immediate context” (Stephan, 2012:626) and the marginalisation and exclusion of some political questions which challenge the essentials of the status quo from the debate (Methmann & Stephan, 2015).
7.3. Discursive Forms of Power in Relation to the Aguán CDM Project

7.3.1. Construction, Realisation and Activation of CDM Narratives

Within the APE literature, there is an emerging research area on ‘flexible crops’, broadly understood as crops having “multiple uses (food, feed, fuel, industrial raw material) that can be easily and flexibly interchanged”, such as soy, sugarcane, oil palm and corn (Borras et al., 2012:851). To complement this research, political ecologists have developed the concept of ‘discursive flexibility’, roughly defined as “the ability to strategically switch among multiple discourses which construe the necessary meanings and representations to achieve an objective” around flexible crops (Hunsberger, 2015:132; Hunsberger & Alonso-Fradejas, 2016:226). As they have pointed out, the production of flexible crops, of palm oil in particular, has been significantly challenged especially around the issues of land rights, food security, livelihoods and human rights (Hunsberger & Alonso-Fradejas, 2016; Hamilton-Hart, 2015; Johnson, 2014; Kill & Overbeek, 2013; McCarthy, 2010; Orsato et al., 2013; Yemadje et al., 2012).

In the face of these challenges, Hunsberger and Alonso-Fradejas explored how legitimising narratives within meaning-making discursive frameworks have been strategically built and applied to promote palm-oil production “as means of achieving food and energy security, climate change mitigation, economic development, enhanced (rural) livelihoods” (2016:226-27). They investigated the ways in which these legitimising narratives “are strategically formed, signified and activated through a range of mechanisms, with the result that material and discursive flexibilities complement and reinforce each other in the case of oil palm” (ibid.:227). The CDM, and carbon offsetting mechanisms in general, is considered to be one of these mechanisms (ibid.).

Inspired by their analyses (Hunsberger, 2015; Hunsberger & Alonso-Fradejas, 2016), I suggest that there are three main layers of the legitimising narratives within the discursive framework in relation to the implementation of the Aguán CDM and of any other CDM project in general. I identify these layers as construction, realisation and activation. The
first layer, construction, is broadly understood as the processes through which the meanings of the narratives are made. The next, realisation, is broadly understood as the processes through which the legitimising narratives are ‘formally’ recognised and/or signified. The final layer, activation, refers to the processes through which the narratives become operational and/or functional. Before explaining these layers within the context of the CDM structure, it is important to note that they are built on each other sequentially, in the sense that the narratives cannot be activated and/or operational before their constructions and realisations are completed.

In relation to implementing a CDM activity on the ground, the construction of the legitimising narratives occurs during the pre-registration steps of the CDM project cycle, at which a series of claims are made about a proposed project’s activity, such as the claim of an estimated emission reduction which would not have occurred in the absence of the CDM. These claims can be considered as the sources of legitimising narratives. At these pre-registration steps, the narratives are constructed in accordance with the CDM Modalities and Procedures (M&P) by the application of the chosen (baseline and monitoring) methodologies into the project activity. Within the context of day-to-day CDM governance, the very complex processes of the construction of narratives are completed once the DoEs, as accredited third-party certifiers, submit an official registration request with these claims to the CDM-EB.

The process through which the CDM-EB officially registers a proposed activity as a CDM project – the registration step – can be considered as the moment when the realisation of the narratives takes place. Once the CDM-EB receives a registration request, the board’s registration and issuance team appraises the request and either approves or rejects a proposed activity’s registration. If a proposed activity is registered as a CDM project, it is only then that the legitimising narratives in relation to its implementation are ‘formally’ recognised and/or realised within the structure of the CDM.
Only after the realisation of the legitimising narratives has been completed can the narratives be activated within the boundaries of the discursive framework. The degree to which these narratives are functionalised/operationalised on the ground partly depends on the capacity and willingness of those who have access to and control over this discursive power, such as the project developer.

In the case of the Aguán CDM project’s implementation, the question of how Dinant gained additional discursive means of power will be explored against the background of these three layers. I seek also to contribute to the emerging political ecology research area on discursive flexibility by providing an empirical grounding for the claims that the CDM further enables palm-oil production to be projected as common sense by constructing, realising and activating legitimising narratives.

Accordingly, in the next three sub-sections I shall empirically investigate the two legitimising narratives in relation to the implementation of the Aguán CDM project against the background of their construction, realisation and activation processes respectively.

7.3.2. The Aguán CDM Project and the Stimulation of Emission Reduction
One of the CDM’s dual goals is defined by Article 12 of the Kyoto Protocol as assisting non-Annex I countries, broadly understood as developing countries in the southern hemisphere, “in contributing to the ultimate objective of the Convention”, which is tackling climate change (UNFCCC, 1998:11). In other words, CDM projects and the CDM in general are intended to stimulate the reduction of greenhouse gas (GHG) emissions (UNFCCC, 2018b). Methmann and Stephan (2015) argued that the emission reduction aspect of carbon offsetting projects, and of CDM projects in particular, enables them to be labelled as ‘climate friendly’. In line with this view, I consider the stimulation of emission reduction as the first legitimising narrative within the discursive framework in relation to the implementation of CDM projects.
However, it is crucial to note that this narrative goes beyond intersubjectivity and appears as material practice in the sense that, in accordance with the CDM M&P, the amount of GHG emissions reduced through the activities of a CDM project during a specified period is calculated, validated, monitored, verified and certified throughout the CDM project cycle, within the highly regulated and hierarchical institutional structures of the CDM.

One of the most distinctive features of the CDM is its “obsession with calculation and the accuracy of methods” as well as techniques and processes used to measure emission reductions (Lovell & Liverman, 2010:270). This is in order to make the carbon credits generated through CDM projects fully standardised, fungible and interchangeable, “uniform credits that are dissociated from their origin” (ibid.:263). This obsession, it can be argued, is partly based on the centrality of a neoliberal rationality behind the CDM structure: emission reductions are measurable and calculable; and can therefore be commoditised and traded in an efficiently functioning market through which climate change can be rationally tackled (Bumpus & Liverman, 2008 & 2011; Lovell & Liverman, 2010). In line with the functionality of this idea in theory and practice, “expert knowledge (about finance, project origination, law, auditing, accounting, etc.) has become central to the operation of the CDM” (Lovell & Liverman, 2010:270).

I argue that the processes of the construction and realisation of the stimulation of the emission reduction narrative in relation to the Aguán CDM project’s implementation cannot be fully explored without a close examination of some of the key requirements lying at the centre of the CDM’s obsession with accuracy.

7.3.2.1. Demonstration of the Additionality as Construction of Emission Reduction Narrative

Not every project or activity which stimulates emission reductions can be registered as a CDM project. The CDM M&P define two main interconnected requirements in relation to emission reduction for a project to become a CDM project; these are known as
environmental and financial additionalities. The **environmental additionality** is broadly understood as the requirement that “the offset has [to contribute] to a net reduction in atmospheric CO$_2$, which is measurably different to a business as usual trajectory of emissions” (Bumpus & Liverman, 2011:205). The **financial additionality** is broadly defined as the assumption that “the project would not have been financially viable without carbon finance” (ibid.:208). Putting these two prerequisites together, the additionality requirement is understood as a requirement that an offset project has to provide emission reductions above and beyond what would have happened without the extra financing support of the CDM (UNFCCC, 2017:5).

In accordance with the CDM M&P, Project Design Documents (PDDs) must provide detailed information on the demonstration of additionality and the determination of baselines during the earliest steps of a CDM project cycle: the project design (UNFCCC, 2018c & 2011b). However, it is the DoEs’ responsibility to validate a proposed CDM activity’s additionality at the validation step (UNFCCC, 2008a; 2015). In order to adequately assess the additionalities of proposed projects, the CDM M&P define several specific barriers which the CDM is supposed to permit overcoming, such as investment barriers, technological barriers and barriers due to prevailing practices (UNFCCC, 2005a; 2011a:17).

Within the context of the Aguán CDM project’s implementation, the **investment barrier** has been considered as a significant project barrier on its PDD, “both in terms of the project’s economics and of the financing of the installations” (UNFCCC, 2011:15). In terms of the determination of baselines, the PDD states that no local authority in Honduras requires palm-oil extractors in the country to implement biogas technologies “to cover the open lagoons or to change the current system of wastewater treatment system in any way” preventing methane emissions generated by anaerobic processes from being released into the atmosphere (UNFCCC, 2011:14). Moreover, after stating that “open lagoons have a low operational risk and are the cheapest solution for the treatment of
wastewater with regard to initial investments and operating costs” (ibid.:14), the PDD concludes that “without the CDM incentive, [the investment] barrier would lead a continuation of the existing system of open anaerobic lagoons (ibid.:19).

In regard to a project’s additionality, the PDD presents an investment analysis based on different scenarios to demonstrate that the investment is economically unfeasible without the expected CER revenues. On its PDD, the investment barrier analysis of the Aguán CDM project starts by conservatively defining a benchmark of 16.23% for the Internal Rate of Return (IRR) of the project (UNFCCC, 2011:17). Then it calculates the project IRR for a standard/baseline scenario in the absence of the CDM, which results in 7.7%, with a payback period of seven years, a result well below the benchmark IRR (ibid.:17). Subsequently, a sensitivity analysis is conducted to calculate the project’s IRR for changing parameters based on different scenarios, such as changing prices of fuel and electricity, with a 10% changing range (ibid.). The analysis concludes that the project’s IRR has been remarkably below the benchmark in all those scenarios. Accordingly, it is claimed that the investment is not economically feasible by stating that “the project faces a significant investment barrier that prevents [its] implementation” (UNFCCC, 2011:19).

To analyse whether the potential CDM finance that can be generated out of the project enables it to overcome this investment barrier, the PDD presents the project’s IRRs for three different sensitivity analyses of CER prices for three different scenarios. As seen on Table 7.1 below, when the standard scenario assumes a constant CER-price of 20 euros, the low- and high-price scenarios assume CER-prices of 16 and 24 euros respectively (UNFCCC, 2011:19). On the PDD, the summary of the results of the sensitivity analysis is given in Table 7.1:
Table 7.1: Sensitivity Analysis of CER Prices and IRR

<table>
<thead>
<tr>
<th>Scenario Name</th>
<th>CER-Price (Euro/CER)</th>
<th>Project’s IRR (%)</th>
<th>Project’s Payback Period (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard Scenario</td>
<td>20</td>
<td>20.3</td>
<td>4.5</td>
</tr>
<tr>
<td>Low CER-price Scenario</td>
<td>16</td>
<td>18.2</td>
<td>4.8</td>
</tr>
<tr>
<td>High CER-price Scenario</td>
<td>24</td>
<td>22.3</td>
<td>4.2</td>
</tr>
</tbody>
</table>

Source: UNFCCC, 2011:19

As Table 7.1 shows, the project’s IRRs in these sensitivity analyses are above the benchmark (16.23%) in all three scenarios. Accordingly, the claim can be made that “the CER revenues make the project economically feasible” (UNFCCC, 2011:19). By claiming that the CER-revenues will overcome this barrier, the project’s additionality is demonstrated.

Once the project’s additionality has been demonstrated on the PDD, it has to be validated by a DoE at the validation step of the CDM project cycle, in accordance with the CDM M&P. For the Aguán CDM project, the Germany-based accredited third-party private certifier TüvSüd was hired by Dinant as the DoE with responsibility for validating the project’s PDD. TüvSüd published the project’s validation report on 31 January 2011 (UNFCCC, 2011a); it stated that “the data, rationales, assumptions, justifications, and documentation provided [on the PDD] have been cross checked using local knowledge as well as sectoral and financial expertise” (ibid.:17) and validated the project’s additionality by arguing that “the Investment Barrier is credible and correctly presented to demonstrate the additionality of the project activity” (ibid.:23).

By validating the demonstration of the project’s additionality, the DoE formally reinforced the claim that the installation of the biogas technology at Dinant’s Aguán palm-oil mill would not have taken place in the absence of the CDM finance. Accordingly, the
construction processes of the stimulation of an emission reduction narrative in relation to the project’s implementation were completed at the validation step of the CDM project cycle.

It is important to note, however, that I found an inaccuracy in the project’s sensitivity analysis made by the CDM consultants, Pierina Bustos and Perspectives, and validated by the DoE (UNFCCC, 2011; 2011a). The inaccuracy can be considered as valid evidence to show that the DoE, along with the CDM-EB’s registration team assessing the relevant CDM documents, had underperformed. Moreover, it should be expected that finding this inaccuracy would lead either to the cancellation of the project’s registration or the issuance of a request for the DoE to re-conduct the project’s validation assessment, in accordance with the CDM M&P. In the next paragraph, I shall attempt to explain the inaccuracy found in the simplest and shortest way.

As stated earlier, the CER prices for the standard, the low- and the high-CER price scenarios were assumed to be 20, 16 and 24 euros respectively (UNFCCC, 2011:18-19). These assumed CER-prices were then applied into the ‘Financial Analysis Project: Biogas capture and utilization from waste water at Aguán Palm Oil Mill – Cash Flow (Unit in US$)’ on the sheets titled ‘CDM-Standard’, ‘CDM high’ and ‘CDM low’ (see Appendix 3 – Enclosure 2 of the PDD appendices) (UNFCCC, 2011c). The inaccuracy lies in the fact that although the assumed CER-prices are presented in euro units on the PDD (UNFCCC, 2011:19) the relevant sheets of Appendix 3 show that the assumed CER-prices are inserted into the calculations in US$ units without converting the prices from euros to US$ (ibid.). When the assumed CER-prices are converted and applied to the calculations, the sensitivity analysis results are different from the way they are presented on the CDM documents. In short, there is an inaccuracy in the additionality analysis caused by the CDM consultants failing to convert the assumed CER prices into the same currency. The DoE and the CDM-EB’s registration team with official responsibility for assessing the CDM documents should be held accountable for this inaccuracy.
Here, it must be noted that a CDM’s Methodological Tool, the ‘tool for the demonstration and assessment of additionality’,\textsuperscript{107} clearly mandates project participants

... to present the investment analysis in a transparent manner and provide all the relevant assumptions, preferably in the CDM-PDD, or in separate annexes to the CDM-PDD, so that a reader can reproduce the analysis and obtain the same results. (UNFCCC, 2012a:10; 2008c:7)

Likewise, in line with the transparency requirement of the CDM, the Validation and Verification Manual (VVM) mandates the DoEs to ensure “[d]ocumenting assumptions, references and methods such that another party can reproduce reported data” (UNFCCC, 2008b:8). The inaccuracy prevents me, as ‘a reader’ and ‘another party’, from obtaining the same results because the sensibility analysis presented, the PDD and the other relevant CDM documents fail to comply with this CDM mandate.

I contacted the CDM by email to inform them about the inaccuracy found on the Aguán’s project PDD, and urged them to initiate the appropriate actions to address it, in accordance with the CDM M&P. These actions might be requesting the DoE either to re-assess the project or to re-prepare its validation report; invalidating the DoE’s accreditation; and even cancellation of the project’s registration. They sent the following email response:

\textit{We would like to inform you that the project in question is already additional without the benefit of the CDM/CERs. Hence, inaccuracy in using currency unit in the 'with CDM/CERs' calculation may be deemed materially insignificant. (GII28, 2017)}

\textsuperscript{107} Here, in order to show that this mandate has not been subjected to any revision or change since the Aguán CDM project’s validation and registration processes had been completed, I make reference to both versions of this Methodological Tool: version 05.1 which was active from 28 July 2008 until 24 November 2011 and version 7.0.0 which has been active since 23 November 2012 (UNFCCC, 2018b).
They also suggested that I should bring this issue to the DoE’s attention within fourteen days of the publication of the project’s monitoring report (*ibid*.). In another email, I asked what they meant by stating that the project is already additional without the CDM finance. In addition, I asked them to confirm whether it is permissible for inaccuracies to occur in CDM documents as long as they are ‘materially insignificant’ and I also asked how they define the term ‘materially insignificant’. At the time of writing (August 2018), I have not received a response.

As stated earlier, additionality is the only requirement ensuring that CDM projects go beyond the business-as-usual scenario. I have argued that the stimulation of the emission reduction narrative in relation to the Aguán CDM project’s implementation is realised at the pre-registration step of the CDM project cycle by demonstrating the project’s additionality in the PDD and the validation report by the CDM consultants and the DoE respectively.

As well as these desk researches analysing this narrative by looking at the relevant CDM documents, I also interviewed some of the key actors involved in the project’s implementation on the ground about the project’s additionality, around the question of whether they believed that the project would not have been implemented in the absence of the CDM finance.

During the interview which I conducted with Valerio Gutierrez Lopez, who issued the project’s LoA as the head of the Honduran DNA in 2008, I asked him whether he thought that the project adequately met the CDM’s additionality requirement. It became clear that he did not have any knowledge of the requirement (GII9, 2015). It is, however, fair to note that assessing the additionality of CDM projects is not the responsibility of the DNAs within the CDM structure. After I had explained the content of the additionality requirement and shared some information from the PDD and the validation report on the additionality of the Aguán project, he responded:
Mr Facusse [the owner of Dinant at the time] is one of the richest [people] here [in Honduras]; I don’t believe they would need that money [referring to the CDM finance]. (GII9, 2015)

In other words, the former head of the Honduran DNA argued that the project would be implemented anyway even without the need for the CDM finance.

When I put the same question to Pierina Bustos, the former employee of the foreign technology provider and a CDM consultant who prepared the Aguán project’s PDD, her response was:

We [the foreign technology provider] already knew [that Dinant] wouldn’t need CER-revenues to buy the technology [...] They would cover the cost quite easily even without CERs [...] The CER money was just to make the investment more charming [to] them, more attractive [...] It was just making it easy for us to sell the technology and to convince investors. (GII5, 2015)

In short, Bustos stated that the project was non-additional.

I also asked Roger Enrique Pineda, Dinant’s spokesperson, about the extent to which the estimated CDM finance was crucial for the project developer/owner to make the decision to install the biomass production technology and whether they would have installed it without the CDM finance. He replied:

Yes, we would definitely install the technology [...] When you look at the amount of money you can make from carbon credits, it’s nothing when you realise [compare] the amount of the business Dinant has [...] And the investment cost of biomass [4.5 million USD] was not very big deal for us, as a company which has net sales of almost US$400 million a year [...] For us, our business focus [was] not to sell carbon credits; it has never been and never will be [...] Also, when you do a reality-check, you will realise that we didn’t sell any carbon credits at all; we didn’t make any money from carbon credits and we are still [financially] perfectly OK. (ACP1, 2015; 2016)
As the project developer’s spokesperson, he too debunked the project’s additionality claim by underlining the fact that, as noted in the chapter analysing the project’s material impact, the project has been successfully implemented without benefitting from the CDM finance on the ground.

I also conducted an interview with Wilmer Alexander Henriquez, a member of the current Honduran DNA, and asked him whether he thought that the Aguán project met the additionality requirement adequately. Since it is a very comprehensive and conclusive statement, his response deserves to be quoted in full:

*Dinant would install the project anyhow. Additionality is a critical point to take advantage from the CDM. But this is something that has to be done by the project developers or the [CDM] consultancy companies for them to try to show that their projects are adequately applying to the CDM in the right way, even though they are not in reality. They play with numbers; I am not saying that they manipulate the numbers. No, they play the game by the rules. And they always find a way to show that their projects are additional. The additionality requirement needs to be revised to ensure that the [CDM] finance goes to those who really need it.* (GII4, 2015)

Informed by the comments and analyses presented above, it is possible to claim that the Aguán CDM project did not adequately meet the additionality requirement of the CDM. It is important to recall that the additionality claims, as a main source of the stimulation of an emission reduction narrative, legitimise the CDM and its projects. Since, as argued, the additionality claim of the Aguán CDM project is flawed, the construction of the stimulation of an emission reduction narrative is accordingly delegitimised, because the project does not go beyond business-as-usual.

The analyses made above have explored the processes by which the stimulation of emission reduction narratives, one of the two main legitimising narratives within the discursive framework in relation to the Aguán CDM project’s implementation, has been constructed. In the next sub-section, I shall analyse how this narrative has been formally realised. This will be done by looking again briefly at the project’s registration process.
7.3.2.2. Registration of the Project as Realisation of Emission Reduction Narrative

As argued above, the legitimising narratives in relation to the implementation of CDM projects are formally realised when projects’ registrations are completed, at the registration step of the CDM project cycle. Indeed, if a proposed activity’s registration request is rejected by the CDM-EB, the narratives cannot be formally realised. In such a case, project owners/developers cannot activate and/or use the narratives, since their emission reduction activities are not officially/formally registered as CMD projects by the CDM-EB.

As has already been explained, the DoE published the validation report for the Aguán CDM project activity on 31 January 2011, submitted it to the CDM-EB, and asked the board to register the project as a CDM project in accordance with the CDM M&P (UNFCCC, 2011a). As a response to the international campaign against the project’s implementation (which will be explored later in this chapter), the CDM-EB initiated an enquiry to assess the project. It concluded its assessment by stating that “the project was adequately validated” and agreed to its registration (CDM-EB, 2011). The CDM Executive Board (CDM-EB) registered the Aguán project as a CDM project at its 62nd Meeting, which took place in Marrakesh in Morocco on 15 July 2011; the Aguán project’s registration date was recorded as 1 February 2011 (CDM-EB, 2011a).

By the project being officially registered as a CDM project by the CDM-EB in 2011, the stimulation of an emission reduction narrative in relation to its implementation was realised. I argue that through the completion of the narrative’s realisation, Dinant formally gained access to and control over the narrative. In other words, the project’s registration provided Dinant with an additional discursive means of power. Before exploring how this narrative has been activated and/or used by Dinant to frame the project’s implementation
and its palm-oil production in general as common sense, in the next subsection I shall first analyse the construction and realisation processes of the stimulation of the SD narrative.

7.3.3. The Aguán CDM Project and Stimulation of Sustainable Development
I have argued that the discursive means of power in relation to the implementation of the Aguán CDM project can be explored against the background of the construction, realisation and activation of the two main legitimising narratives in line with the CDM’s dual goals: stimulation of emission reduction and SD. In the previous sections, I have explored the ways in which the project’s implementation has provided Dinant with an additional discursive means of power in the form of the stimulation of an emission reduction narrative. In this section, I shall investigate the stimulation of the SD narrative in relation to the implementation of the project within the context of the day-to-day CDM governance.

Unlike the construction and realisation processes of the stimulation of an emission reduction narrative, which are relatively complex and require the employment of high-level technical expertise by CDM consultants, the DoEs and the CDM-EB’s assessment team, the construction and realisation processes of the stimulation of the SD narrative generally take place “in a very laissez-faire way” on the ground (Newell et al., 2009:720). The DNA is the only authority qualified to assess whether CDM projects meet the CDM’s SD requirement for projects to provide SD benefits to host communities and/or countries. As explored in the previous chapter, many DNAs, as in the case of Honduras, do not make any particular effort to adequately assess this requirement on the ground.

It can be argued that the stimulation of the SD narrative in relation to implementation of CDM projects is constructed at the national approval step of the CDM project cycle, in which the DNAs issue their LoAs ensuring that projects meet the SD requirement. However, it is important to note that, in accordance with the CDM’s VVM, it is the DoE’s responsibility to ensure that submitted LoAs are authentic and have been issued in the
required ways (UNFCCC, 2008; 2015). Then, similar to the previous narrative, the narrative of the stimulation of SD is formally realised when projects are registered by the CDM-EB at the registration step of the CDM project cycle. Within the empirical context of the Aguán CDM project’s implementation, it can be argued that the stimulation of the SD narrative was constructed in 2008, when the Honduran DNA issued the LoA confirming that “The Project will assist Honduras to achieve sustainable development” (UNFCCC, 2008).

Since the issuance process of the project’s LoA has been investigated in detail in the previous chapter, I shall not go into further details on this process here. Instead, in the next two subsections I shall look at the ways in which Local Stakeholder Consultation (LSC) meetings took place and SD claims were made on the project’s PDD, complementing the previous chapter’s analysis in this regard. Whilst the SD claims are considered by the CDM M&P as optional statements which the project participants can make, the LSC is a formal requirement, to be met by the project participants before the publication of PDDs.

Olsen (2014) defined LSCs as “a key source of information on potential impacts of CDM projects for sustainable development”. She further argued that an LSC fulfils the right for stakeholders affected by the CDM projects “to be consulted to influence response measures“ and therefore plays a key role in achieving SD goals within the sphere of the CDM (ibid.). It is therefore particularly important to explore the ways in which this right has been guaranteed to the local population.

7.3.3.1. Local Stakeholder Consultation and the Aguán CDM Project
The literature on CDM governance has widely analysed the role and the importance of LSCs in assessing and defining sustainable development benefits to be delivered through the implementation of CDM projects, and in ensuring that “the social dimensions of the projects and the potential beneficiaries are considered adequately” (Newell et al., 2009:729). The CDM literature analysing LSCs has focused mainly on the issues of participation, transparency, identifying the real impacts on local livelihoods, and
democracy (Bohm & Dabhi, 2009; Olsen & Fenmann, 2008; Paterson, 2009; Sutter & Parreno, 2007; Watson & Fankhauser, 2009; Crowe, 2013; Alexeew et al., 2010; Castro & Michaelowa, 2008; Sutter & Parreno, 2007; Subbarao & Lloyd, 2011; Charman, 2008; Dinar et al., 2011). As has been argued, the bargaining power of the potentially affected communities in the negotiations is crucial to defining who gets what out of CDM activities and hence who are the winners and the losers (Bumpus, 2009; Newell & Bumpus, 2012).

However, the term ‘stakeholders’ is formally defined in a very vague way as “the public, including individuals, groups or communities affected, or likely to be affected, by the proposed CDM project activity” (UNFCCC, 2017:19). Moreover, there is no formally defined communication method for inviting stakeholders to attend LSCs, nor are there any criteria formally set to assess whether the participation and/or representation of local people in LSCs is adequate. Hence, as Newell stated, “[a]pproaches to conducting stakeholder consultation unsurprisingly vary” (2014:331).

In the case of the Aguán CDM project, personal invitations and newspaper advertisements were used to invite people to the LSC meeting (UNFCCC, 2011a:A-33). Two advertisements were published in two different national newspapers, one in La Prensa on 24 December 2007 and the other in La Tribuna on 27 December 2007 (UNFCCC, 2011a:24). The LSC was held at the site of the project, the Aguán palm-oil mill, on 3 January 2008 (UNFCCC, 2011:50).

In regard to the timing of the LSC, the newspaper announcements and invitations were issued less than ten days before the actual meeting took place, and

... at least five of these ten days are national holidays (Christmas and New Year) during which people traditionally do not read newspapers and are travelling to visit relatives often far away from their actual residence. (CMW, 2011)
Besides the questionable adequacy of the timing of the public announcements and of the LSC itself, it is important to recall that the LSC was conducted in the middle of an ongoing land conflict between Dinant and the landless peasant movements in the Aguán Valley, as explained in previous chapters, so it is crucial to investigate the question of the representation of the local communities in the negotiations on the project’s implementation.

Paragraph 17(i) of the VVM clearly mandates that the DoE shall

... [p]resent information in the validation reports and verification and certification reports in a factual, neutral and coherent manner and document all assumptions, providing references to background material. (UNFCCC, 2015:10)

However, information on the attendees at the LSC has been kept confidential and has been disclosed only to the UNFCCC (CMW, 2011). I therefore personally communicated with the DoE and asked to be sent the list of the attendees, but the DoE refused to divulge the information (GII16, 2015). The PDD has, nevertheless, stated that representatives from the relevant communities of Quebrada de Agua, Quebrada de Arena, San Jose de Cinco, El Bridge and Palmichal attended the LSC (UNFCCC, 2011:50). These are, indeed, some of the local settlements surrounding the Aguán mill (ACP8, 2015; ACP9, 2015; ACP1, 2015). The reality about the representation of the local communities at the LSC meeting was revealed when I was able to obtain the list of attendees from an anonymous source. According to that list, the total number of attendees was 26:

- four of them were school teachers in Quebrada de Agua and Quebrada de Arena,
- four were members of the Parents’ Association in Quebrada de Agua,
- two were from the Municipal Environmental Unit in Tocoa,
- two were representatives of the Secretary of Public Health in Tocoa
- fourteen, listed as ‘patronato’, were identified as members of the communities of Quebrada de Agua, Quebrada de Arena, San Jose de Cinco, El Bridge and Palmichal.

The managers of the Salama cooperative located in the Aguán region, along with some members of the Aguán peasant movements, have stated that these communities are, historically, the pools for Dinant’s labourers and security guards in the region (ACP2, 2015; ACP10, 2015; ACP11, 2015). Moreover, historically, Dinant itself played an important role in the establishment of these communities (Leon, 2015). In addition, looking at the communities from which the attendees came shows that the local peasant communities which have been in conflict with Dinant in the region, such as La Panama, La Confianza, La Lempira and La Conception, were not represented at the LSC meeting (ACP8, 2015; ACP9, 2015; ACP2, 2015).

In addition, Consuelo Castillo, a peasant and a member of MUCA, pointed out an issue regarding LSCs which is generally neglected. She stated that “If I had gone to the meeting there [referring to the Aguán mill where the LSC meeting took place], it would be an obituary notice for me” (ACP12, 2015). This comment reveals not just the tension between the peasants and the project developer, but also how important the place is which is chosen for such meetings to take place. Indeed, for such a conflicted case, the ‘formal’ locations where LSCs are conducted must be carefully chosen so that members of the affected local communities can feel safe to attend. As has been shown, this was certainly not the case for the Aguán CDM project’s LSC.

Paragraph 166 (a) of the VVM mandates that the DoE shall “[d]escribe the steps taken to assess the adequacy of the local stakeholder consultation” (UNFCCC, 2015:37; 2008a). The DoE, however, vaguely stated on the validation report that

[its] assessment team has reviewed the documentation in order to validate the inclusion of relevant stakeholders ... and using the local expertise it can be confirmed that the communication method used to invite the stakeholders can be
considered appropriate ... Hence the local stakeholder consultation has been adequately performed according to the CDM requirements. (UNFCCC, 2011a:24-25)

It was argued that the DoE’s unwillingness to provide further information on the steps taken to assess the adequacy of the LSC and therefore “not allowing stakeholders to cross check the credibility of the claims” did not comply with the transparency requirement of the VVM (CMW, 2011:1). As a response to this particular claim, the CDM-EB stated that it had

... initiated an inquiry which gave the [DoE] ... and [Dinant as] the project participant an opportunity to respond to these concerns ... During the inquiry, the Board questioned the DOE and project participant regarding the conduct of stakeholder consultation and in particular how stakeholder concerns had been canvassed and addressed ... Following its assessment, the Board found the project, which had been under review for an unrelated reason, to be in compliance with current stakeholder requirements, and thus qualified for registration. (CDM-EB, 2011:2-3)

Although the details of the assessment made by the CDM-EB and of the inquiry have been kept confidential, the CDM-EB stated that because “the project was adequately validated and in accordance with the CDM rules and procedures (CDM R&P), the Board agreed to register the project” (CDM-EB, 2011a).

Informed by the comments and the empirical findings presented above, it is possible to argue that the political representation of the local communities and their participation in the LSC are questionable; therefore, the adequacy of the LSC can be put into question too.

7.3.3.2. Sustainable Development Claims on the PDD
As highlighted earlier, the SD claims made on the PDDs are optional statements. Nevertheless, looking at the claims made on the Aguán CDM project’s PDD can broaden our understanding of how the SD benefits were conceptualised and/or defined by the
The SD claims made on the Aguán CDM project’s PDD were the following:

*Besides decreasing greenhouse gas emissions into the atmosphere, the project will contribute to Honduras’s sustainable development as follows:*

- it will reduce the country’s dependency on fossil fuels – heavy oil and diesel – due to the usage of biogas (renewable energy) for heat and electricity generation.
- it involves technology transfer to the region (Belgian technology provider).
- it will result in environmental benefits, i.e. reducing bad odours and controlling pathogens. (UNFCCC, 2011:4)

Following the UNFCCC’s own SD indicators (UNFCCC, 2012:15), it can be argued that although the claims regarding emission reduction and the reduction of bad odours fall under the **environmental dimension** of SD, the claims regarding the financial benefits to the national economy and the foreign technology transfer fall under the **economic dimension** of SD. Accordingly, it is possible to argue that no SD claim within the context of the Aguán CDM project falls under the **social dimension** of SD, such as ‘improved human rights’, ‘community or local/regional involvement in decision-making’, ‘improved accessibility of educational resources’ and ‘enhancement of the position of women and children in society’ (*ibid.*:15). The UNFCCC’s report on the SD benefits of the CDM, based on an analysis of the SD claims of over 3,500 CDM projects, stated that only 6% of the projects made social benefits-related SD claims on their PDDs (*ibid.*:16-17). In this regard, therefore, the Aguán CDM project is not exceptional.

The construction process of the stimulation of an SD narrative in relation to the project’s implementation was completed when the DoE validated the authenticity of the LoA and stated that “[t]he LoA of Honduras ... confirms that the proposed CDM project activity contributes to the sustainable development of Honduras” (UNFCCC, 2011a:9). As stated
earlier, through the registration of the Aguán project by the CDM-EB, the formal realisation process of this narrative was completed. Accordingly, the discursive form of power in the form of the SD narrative became ready to be activated by those who have access to and control over it, Dinant in this case.

Before concluding this subsection, the roles played by CDM consultants, the DoE and the Honduran DNA in constructing these two legitimising narratives in relation to the Aguán CDM project’s implementation need to be briefly discussed. As noted in Chapter 4, Newell considered the service providers functioning within the CDM structure, and in the carbon market in general, such as the DoEs, accountants and (legal, technical and financial) consultants, as ‘market makers’ (2009:430). Moreover, Stephan regarded their emergence on the market as “the constitution of a new capital fraction” and a “new social force, that has emerged due to a changing production system” (Stephan, 2011:16). He went further and argued that these professional service providers, as “the industry's new breed of experts familiar with monitoring standards, baselines and project methodologies”, can be considered as “a new type of organic intellectuals” (ibid.:16) in the sense that they function to universalise the interests of those implementing such projects on the ground, within the boundaries of the discursive frameworks in relation to the carbon markets and the CDM in particular.

As explained above, within the empirical context of the Aguán CDM project’s implementation, the DoE and the CDM consultants, as well as the Honduran DNA, played key roles in constructing the legitimising narratives within the discursive frameworks through the constant employment of their expert knowledge and authority in the project. Moreover, the employment of their expertise-based functions in the project is a prerequisite for the legitimising narratives to be ‘formally’ realised. It is therefore possible to claim that these actors, as organic intellectuals, give Dinant “an awareness of its own function” (Gramsci 1971:5) within the boundaries of a discursive framework around the project’s implementation. By formally claiming that the Aguán project helps Honduras to
achieve SD, the DNA, for instance, created a conception of common sense in which the Aguán project serves the general interests of Honduran society. In other words, these actors with professional knowledge and their acknowledged expertise and authority serve to construct an additional discursive means of power – in the form of the two main legitimising narratives – for Dinant to activate once their realisation has been completed. Such narratives can serve as further reinforcement of Dinant’s constant efforts to assert moral and intellectual leadership on order to legitimise its hegemonic power.

It is possible to conclude this subsection by noting that the implementation of the project enabled Dinant to gain access to and control over the two legitimising narratives. In the next subsection, I shall briefly discuss the activation layer of these narratives.

7.3.4. Activation of the Narratives and Organic Intellectuals

In this sub-section, I shall briefly explore the activation layer of these narratives by looking at Dinant’s perception of the project’s registration and some examples of news coverage of the registration. In addition, I shall discuss the conditions under which these legitimising narratives can be expected to be activated.

I asked Yassid Kababie, the former corporate social relations manager of Dinant, what the CDM registration meant for the company. His response clearly shows Dinant’s perception of the CDM registration:

... we as a company are one of the main champions to get international certifications in this country. We have certifications for almost all areas [where] our production and distribution activities take place. These certifications and compliances with the international standards are showing that we do our businesses right ... Although we have other certifications ... the carbon certification [referring to the CDM’s registration] is the main proof that we fight against climate change, we save the planet, we do our businesses in an environmentally responsible way ... And, it is a great honour for us that this certification comes from [the] UN [United Nations]. (GII7, 2015)
On its official web-site, under the section ‘Environmental Sustainability’, Dinant states “Our Biogas plant in Dinant has been registered as a CDM project (Clean Development Mechanism) in the United Nations, since February 2011” (Dinant, 2018). In line with Pineda’s comment that “in the vast majority of our communication processes we have proudly expressed having achieved a certified CDM project” (ACP1, 2017), it is possible to see in almost every press release and public relations feed issued by the company (for example, Brown, 2017; Global News Wire, 2017; Eagle, 2017; Focus Washington, 2017) the statement that “Dinant’s high-tech biogas recovery unit at its oil extraction mill in the Aguán [...] has been designated a Clean Development Mechanism by the United Nations” (Global News Wire, 2018).

Although the evaluation of the extent to which Dinant activates these narratives on the ground is beyond the scope of this current study, it is interesting to note that only two of the 181 news items and articles analysed in Chapter 3 mentioned these narratives or the CDM in general. It therefore seems that these narratives have not been significantly activated within the context of the local media outlets covering news on Dinant and on palm oil in general. When I asked Pineda about this, he responded by stating that “this sort of news may not be attractive to local media, therefore there is a lack of news coverage about it” (ACP1, 2017).

As stated earlier, the extent to which legitimising narratives in relation to the implementation of CDM projects are activated on the ground partly depends on the capacity and willingness of those who have access to and control over these narratives, such as project owners. In addition, it should be noted that the discursive means of power

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108 The evaluation of the extent to which Dinant has used additional discursive means of power provided through the implementation of the Aguán CDM project requires further research looking at different spaces in which the narratives can be activated, such as the company’s advertisements, promotional materials, speeches of its executives and press releases. I would be interested to see further research on this issue.
is crucial for hegemonic social forces particularly to deflect challenges arising from subordinate groups (Newell, 2009). In this regard, it is possible to say that since Dinant, along with other members of the palm-oil bloc in Honduras, have not faced strong contestation from subordinated social forces, particularly around the issues of GHG emission and SD (as was explored on Chapter 3), Dinant has not been urged to significantly activate these particular narratives. Pineda supported this argument by stating that “Neither Dinant nor the Honduran Palm Industry are being challenged by civil society in terms of climate change ties to the African Palm Business” (ACP1, 2017).

It is therefore possible to conclude this section by claiming that the Aguán CDM project’s implementation has enabled Dinant to gain an additional discursive means of power within the forms of the stimulation of emission reduction and SD narratives which were constructed and realised within the CDM structure. The extent to which these narratives have been activated by Dinant is related to the challenges which it might face from subordinate social forces around the subjects.

In the next section, I shall look at how some issues remained as non-issues within the boundaries of the discursive framework in relation to the project’s implementation by exploring the nature of the politics of contestations and resistances within the context of the global campaign challenging the project.

**7.4. The Politics of Contestations and Resistances**

As stated earlier, one of the most distinctive features of the discursive form of power is its ability to ensure that particular issues remain as non-issues (Newell, 2009:39) mainly by locking the scope of (potential) discussions into the dominant discursive framework. Because of this, looking at the nature of the politics of contestations and resistances challenging the Aguán CDM project – within the context of a global campaign – will provide broader insights into what issues are being neglected by the discursive framework in relation to the project’s implementation on the ground. I suggest that the political dynamics of the global campaign are in line with the (neo-)Gramscian argument that
“hegemony necessarily also creates vulnerabilities, fragilities and opportunities, therefore, to resist its reach” (Newell, 2009:39). From Dinant’s point of view, it found itself under attack by a globally-run campaign challenging its interests.

In this section, I shall chronologically analyse the questions of how the global campaign against the Aguán CDM project was built, who the participants were, what its main strategies and argumentations were and, finally, what its outcomes were. Before exploring these questions, it is important to remind the reader that, as explained in the previous chapter analysing the palm-oil hegemony, there was already an ongoing global campaign against Dinant when the campaign against the CDM project began. The former was mainly pointing out the human rights abuses against the members of the (landless) peasant movements in the Aguán Valley by the state forces, Dinant’s security personnel and paramilitaries. It is possible to argue that the latter was partly built on the former’s formations in the sense that, as will be shown below, almost all the organisations which joined the former campaign also supported the latter one. Moreover, the reports published by the organisations and institutions leading the former campaign became some of the main references of the latter.

7.4.1. A Chronological Analysis of the Global Campaign against the Project’s Implementation

An unsolicited letter sent on 4 January 2011 to the Chair of the CDM-EB jointly by Carbon Market Watch (CMW) (then the CDM Watch), Biofuel Watch and Salva la Selva (Rainforest Rescue) (CMW, 2011a) can be considered as the starting moment when the global campaign’s seeds were sown. Before explaining the content of the letter, it is important to introduce these organisations in broad terms.

The CMW is a Belgium-based international NGO actively working with global networks. Its mission is defined as:

... to ensure that environmental market-based mechanisms contribute to the fight
against climate change. We work to uncover policy loopholes and uphold standards that protect the environmental and social integrity of carbon markets and other climate mitigation instruments. (CMW, 2017)

Biofuel Watch is a UK-based non-profit organisation providing “information, advocacy and campaigning in relation to the climate, environmental, human rights and public health impacts of large-scale industrial bioenergy” (Biofuel Watch, 2017). Salva la Selva / Rainforest Rescue is a Germany-based non-profit organisation “actively committed to preserving rainforests, protecting their inhabitants, and furthering social reforms” (RR, 2017).

The letter contained two main concerns about the Aguán CDM project: human rights abuses related to questionable land claims on Dinant’s landholdings; and doubts about the additionality of the project, related to the loan given to Dinant by the World Bank’s International Finance Corporation (IFC), mentioned in Chapter 3 (CMW, 2011a). Since it provides insights into how the arguments behind the campaign were constructed, it is worth quoting some of the letter’s statements at length:

_Sixteen farmers belonging to MCA (the Peasant Movement of Aguán) and MUCA (the United Peasant Movement of Aguán) were assassinated in 2010, with strong evidence that paramilitaries under orders from Miguel Facusse were responsible for the assassinations ... The organisations [working on the fields in the Aguán Valley, such as FIAN,] express particular concern about the complete impunity of human rights abuses in Honduras and state that the failure of the regime, since the military coup in June 2009, to implement agrarian reform legislation, has contributed to this impunity ... Given the serious human rights abuses on palm oil plantations belonging to Dinant, which supply palm oil to the palm mill to which the CDM application relates, we believe that the application [referring to the registration] must not be granted because it would not support ‘sustainable development’. Furthermore, there is strong evidence that Miguel Facusse and thus Exportadora del Atlántico hold no legal titles to the land on which the plantations are located, or at least to large parts of it ... Company claims over other plantations in the area are equally questionable ... According to MUCA, most of the land held by Facusse was ‘sold’ to him by cooperatives in the early to mid-1990s yet under the Law of Agrarian Reform those sales were illegal: the sales were far below the market price, and the terms of the sales stipulated that the land would remain state-owned but could be farmed by peasants ... We believe that the serious
questions regarding the legality of the project applicant’s land claims, with well-documented evidence against those claims, are another strong reason against the application being approved. (CMW, 2011a:2, emphases added)

After expressing their concerns so strongly, the letter concluded that “the project does not qualify as a CDM project and should therefore be rejected” (ibid.).

The CDM-EB was not the only actor to whom the campaign was addressed; as we can see from its reports, press releases and letters, it also sought to break the issue-specific alliances and partnerships built around the project between Dinant, CDM consultants and EDF Trading. Indeed, besides raising awareness of the issues going in the Aguán Valley, the campaign, by demanding that the actors and parties involved in the Aguán project should withdraw from it, was targeting the institutional foundations of the project.

The first effect of the campaign in this regard was the voluntary withdrawal from the project of Perspectives, one of the CDM consultants, on 21 January 2011 (UNFCCC, 2011:48). As explained in a previous chapter, I conducted an interview with Dr Michaelowa, the Managing Director of Perspectives, and asked him when they became aware about the conflict around the project site and how they made the decision to withdraw. He responded:

*I think it was ... CDM Watch which was raising the issue ... I thought OK, it is interesting, one needs to be careful about the project ... At that time, of course, I again thought CDM Watch is throwing the baby out with the bathwater because the palm oil plantations are not biomass power plants. And the CDM project is actually just [about] the biomass power plant ... So, I always thought why do people attack the CDM project when they mean palm oil plantations as such. So, usually I was not really eager to withdraw, to be very frank. But, then, of course, when it started to develop into a global discussion, we thought it was getting dangerous for us ... We withdrew when it became clear that the project was being massively attacked by international NGOs. (GII15, 2016; 2017)*

Perspectives’ withdrawal decision was welcomed by the campaign. It can be argued that, from a neo-Gramscian point of view, the termination of the partnership between
Perspectives and Dinant weakened the institutional/organisational forms of power which Dinant had gained through the implementation of the Aguán CDM project, as analysed in Chapter 4.

A month after the letter was sent to the CDM-EB, on 4 February 2011, another letter was sent, this time to the UK DNA which had issued the LoA formally authorising EDF Trading as the project participant of the Aguán CDM project on 3 June 2009 (CMW, 2011b). This time, the number of signatories to the letter reached 77 organisations and movements from over 25 countries, including some Honduras-based organisations with which the Aguán peasant movements were organically allied, such as FNRP, a national-level resistance organisation created in the aftermath of the 2009 military coup (CMW, 2011b). The letter expressed the same concerns raised in the letter sent to the CDM-EB, such as human rights abuses. However, this time, additional emphasis was placed on an ongoing media campaign (analysed in Chapter 3) against the Aguán peasant movements in Honduras. The letter stated:

[A] defamatory campaign against the peasants has been conducted by the Honduran media which is close to the regime, claiming, against all evidence, that peasant organisations are armed. Those accusations are strongly rejected by the peasant organisations and contradict all evidence. (ibid.)

Moreover, in order to make the link clearer between the CDM project site and the conflicted locations in the Aguán Valley, the letter specifically stated that “the palm mill where the CDM project would be located has been used as a site to accommodate military forces, paramilitaries and police during April 2010” (ibid.). The organisations accordingly called “on the UK, as a party involved, to send a signal to Honduras and other governments that corruption, violence and human rights abuses are not acceptable and to immediately withdraw authorisation” (ibid.).

Targeting the issue-specific alliances and partnerships built around the project appeared more clearly as one of the central strategies of the campaign when CMW published a
newsletter on 15 February 2011, which concluded with the following statement:

*Perspectives GmbH, which initially drafted the PDD, has already publicly distanced itself from the project. Civil society representatives are now calling on other Parties involved to follow this example and to take a stand against human rights abuses in Honduras, especially in the context of the CDM.* (CMW, 2011c)

At the end of February 2011, CMW organised a regional two-day workshop in El Salvador with more than 75 participants from all seven Mesoamerican countries: Mexico, Guatemala, Honduras, Nicaragua, Costa Rica, Panama and El Salvador, “in response to the growing number of CDM projects in Central America” (CMW, 2011d:2). It is possible to see this event as an attempt to go beyond a petition-based campaign and to create a space in which skills could be shared, as well as providing its local, national and international partners with an opportunity for capacity building.

*Representatives of environmental NGOs, social and gender movements, activists, leaders of peasant and indigenous communities, representatives of international networks, journalists and citizens came together to exchange experiences with the CDM.* (CMW, 2011d:2)

The Aguán project was one of the main CDM cases discussed during the workshop. The participants received specific campaign training on issues such as “the origins and functioning of the CDM, in particular about the opportunities for public participation in the CDM project cycle” (*ibid.*.). Some of the demands made by the workshop participants to the DNAs were summarised as:

*Compulsory public consultations to indigenous people and potentially affected communities; Accessibility of information on planned projects and relevant regulations (set up as adequate information mechanisms); Reform of the definition of sustainable development.* (*ibid.*:3)

Some of the demands made to the UN were that:

*Project documents must be available in the local language on the website of the UNFCCC in its entirety in all UN working languages; Effective notification of
beginning of the public consultation period; Extension of the public consultation period; Disqualification of Governments or Companies that have a precedent in environmental crimes or human rights violations; De-registration of projects that violate human rights or other international conventions; Enforce penalties and fines on auditors for poor performance. (ibid.:3)

It is possible to argue that participation in such a workshop, as well as in the campaign in general, either directly or through other national and local organisations in Honduras, strengthened the Aguán peasant movements’ organisational capacity and ability to “build issue-specific coalitions that cross sectoral and geographic boundaries” (Levy & Newell, 2002:96).

On 12 April 2011, the public development bank DEG (German Development Corporation) decided to terminate its US$20 million loan agreement with Dinant following the recommendations in the 2011 International Mission’s Preliminary Report on human rights violations in Bajo Aguán, which requested that

... the bilateral cooperation and the multilateral banks review all their financial cooperation agreements with the public security forces and with the private companies allegedly involved in acts of violence, harassment and human rights violations in the region. (FIAN, 2011a)

The comments of the coordinator of FIAN Central America on DEG’s decision to cancel the loan clearly show that the campaign against the Aguán CDM project was, to some extent, merged with the global campaign already under way against the human rights abuses in the Aguán Valley. He stated that the DEG’s decision

... also reinforces similar appeals to other corporate entities that continue to finance companies which have been denounced for human rights abuses, such as the World Bank’s International Finance Cooperation, the Inter-American Development Bank and the British government, in respect to the framework for the Clean Development Mechanism. (ibid.)

In the same month, three main developments regarding the Aguán CDM project occurred. The day after the DEG’s decision was publicly announced, Chris Huhne, then Secretary of
State for Energy and Climate Change in the UK, sent a letter to CMW and Biofuel Watch regarding the Aguán CDM project (on 13 April 2011) (UK-DNA, 2011). He stated that:

_the primary responsibility for ensuring projects meet the [CDM] requirement of contributing to sustainable development lies with the host country authorities – in line with the internationally agreed rules for the CDM. I have therefore written to the Honduran DNA and requested further information and a response to the allegations ... I have written to the [CDM Executive] Board asking that they take account of the allegations described in your letter ... I have also written to the project participant, EDF Trading Ltd., seeking their responses to the allegations ... More broadly, the UK is aware that land issues are a sensitive subject in Honduras, and of the reports of serious human rights abuses in the Bajo Aguán area linked to the land conflicts there ... We will study the results of the CDM [EB]’s review, as well as any responses from EDF Trading Limited and from the Honduran authorities and we will then assess whether any further action by the UK government is appropriate. (ibid.)_

His response was not welcomed by the global campaigners. In a press release, Martin Wolpold-Bosien commented on Huhne’s letter, stating that:

... based on the facts at hand we consider it unacceptable for the UK government to adhere to their approval of the project ... Chris Huhne’s letter suggests that he will be guided by the Honduran government’s views, yet this is a government widely considered to be illegitimate and one ultimately responsible for the impunity with which crimes like those in the Bajo Aguán land conflicts are being committed. (FIAN, 2011a)

Also, on 13 April 2011, the Climate Markets and Investment Association (CMIA), a trade association representing “the private sector of companies, businesses and organisations working in climate finance and investment” (CMIA, 2017), published a press release with the heading ‘CMIA condemns human rights abuses’ (ibid.). In it, CMIA stated:

With regard to the CDM Watch’s feature on the Aguán biogas project in Honduras, ... the [CMIA] condemns in the strongest possible terms any abuse of human rights. The rigorous [CDM] project approval process provides several stages during which such abuses may come to light, including the stakeholder consultation process, validation and verification by UN accredited (DOEs), and the Executive Board reviews ... CMIA requests all buyers, verifiers and other providers of CDM related
services to immediately terminate their commercial relationship with the Project and requests all the relevant regulators to take such steps as are within their powers to prevent further Certified Emission Reductions (CERs) being issued to the Project. CMIA also requests the CDM Executive Board to develop and implement procedures to remove such Projects from the list of registered CDM Project Activities. (ibid.)

The CMIA’s statement was welcomed by the campaign but a third development took place on the day following CMIA’s press release: on 14 April 2011, Reuters published a news item headed ‘EDF Trading quits Honduras biogas project’109 (EDF, 2011). John Rittenhouse, the chief executive of EDF Trading, told Reuters:

*We have taken the situation in Honduras very seriously and have spent the past few months looking at our options in respect to our withdrawal ... We have therefore issued our notification of termination to the seller and will no longer be involved in this project.* (ibid.)

The Programme Director of CMW, Eva Filzmoser, regarded EDF’s decision as “a highly encouraging decision that prioritizes the protection of human rights over their economic benefits” (FIAN, 2011b). In order to better understand the processes through which EDF Trading decided to withdraw from the Aguán CDM project, I requested an interview with EDF Trading on this issue in 2016. However, Michele Reid, the head of communications of EDF Trading, responded to me that EDF “do(es) not wish to comment on this” (GII17, 2016).

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109 It is interesting to note that although EDF Trading publicly announced its decision to withdraw from the project in April 2011, the date on which the official submission form confirming its voluntary withdrawal from the project is recorded as 6 September 2011 (EDF, 2011a). What is interesting here is that when EDF publicly announced its decision, it was already known that the CDM-EB was going to make a final decision on the project’s registration at its meeting in July 2011. So this is something which needs to be further researched; however, it is possible to assume that if EDF submitted its formal withdrawal form to the CDM-EB before July 2011 when the CDM-EB meeting took place, the overall status of the Aguán CDM project would change to a unilateral CDM project, referring to a CDM project not having any Annex-I party involved. Hence, the CDM-EB, accordingly and assumedly, would request renewals of its PDD and its validation report. Since EDF Trading refused to allow me to conduct an interview, I could not find out why they did not submit their withdrawal decision in a formal way to the CDM-EB before the CDM-EB’s meeting at which the final decision on the Aguán Project was made, resulting in the registration of it as a CDM project.
Once CMW found that the inquiry on the Aguán case initiated by the CDM-EB was completed and that a final decision on whether the project would be registered or not would be made at the CDM-EB’s subsequent meeting, which was scheduled to take place in the middle of July 2011, CMW sent another unsolicited letter to the CDM-EB on 24 June 2011 (CMW, 2011e). This time, the letter heavily emphasised the performance of the DoE, TüvSüd, mainly in regard to the ways in which it had assessed the adequacy of the LSC (ibid.). CMW again “urge[d] … the CDM Executive Board to reject the registration request of [the Aguán CDM project] … and to initiate actions against the performance of the DOE” (ibid.).

On 29 June 2011, Bas Eickhout, a Dutch member of the European Parliament (EP), sent a written question regarding the Aguán CDM project to the EP (Eickhout, 2011). He wrote:

This project is at the centre of allegations directly linking its activities to the killings of local residents over land conflicts. Moreover, there are serious concerns that the [LSC] was not conducted adequately, omitting the fundamental human right of public participation for the affected local communities … The carbon credits from this project could enter the European carbon market and be used to count towards climate targets under the EU ETS and the Effort Sharing Decision … Given that all EU Member States have signed the Universal Declaration of Human Rights, how does the European Commission ensure that offset projects that violate human rights be banned from entering the European carbon market? (ibid.)

Following the submission of Eickhout’s written question, (he was the leader of the Dutch Green Party, GroenLinks), CMW and GroenLinks issued a joint press release on 11 July 2011, the same week as the CDM-EB meeting at which a final official decision about the Aguán CDM project would be made (CMW, 2011f). This press release was the final action taken by the campaign before the CDM-EB’s meeting and it stated:

[T]he project has triggered questions on whether credits from carbon offsetting projects that violate human rights should be banned in the European carbon market … The project was investigated by an international human rights fact-finding mission which submitted its report to the Rapporteur for Honduras of the Inter-American Commission on Human Rights. The final report documents that 32
peasants were killed in Bajo Aguán, Honduras, between January 2010 and June 2011 in the context of the agrarian disputes with three major palm oil producers of the region. According to state attorneys, investigations of at least five of the killings are directed exclusively at private security forces contracted by one of these palm oil producers who owns the CDM project’s developer firm ... CDM Watch calls on the CDM Executive Board to reject the project and to put safeguards in place immediately to prevent human rights abuses from occurring. (ibid.)

Despite the global campaign recounted above, at its 62nd meeting in Marrakesh on 15 July 2011, the CDM-EB agreed to register the Aguán project activity as a CDM project (CDM-EB, 2011a:11). In its press release, the CDM-EB stated:

The Executive Board assessed the project, and in response to information received, decided to consider the issue of whether stakeholder impacts had been adequately addressed in the process. The Board, having identified concerns with the process, initiated an inquiry which gave the designated operational entity -- accredited third-party certifier -- that validated the project and the project participant an opportunity to respond to these concerns. During the inquiry the Board questioned the DOE and project participant regarding the conduct of stakeholder consultation and in particular how stakeholder concerns had been canvassed and addressed ... Following its assessment, the Board found the project, which had been under review for an unrelated reason, to be in compliance with current stakeholder requirements, and thus qualified for registration. (CDM-EB, 2011)

The CDM-EB’s response particularly to the allegations related to the human rights violations around the project site is worth noting:

[The Board is aware of violence, even deaths, associated with land disputes in the Aguán Valley, Honduras, specifically disputes over land held by the project owner. This is a matter of grave concern to the Board. Nevertheless, after careful consideration the Board concluded that it was not in a position to assess responsibility in respect to these incidents of violence or recent reports that land disputes have been resolved. (ibid.)

The CDM-EB’s central argument that, in accordance with the CDM R&P, they were not “in a position” to assess the project based on human rights allegations was echoed in subsequent statements made by members of the CDM-EB. In an interview, Martin Hession, the chairman of the CDM-EB at the time, stated:
We investigated the project to see whether it complies with our rules very carefully and could not find a problem with the stakeholder consultation ... Basically, in this particular situation and more generally when we have an allegation that we do not have the authority or the power to get to the bottom of, I think we have taken it seriously; we have looked at whether our rules have been applied and we have done that with great seriousness and gravity. And we have not found within our rules-based system a problem that we can identify as being a CDM problem. (Hession, 2011)

In another interview, Hession declared that several of his colleagues on the CDM-EB had been ‘personally distressed’ by the human rights abuses around the Aguán CDM project; however, because the events “took place after the CDM’s stakeholder consultations had been held and fell outside the board’s primary remit to investigate emissions reductions and environmental impacts, it had been powerless to block project registrations” (Neslen, 2011). Another member of the CDM-EB at the time stated that “we are not investigators of crimes ... We had to take judgements within our rules – however regretful that may be – and there was not much scope for us to refuse the project. All the consultation procedures had been obeyed precisely” (ibid.).

Moreover, the report published by the CDM policy dialogue (an independent high-level panel established under the UNFCCC in 2012) entitled ‘Assessing the impact of the clean development mechanism’, went further by stating that

[F]or example, in the case of ... Aguán biogas recovery from POME ponds and biogas utilisation in Honduras, the problems cited by stakeholders existed prior to the CDM project activity. This means that the CDM [project itself was] not the cause of the problems, nor was there evidence presented that the CDM [project] worsened these pre-existing situations. (CDM Policy Dialogue, 2012:49)

As Schade and Obergassel pointed out,

*The CDM modalities and procedures leave the question of whether a project contributes to sustainable development at the discretion of the host country. This*
leaves no remedy for cases where the host country government itself is involved in human rights violations. (2014:726)

That is precisely the case in the Aguán Valley, as explained throughout this thesis.

It is therefore possible to conclude this section by stating that, from the perspective of the peasant movements in the Aguán Valley, as subaltern social forces, the implementation of the Aguán CDM project by Dinant provided a ground on which they built further alliances. Being a part of this global campaign against the Aguán CDM project, along with the other global campaigns against the World Bank’s loan to Dinant, has been an important strategic stand in their war of position, broadly understood as a long-term strategy which is often employed by subordinated social forces and “coordinated across multiple bases of power, to gain influence in the cultural institutions of civil society, develop organizational capacity, and to win new allies” (Levy & Newell, 2002:88). The global campaign against the implementation of the Aguán CDM project, in this sense, provided the Aguán’s peasant movements, as subordinated social forces, a basis on which they were able to build further alliances and to further increase their organisational capacities. In other words, the global campaign against the project’s implementation enabled the Aguán’s (landless) peasant movements to further advance their strategic situation in a war of position.

7.5. Conclusion

From a neo-Gramscian perspective, I have argued in this chapter that the discursive means of power aligned with the material and institutional spheres of the implementation of the Aguán CDM project takes two main forms of (legitimising) narratives, in relation to the dual goals of the CDM. These are identified as the stimulation of emission reduction and sustainable development narratives. I have attempted to highlight the reciprocal relations between the three forms of power, institutional/organisational, material and discursive, by regarding the latter form of power as an amalgam of the former two, which in turn influence the development of material and institutional spheres. In this regard, I have identified and explored three layers in the (legitimising) narratives attached to the
implementation of the Aguán CDM project: construction, realisation and activation.

It has been explained that, in accordance with the CDM M&P, the construction processes of these narratives take place at the pre-registration steps of the CDM project cycle. I have also analysed how the CDM consultants and the DoE, as well as the Honduran DNA, function as organic intellectuals in these construction processes, in the sense of providing Dinant, the project developer, with a further “awareness of its own function” (Gramsci 1971:5) within the boundaries of the discursive frameworks in relation to the project’s implementation. It has also been argued that the realisation of these narratives occurred at the stage of the registration when the CDM-EB formally registered the Aguán project as a CDM project.

By analysing the construction and realisation processes of these narratives, the extent to which the Aguán CDM project complies with some of the fundamental requirements of the CDM, such as the additionality, has also been investigated in order to better grasp the institutional and material foundations of the narratives attached to the implementation of the project. It has been revealed that the construction and realisation of these narratives have taken place on the basis of flawed and questionable claims, as in the case of the additionality and the adequacy of the LSC.

It has been further argued that once the Aguán project was formally registered by the CDM-EB as a CDM project and hence these (legitimising) narratives were formally realised, Dinant gained additional discursive forms of power. By gaining formal access to and control over these narratives, Dinant became able to activate them in the service of its own interests, in the sense of portraying and universalising its interests as common sense.

However, the degree to which these narratives were functionalised/operationalised on the ground mainly depends not only on the capacity and willingness of those who have access to and control over this discursive power, such as the project developer, but also
on the extent to which the issues regarding the narratives are contentious in the national and sub-national settings. As argued above, in respect of the stimulation of the emission reduction narrative, for instance, the high level of acceptance and desirability of oil palm in Honduras, or of palm-oil production as a central accumulation strategy – even among the majority of subordinated social forces, such as peasant movements – make the climate change-related issues related to oil palm less contentious in Honduran society. Accordingly, the activation of these narratives in the hands of Dinant has been found to be relatively limited.

By chronologically analysing the global campaign challenging the implementation of the Aguán CDM project, I have explored the nature of the politics of contestations and resistances around the project. In line with the (neo-)Gramscian argument that “hegemony necessarily also creates vulnerabilities, fragilities and opportunities, therefore, to resist its reach” (Newell, 2009:39), Dinant found itself under attack by a globally-run campaign challenging its interests in relation to the implementation of the Aguán CDM project.

The global campaign successfully re-set the discussion in relation to the project’s implementation by pointing out the issues, such as human rights, which had remained non-issues within the discursive framework of the CDM on a global scale. Moreover, the campaign strategically targeted the issue-specific alliances and partnerships which Dinant had built in relation to the implementation of the Aguán CDM project. As a result, Perspectives, one of the CDM consultancies working for the Aguán project’s CDM documentations, and EDF Trading, the potential CER-buyers of the project, terminated their alliances with Dinant. From a neo-Gramscian perspective, the termination of these partnerships can be regarded as weakening the institutional/organisational forms of power which Dinant had gained through the implementation of the Aguán CDM project, as analysed in Chapter 5.
From the Aguán peasant movements’ point of view, the implementation of the Aguán CDM project has provided them, as subordinated social forces, with a basis on which they have built further alliances. Also, by being a component of this global campaign, the peasant movements in the Aguán Valley were able to further increase their organisational capacities, particularly in the sense of their ability to make their voices heard on an international scale and therefore to expand their struggles for the land outwardly. In other words, the international civil society campaign against the project’s registration has enabled the Aguán’s (landless) peasant movements to further advance their strategic situation in a war of position.
8. Discussion and Conclusion: the land conflict in the Aguán Valley and the Aguán CDM Project

In this thesis, I have explored the Aguán CDM project in Honduras, one of the most controversial CDM projects to date due to human rights violations, including deaths, which have taken place at and around the project site and to the project owner’s, Dinant’s, alleged involvement in them. As has been seen, the official response of the CDM-EB to the international civil society campaign denouncing the registration of the Aguán CDM project was that it was “not in a position to accept responsibility in respect to these incidents of violence”.

This research has gone beyond the highly polarised discussion around the CDM project’s impacts on the Aguán land conflict which has been characterized by two competing approaches: one arguing that the project’s implementation has exacerbated the conflict mainly by shifting the balance of power in favour of Dinant and by legitimising the company’s illegitimate activities, including violent evictions of landless peasants from the disputed lands (Kerssen, 2013; Kryt, 2011; Perez & Navas, 2014; Lakhani, 2014; 2016; Carasik, 2013); and the other putting forward the argument that the conflicted situation in the region existed prior to the implementation of the CDM project and that there is no evidence that the project has worsened the already existing situation (CDM Policy Dialogue, 2012; TERI, 2012).

Although the project’s registration by the CDM-EB has been heavily criticised (CMW, 2011c; Kerssen, 2013) and fostered a discussion which put into question the legitimacy of the CDM, both in the academic literature (Newell, 2015; Schade & Obergassel, 2014; Olawuyi, 2013) and in international media outlets (Neslen, 2011; Lakhani, 2014; 2016; Carasik, 2013; Gimenez, 2013), nuanced examinations of its relations with the ongoing conflict were still absent. With the aim of responding to this gap and departing from the intellectual problem regarding the CDM’s involvement in one of the deadliest land conflicts in Latin America in the twenty-first century, the central objective of this PhD
thesis was to provide a nuanced and detailed understanding of the project’s interaction with the conflict in the Aguan region.

In line with this objective, I formulated the overarching research question as: **How has the Aguán CDM project’s implementation impacted on the power dynamics in the ongoing land conflict in the Aguán region, Honduras?** Informed by primary and secondary data gathered mainly during field-work conducted in Honduras, I have addressed this research question by analysing the power relations around and through palm-oil production in the Aguán region, and in Honduras in general, prior to and during the project’s implementation, using a theoretical framework combining a class-relational APE approach and a neo-Gramscian perspective.

The contemporary form of the land conflict in the Aguán region has predominantly been framed – from a critical perspective – as a clash between subsistence-oriented landless peasants and the agro-industrial bourgeoisie within the Honduran palm-oil sector interested in expanding its palm-oil production and oil palm cultivation partly for gaining access to additional financial incentives “in the form of tradable carbon emission reduction credits under the Kyoto Protocol’s Clean Development Mechanism”, while violently dispossessing landless peasants from lands onto which they had settled (Edelman & Leon, 2013:1707). As has been shown, not only NGO reports (Bird, 2013:9) but also the academic and activist literature (Kerssen, 2013:73; Conant, 2011) and both mainstream and alternative media sources (Neslen, 2011; Lakhani, 2014) have critically argued that Dinant has “received carbon credits” despite its alleged involvement in human rights violations (Edelman & Leon, 2013:1713).

I was strongly influenced by these predominant critical framings of the conflict before conducting my field-research in Honduras and, accordingly, expected to find a peasant movement strongly opposed to, and fighting against, the expansion of an agro-industrial model of export-oriented, monoculture-based African palm plantations and palm-oil
production. In line with this presumption, I had originally planned to frame this case study within the context of green grabbing and to show how environmental green agendas such as the CDM could exacerbate pre-existing grabs by integrating into them. I also expected to add empirical weight to the claim that the CDM was used to finance an unsustainable agrarian transition (Wittman et al., 2015). In this regard, I was aiming to test the political ecology framework within the context of green grabbing while heavily engaging with the critical debates on agrofuel production.

However, as stated earlier, I found that Dinant has neither received any CDM finance yet, nor expanded its landholdings in the region since 2003. More importantly, while engaging with the Aguán’s landless peasants on the ground during my field-work, I realised that despite their awareness of critiques of palm-oil, they did not oppose palm-oil production, but rather tried to carve out a space to grow oil palms or to integrate themselves into the palm-oil sector in general. This broad empirical finding disrupted my presumptions and urged me to look at the case differently. This was when I began to see the power structure around and through palm-oil production in the region, and in Honduras in general, as a hegemonic one from a neo-Gramscian perspective. In this regard, as stated in the introduction to this thesis, the theoretical framework combining a class-relational APE approach and a neo-Gramscian perspective evolved inductively from the case study itself.

8.1. Theoretical Implications

This thesis has made six main contributions to the literature. The following subsections will explore them in the light of the empirical evidence presented in the previous six substantive chapters.

8.1.1. The Distributive 1974 Agrarian Reform as a Product of a Passive Revolution

In the class-relational APE literature, it is claimed that land laws and policies are formed by interactions between diverse, usually conflicting, social forces (Akram-Lodhi & Kay, 2009;
2009b). By exploring the 1974 distributive land reform’s implementation within the context of a passive revolution, this thesis has added empirical weight to this claim. Moreover, some authors within this literature have called for further empirical investigations into the political economic dynamics behind land reforms implemented in the global south (Borras et al., 2007; Akram-Lodhi et al., 2007; 2009b). Through looking at the conditions which led to the reforms and the changes in the constellation of social forces within the rural settings of the Aguán region, this thesis has responded to this call.

Chapter 2 has also contributed to the existing APE and neo-Gramscian literatures by illustrating how the 1972 passive revolution carried out by the reformist military regime in Honduras replaced the national peasant organisations’ revolutionary impulses (particularly in the form of their demand to abolish latifundios) by partially fulfilling their efforts – through the implementation of the 1974 reform which re-organised a significant part of the landless peasantry into peasant colonies and/or cooperatives to suit the expansion of capitalism as a mode of production.

8.1.2. The Dynamics of Dispossession in the Aguán Region
The class-relational APE literature argues that neoliberal land policies unravelling the agrarian reform sector have given rise to more complex and heterogenous structures in rural settings (Kay, 2004:233). By analysing the agrarian structure in the Aguán region in the context of peasant cooperatives prior to and after the 1992 counter-agrarian reform’s implementation, this thesis has given empirical weight to this argument.

One of the main calls made to overcome the problematic tendency of the contemporary land-grabbing debates of exclusively focusing “on enclosure as the main driving force behind contestation and agrarian social relationship” which limits our understanding of the complex agrarian dynamics (Castellanos-Navarrete & Jansen, 2015:791) is to connect analyses of land grabs to their historical antecedents and to long-standing APE questions (Edelman et al., 2013:1517). This research has also responded to this call by exploring the
dynamics of dispossession, land concentration, the emergence of the agro-industrial bourgeoisie in the Honduran palm-oil sector and agrarian transformation by looking at the re-composition of the rural classes in the Aguán region in the aftermath of the 1992 reform.

8.1.3. The Reconfiguration of Rural Politics
From a class-relational APE perspective, it has been argued that “the fulcrum of rural politics is (...) the rural production process and rural accumulation” (Akram-Lodhi & Kay, 2009:328). By looking at the processes which led to the emergence of Aguán’s decentralised landless peasant movements in the late 1990s, this thesis has provided an empirical ground for this argument. It has also contributed to the APE literature by showing how during this period the character of rural politics in the region evolved from everyday forms of resistance into collective action, and by looking at the dynamics behind this change.

8.1.4. The Construction of Palm-Oil Hegemony in Honduras
There is a problematic tendency within the critical APE approach of “blaming a crop” – in the words of White and Dasgupta (2010:605) – when analysing the expansion of monoculture-based cash crops, such as oil palm, in the global South (Alonso-Fradejas, 2012; Gerber, 2011; Marin-Burgos, 2014; Backhouse, 2015). This tendency limits, if not blinds, us from fully understanding the power relations at play behind the dramatic expansion of such crops (Castellanos-Navarrete & Jansen, 2015).

Using a theoretical framework combining a class-relational APE approach and a neo-Gramscian perspective has enabled me to overcome this problem by enabling me to comprehensively capture the complex agrarian dynamics in the Aguán, including small, medium and landless peasants’ positionalities towards palm-oil production in the region and in Honduras from an historical political-economic perspective. In that sense, this
thesis contributes to the APE and neo-Gramscian literatures by theorising the power structure in the Honduran palm-oil sector in the context of hegemony.

I have originally claimed that since the late 1990s, Honduras has built a palm-oil hegemony, understood as a consensus around the desirability and viability of palm-oil production and oil palm cultivation as a central accumulation strategy. In line with the neo-Gramscian understanding of the dialectic moment of hegemony, I have analytically and empirically explored the construction of this hegemony against the background of its three main underpinnings, material, institutional/organisational and discursive, while reflecting on the interactions and reciprocal relationships between these three forms of power. Chapter 3 responded to the gap in the literature by offering a nuanced and comprehensive understanding of the power relations at play behind the dramatic expansion of palm-oil production in Honduras since the early 2000s.

8.1.5. The Land Conflict as a Conjunctural Crisis of the Palm-Oil Hegemony

As Castellanos-Navarrete and Jansen (2015:791) have criticised, the contemporary land- and green-grabbing debates within the critical APE literature have tended to focus exclusively “on enclosure as the main driving force behind contestation and agrarian social relationship”, which limits our understanding of the complex agrarian dynamics and of the political and material responses of small- and medium-scale peasants to oil palm cultivation and palm-oil production in particular.

As shown earlier, the critical framings of the Aguán conflict have presented landless peasants in the region as subsistence-oriented people who are opposed to, and fight against, the expansion of an agro-industrial model of export-oriented, monoculture-based African palm plantations and palm-oil production (Bird, 2011 & 2013; FoE, 2014; Lakhani, 2014; Kryt, 2011). By analysing the agrarian dynamics around the conflict in the context of the palm-oil hegemony in Honduras and exploring the fact that almost all of the Aguán’s landless peasant movements are today trying to carve out a space to grow oil palms, or to
integrate themselves into the palm-oil sector in general, from the perspective of the common sense of lived realities, this thesis has provided an empirical ground to the argument of Castellanos-Navarrete and Jansen (2015).

By exploring the dynamics behind the contemporary form of the land conflict in the Aguán region and looking at the political strategies employed by the main actors involved, this thesis has contributed to the APE literature on the relations between peasant movements and agrarian dynamics (Bryceson et al., 2000; Borras & Franco, 2012; Akram-Lodhi et al., 2007; Borras et al., 2008; Boyer, 2010). Chapter 4, in this regard, has also contributed to the literature by contextualising the land conflict in the Aguán region as a conjunctural crisis of the palm-oil hegemony in Honduras.

8.1.6. The Aguán CDM Project Subordinated to the Interests of the Palm-Oil Hegemonic Bloc

By assessing the impacts of the implementation of the Aguán CDM project on the power dynamics in the ongoing land conflict against the background of the three underpinnings of the palm-oil hegemony, and by looking at the interaction of these forms of power, this research study has provided an empirical ground for the claim that initiatives within global environmental governance, such as the CDM, are subordinated to the interests of hegemonic social forces (Matt & Okereke, 2015). By showing how the Aguan CDM project’s implementation has provided Dinant, as an important member of the palm-oil hegemonic bloc in Honduras, with additional material and institutional/organisational and discursive means of power, this thesis has contributed to the emerging critical literature applying neo-Gramscian perspectives to the realms of the CDM and of carbon markets in general (Matt & Okereke, 2015; Stephan, 2011; Newell, 2015; Matthews & Paterson, 2005; Okereke et al., 2009) and has also responded to the call for unpacking how elites use such mechanisms to maintain their hegemonic power (Crabb, 2016:218).
8.2. Empirical Findings

In Chapters 5, 6 and 7, I assessed the impacts of the Aguán CDM project’s implementation on the power dynamics in the ongoing land conflict in the Aguán region against the backgrounds of the material, the institutional/organisational and the discursive underpinnings of the palm-oil hegemony in Honduras respectively. Some of the key empirical findings in relation to the overarching research question of this current study will be shown below in the breakdown of these chapters of the thesis.

8.2.1. The Material Means of Power

The impacts of the implementation of the Aguán CDM project on the material underpinning of the palm-oil hegemony have been assessed against the background of Dinant’s abilities to access and control biogas technology, palm-oil production, land and methane as units of natural resources, and CDM finance. The thesis has shown that, on the one hand, there is no significant empirical evidence to claim that the project’s implementation has provided Dinant with additional material means of power around the questions of access to and control over the land and CDM finance to date, unlike the ways in which the case has previously been presented, as discussed earlier. On the other hand, as the analysis has shown, Dinant’s abilities to access and control the biogas technology, palm-oil production and methane have been secured and further expanded through the project’s implementation by providing the (necessary market) conditions for the establishment of an issue-specific partnership between Dinant and the technology provider; by generating the several different additional revenue streams described above; by making palm-oil production more resource-efficient; and by enabling Dinant to claim ownership over methane, a ‘recently’ commodified unit of nature. In Chapter 5, I concluded that these additional material means of power provided by the CDM project’s implementation have contributed to Dinant’s efforts to preserve and expand its existing and future (hegemonic) position in the Honduran palm-oil sector.
Another main empirical finding of Chapter 5 has exposed how the project’s foreign technology provider has served as a market enabler in the empirical context of the CDM in Honduras, mainly by generating demand, raising awareness of CDM opportunities for and partnering with Honduran palm-oil extractors, including Dinant, to promote the development of biogas projects in the country. I have shown how the CDM’s presence is instrumentalised by the technology provider as a component of its marketing strategy.

8.2.2. The Institutional/Organisational Means of Power
The Aguán project’s impacts on the institutional/organisational pillar of the palm-oil hegemony in Honduras were assessed on Chapter 6. In that chapter, I distinguished between two main strands of this form of power: institutional (referring to influence over the state and decision-making processes) and organisational (referring to the ability to build partnerships and/or alliances).

On the one hand, whilst looking at the ways in which the project has been governed on the ground by the Honduran DNA and reflecting on how the existing landscapes of power into which the project was received shaped the form and effectiveness of the day-to-day CDM governance, in Chapter 6 I concluded that there is no strong empirical evidence to claim that the CDM project’s implementation has provided Dinant with additional institutional forms of power. However, by showing a causality flowing in the opposite direction, I have claimed that instead of adding additional institutional means of power, the implementation of the Aguán CDM project has been subordinated to Dinant’s already existing institutional forms of power. Related to this finding, Chapter 6 has empirically shown that the Honduran DNA did not make any efforts to assess whether the project would meet the CDM’s sustainable development requirement and ignored the ongoing conflict at and around the project site. In doing so, Chapter 6 has also given empirical weight to the claim that the DNAs generally consider the sustainable development requirement “in a very laissez-faire way” (Newell et al., 2009:720).
On the other hand, I have shown that the project’s implementation has provided Dinant with additional organisational means of power by providing conditions under which Dinant was able to build issue-specific partnerships with different foreign corporate actors around the common interest of the successful implementation of the project.

8.2.3. The Discursive Means of Power

The impacts of the Aguán project’s implementation on the discursive underpinning of the palm-oil hegemony in Honduras have been assessed against the backgrounds of two main (legitimising) narratives in relation to the dual goals of the CDM: the stimulation of emission reduction and sustainable development. By reflecting on the reciprocal relations between the three forms of power, I have disaggregated the discursive means of power within the context of these narratives and identified three layers within them, attached to the project’s implementation: construction, realisation and activation. By showing how the CDM consultants and the DoE, as well as the Honduran DNA, have functioned as organic intellectuals in the narrative construction processes within the pre-registration stages of the CDM project cycle, I have claimed that by getting the project officially registered by the CDM-EB, these legitimising narratives were officially realised and Dinant gained formal access to and control over them. By enabling Dinant to activate these narratives in the service of its own interests, the project’s implementation, I have claimed, has provided Dinant with additional discursive means of power.

Moreover, by empirically showing that the project’s additionality requirement was not adequately met, the findings presented in Chapter 7 have added empirical weight to the claim that CDM projects generally fail to meet the additionality and do not go beyond ‘business-as-usual’ scenarios (Newell, 2012; 2014; Lohmann, 2009; 2011). Furthermore, by looking at the ways in which the project’s LSC took place, I have claimed that the adequacy of the LSC is questionable.
Furthermore, by analysing the global campaign against the project’s implementation, I have explored the nature of the politics of contestations and resistances around the project. I have shown not only how the campaign has successfully re-set the discussion around the project by pointing out issues, such as human rights, which had remained non-issues within the discursive framework of the CDM on a global scale, but also how it enabled the Aguán’s (landless) peasant movements to further advance their strategic situation in a war of positions.

8.3. Recommendation for Future Research
This case study sits at the intersection of many contemporary debates, particularly within the political economy and political ecology literatures: agrarian transformation (Akram-Lodhi & Kay, 2009b; Bernstein, 2009; 2010; Gweynne & Kay, 2004), the expansion of palm-oil production (Castellanos-Navarrete & Jansen, 2015; Alonso-Fradejas, 2012; Orsato et al., 2013), agrofuel production (Dietz et al., 2015; White & Dasgupta, 2010), the dynamics of dispossession (Bryceson et al., 2000; Borras & Franco, 2012; Akram-Lodhi et al., 2007), peasant movements (Borras et al., 2008; Boyer, 2010), land occupations (Boyer & Penalva, 2012; Brockett, 1998; 2005; Leon, 2015; Kerssen, 2013) and carbon offsetting (Bumpus & Liverman, 2011; Newell & Bumpus, 2012; Stephan & Lane, 2014).

This study has show that a theoretical framework combining a class-relational APE approach and a neo-Gramscian perspective can be particularly effective for investigating the expansion of flexible crops such as palm-oil, sugarcane and soy in the global south. This could be done by looking at the power structures around and through the production of these crops not only at national and regional levels but also at the global level, within the material, institutional/organisational and discursive spheres of power. Moreover, comparative studies analysing power relations in agrarian settings in different countries might, by using this theoretical framework, shed further light on the political economic dynamics behind the contemporary dramatic expansion of flexible crops and their...
implications for the configurations of rural accumulation, production and politics, as some of the key questions of the APE tradition.

When analysing the power structures at play around and through the production of flexible crops in different national, regional and local agrarian settings, it would be important to explore how the models of their supply chains were constructed; were they inclusive or exclusive? As has been shown in this current study, the model of a supply chain provides important insights into how an hegemony is organised. The model’s evolution towards a more inclusive one plays an important role in generating the conditions under which especially small- and medium-scale independent agricultural producers can come to accept the production of these crops as a central accumulation strategy.

This thesis has shown how initiatives within global environmental governance, the CDM in this case, are subordinated to the interests of hegemonic social forces within the material, institutional/organisational and discursive spheres of power by reflecting on the interaction between these forms of power. It is important to add further empirical weight to this claim by looking at the roles played by other initiatives, mechanisms and schemes, such as RSPO, in contributing to hegemonic social forces’ efforts to preserve and expand their existing and future hegemonic positions in different sectors in different countries.

In line with Marx’s revolutionary statement that “philosophers have only interpreted the world in various ways; the point is to change it” (1845), I hope that the type of analysis which I have applied in this research will contribute to enabling subordinated social forces in agrarian settings to build successful counter-hegemonic struggles. If power structures around and through their production are found to be hegemonic, as in the case of palm-oil in Honduras, these analyses can be used to learn how to build counter-hegemonic struggles.
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Annex 1: List of interviews and Focal Groups

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Annex 2: News and Articles Analysed

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