EXECUTIVE SUMMARY

Liberian Industrial Agriculture Livelihood Impact and Economic Value Study

Sync Consult Limited
October 2016

With a Foreword by Global Witness

For a copy of the complete study, visit:
www.globalwitness.org/liberianplantationstudy

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1. FOREWORD

“Personally, I do not believe that working with GVL alone can bring about the kind of change and development we want to see in our community. Our land is fertile and very good for swamp farming. So rather than depend on [Golden Veroleum] for a meagre salary and a 50 kg bag of rice every month which is not sustainable, we need capacity building. **- Sinoe County Community Member interviewed by Sync Consult, 2015**

Large agriculture plantations are supposed to be one of Liberia’s main drivers of development, featuring heavily in the Government’s Poverty Reduction Strategy and agriculture plans.[1] To this end, since the end of the country’s civil war in 2003, the Liberian Government has awarded some of the world’s largest plantations and set aside almost 10% of the country for conversion, an area three times the size of Beijing.

These plantations are now growing rapidly, and thousands of rural Liberians are being asked to hand over the land that they rely on for their food and livelihoods to multinational companies. But will these plantations help the people? Will they provide the jobs, money, and services that have been promised? These are critical questions not only because the plantations will affect people over such large areas, but because they will affect people for so long. With plantation contracts lasting as long as 98 years, the lives of at least five generations of rural Liberians will be irrevocably changed.

Answers to these questions cannot be found in Liberia. As such, in 2015 Global Witness commissioned a study to provide the Government of Liberia and affected communities much-needed data about who might win and who might lose as a result of a plantation. This study was undertaken by Sync Consult Limited, a Ghanaian economic consultancy[2], and focused on the Golden Veroleum Liberia (GVL) oil palm plantation in South-East Liberia. Awarded in 2010, the GVL plantation will be immense, covering 2,600km^2 – the size of London and Barcelona combined – and affect the livelihoods of over 41,000 people.[3] The plantation has also been the subject of multiple reports documenting how the company rapidly expanded during the Ebola crisis,[4] is pressing for logging permits,[5] and is paying Liberia’s armed police for protection.[6]

Sync Consult’s main finding is that far more people may lose as a result of the GVL plantation than will win. And they may lose a great deal. Approximately 14,000 people live in the area covered by the study, and these community members depend upon their land for farming, hunting, and building supplies. Sync Consult valued these assets as being worth US$ 11.1 million per year. This income is at considerable risk of being lost if community lands are converted into an oil palm plantation.

The other side of the balance sheet doesn’t look nearly as impressive. The study found that the main benefits of the GVL concession would be experienced only by the company’s workers, of whom only 1,650 – 12% of the community – are actually employed by GVL. Sync Consult calculated that values brought by GVL to these workers, and to a much lesser extent the larger community, would be approximately US$ 3.8 million per year.

When presented with these findings in September 2016 GVL declined to provide a substantive response. Instead, the company stated it believed the findings were flawed, although provided little detail as to what such flaws may be. GVL did contend that it continues to believe its plantation would improve the lives of affected community members.[7]

The results of this study are not, however, altogether surprising. Oil palm plantations in Malaysia and Indonesia have a track record of forest destruction and forcible evictions of local communities.[8] They also do not have a good record of helping local communities improve their livelihoods. A 2015 study commissioned by leading community economics organization Rights and Resources Initiative (RRI) surveyed the benefits and drawbacks of Indonesian palm oil plantations. Such plantations, RRI found, have led to increased inequality and have been far less economically productive than other land uses. Summarizing such plantations’ impacts on local landowners, the study concluded that:

The biggest losers in this process were locals who lost their lands and livelihoods but have not been incorporated in the new economy on advantageous terms. Indigenous Peoples, subsistence farmers, and women were the most vulnerable groups.[9]

The Liberian Government needs to take immediate action. As pointed out by Sync Consult, and backed up by RRI, alternative agriculture schemes such as production by smallholders instead of a centralized plantation generate more benefits for local communities. On the back of a landmark 2014 agreement with Norway, the Liberian Government is promoting community-focused management schemes in the forest sector, and in September 2016 Global Witness published a brief outlining the next steps the Government can take to ensure communities benefit from their forests.[10] Similarly, the Government should promote community-focused management of the agriculture sector, ensuring that smallholders are central to any new plantations, and pressing existing companies such as GVL (and the equally large Sime Darby) to switch to smallholder schemes.

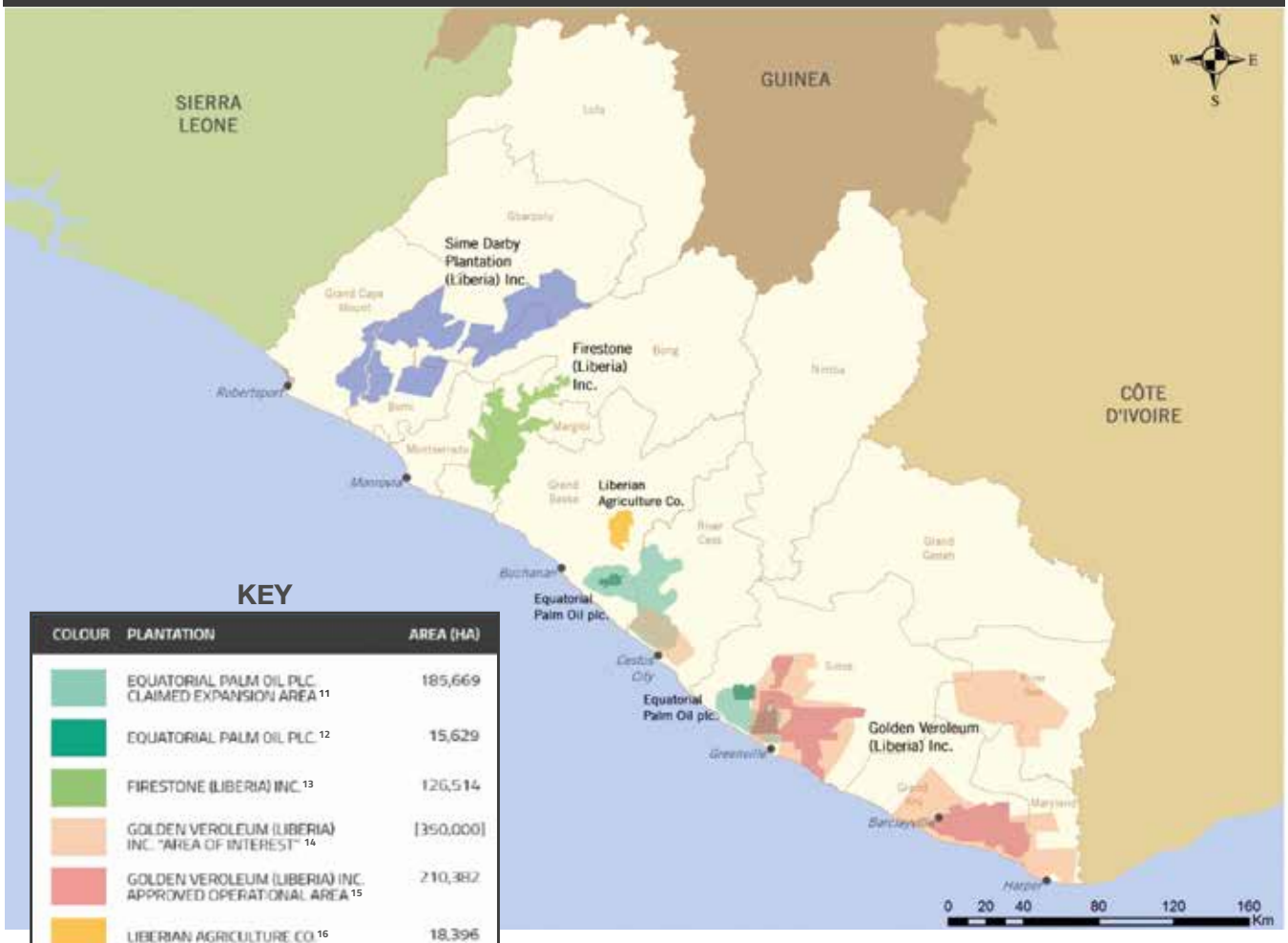
The Government should also immediately approve the country's Land Rights Law, which has been sitting dormant in the Liberian legislature since early 2015 and would recognize that rural people, not companies, own the land.

"I am not ready to give [my farm] up for any company's operations. It was given to me by my father and I am keeping it for my children. **- Sinoe County Community Member interviewed by Sync Consult, 2015**

To date the Government of Liberian and its international donor partners have shown little interest in regulating the country's many plantations, persuaded that they will drive development. As the Sync Consult study demonstrates, this assumption may not be correct, and that for local people giving up their land forever Liberia's new plantations are an economic drain, and not a driver of development. Armed with this data, we hope a change is possible.

Patrick Alley
Director, Global Witness, October 2016

LIBERIA'S PLANTATIONS



KEY

COLOUR	PLANTATION	AREA (HA)
	EQUATORIAL PALM OIL PLC CLAIMED EXPANSION AREA [11]	185,669
	EQUATORIAL PALM OIL PLC [12]	15,629
	FIRESTONE (LIBERIA) INC [13]	126,514
	GOLDEN VEROLEUM (LIBERIA) INC. "AREA OF INTEREST" [14]	[350,000]
	GOLDEN VEROLEUM (LIBERIA) INC. APPROVED OPERATIONAL AREA [15]	210,382
	LIBERIAN AGRICULTURE CO [16]	18,396
	SIME DARBY PLANTATION (LIBERIA) INC [17]	260,000
NA	SEVEN PLANTATIONS FOR WHICH AREAS AND LOCATIONS UNKNOWN [18]	>269,520
	TOTAL AREA OF PLANTATIONS	>1,086,110

2. EXECUTIVE SUMMARY

In 2015, Sync Consult undertook a study of community livelihoods in and around the large Liberian oil palm plantation managed by Golden Veroleum Liberia (GVL), assessing who might benefit and who might be disadvantaged as a result of the plantation. This study found that of the nearly 14,000 people estimated to live in the section of plantation under analysis, the direct benefits will be felt by only a small number of people, the 1,650 people who get jobs with the company. In contrast, the plantation poses economic risks to the wider community, which obtains significant values from its lands, including through farming, hunting and building supplies. These values are much higher than those gained by the smaller employed group.

Based upon the data we have collected, we recommend that the Government of Liberia consider alternative, community-led smallholder agriculture models over centralized, company-controlled models when considering new agriculture projects or authorizing the expansion of existing plantations.

2.1 BACKGROUND AND METHODOLOGY

Over the past ten years, the Liberian Government has issued a number of new large oil palm plantations, including to multinational companies such as GVL. Sync Consult was commissioned by Global Witness to study those values that would be gained or lost by people living in these new company-controlled plantations, who would benefit and who would lose out.

To conduct this study Sync Consult focused on the GVL plantation, having identified that well-established community organizations and networks in the plantation could provide the needed data. The GVL plantation is located in the South-East of Liberia, and will eventually cover 260,000 hectares (ha) within the counties of Sinoe, Grand Kru, and possibly River Gee and Rivercess. The plantation's Concession Agreement was signed in 2010 and under this contract the company is obligated to provide staff with education facilities and medical clinics as well as to provide the wider community with annual contributions to a Community Development Fund. GVL has also signed separate agreements with communities in the plantation describing services the company will provide. As discussed in our study, however, those interviewed were unclear about the terms of both the company's contract with the Government and the company's agreements with communities.

The plantation has not reached its full size yet, but is expanding quickly. We focused on one 33,000 ha section of the plantation, located in the Butaw and Kpayan Districts of Sinoe County. It is estimated that 13,935 people live in the study area. The plantation will last for between 65 and 98 years. During our study we interviewed 1,422 community members, or 10% of the estimated population. Of those interviewed, 597 live in areas where GVL has already begun operations, clearing land to make way for its plantation. The other 825 people interviewed live in areas where GVL has not yet started work, but is expected to do so.

The team employed a research method that included a standardized questionnaire, in-depth interviews and focus-group discussions, including with representatives from institutions, opinion leaders, and youths. Female respondents accounted for 46% of those interviewed.

2.2 FINDINGS

2.2.1 The values of the plantation

The study examined the values that GVL will bring to the people of Butaw and Kpayan. Those who are by far the most likely to benefit from the GVL plantation are the small percentage of community members who are employed by the company and their families. Most benefits provided by the plantation are not shared with the wider community. Salaries are, understandably, available only to those who are employed, but so too is schooling for staff and their dependents and access to medical facilities. GVL does contribute to the wider community in one concrete way, paying into a Community Development Fund for development projects benefitting the people of Butaw and Kpayan.

But the number of those employed by GVL and thus benefitting from the plantation is not large. Based on a GVL's own estimates, community interviews, and evidence from plantations elsewhere in the world we determine that – when GVL covers all 33,000 ha of the study area – the company will employ approximately 1,650 people from the affected community. This is only 12% of the total population of Butaw and Kpayan. It is also only 30% of workforce employed in the Butaw and Kpayan section of the plantation because, according to those interviewed, 70% of GVL staff is not drawn from local communities but has travelled from elsewhere in Liberia.

Our study allowed us to estimate the economic value that these workers, their dependents and – in part – the wider community obtain from GVL. This estimate included salaries, the value of schooling to workers' children and money given by GVL to the social fund. All together, these values total almost US$ 3.8 million per year.

We identified some additional values that the wider community should obtain as a result of the GVL plantation. These include the use of roads or bridges maintained by the company and – if the company so chooses in the future – access by the wider community to GVL schools and clinics. However, the study was not able to quantify these possible values at this stage. We were also not able to calculate the value of GVL healthcare provided to staff and their dependents, although as we found that such clinics are currently under-stocked, it is unlikely that such values would be substantial.

2.2.2 The values of no plantation

The study also examined the values that the people of get from their land without the GVL plantation. These are, of course, values enjoyed by the entire community and not just by community members in one or another form of occupation. These are also values that are at risk of being lost as the land is converted to plantation.

Based upon interviews with Butaw and Kpayan community members who maintain traditional livelihoods, we were able to calculate the values people obtain from their forests and land when it is not converted to plantation. People farm cassava and rice, hunt, harvest fruit, and obtain building supplies and fuel from their local environment. Together, these goods and services amount to an annual income of US$11.1 million per year. This income is spread throughout the entire community.

A number of values communities obtain from the land could not be quantified. These include the religious importance communities place in specific natural features like hills, rivers or forests. The study was also not able to quantify the value community members obtain from fishing in the rivers or the medicines that people collect from the forests.

It is certainly possible that some of these values could be maintained by communities after the GVL plantation is developed over their lands. GVL has set aside some areas for communities to continue growing food and has preserved some religious sites such as cemeteries. However, the process by which GVL works with communities to identify what land the company can take and what communities need for farming, hunting, or other uses has been criticised by community members and NGOs. It is thus reasonable to assume that values communities currently obtain from their lands risk being lost as a result of the plantation.

In addition, the GVL plantation may bring substantial costs to communities in Butaw and Kpayan. The researchers found an increased risk of food insecurity and of water source pollution as a result of the concession. There is also a higher risk of social tension resulting from an influx of outside labourers, changes in livelihoods, and disagreements between the community and GVL over promises the community believes the company has made which are not being fulfilled. Many community members stated that they understood that GVL would provide them with medical clinics and schools, although the company is not obligated to provide such items and is not doing so, causing considerable frustration.

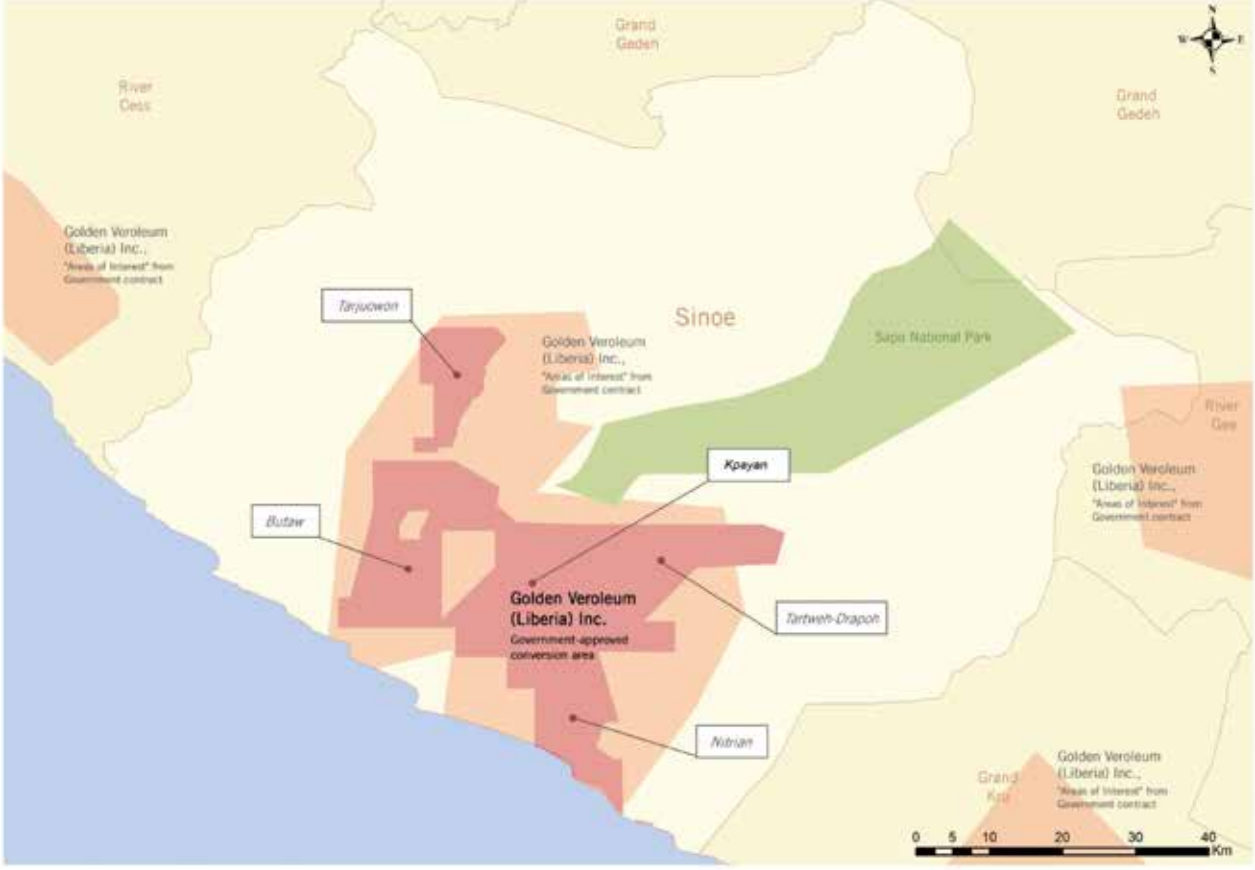
2.3 CONCLUSIONS AND RECOMMENDATIONS

Based on evidence collected, it is highly questionable whether the GVL plantation model is in the best interests of people living in the concession. At the same time, evidence from Indonesia and Malaysia suggests that alternative models, in which community members are encouraged to grow oil palm themselves – a smallholder scheme – better reduces poverty and speeds development in rural areas.

A full list of recommendations is included in the study, but key among these are:

- The Liberian Government should consider agriculture models that favour smallholder, community-owned schemes rather than centralized, company-controlled plantations. Such alternative models should be employed instead of any new plantations and should be considered when discussing further expansion with GVL and Liberia's other current plantation companies.
- Obligations held by GVL under its Concession Agreement with the Government of Liberia and agreements it has signed with affected communities should be fulfilled. The Government should improve its public duty to monitor the delivery of company commitments to its people, and should hold the company accountable if such obligations are not fulfilled.
- The Government should pass the Land Rights Law, currently sitting in Liberia's legislature, to ensure the land ownership rights of communities affected by plantations are secured and protected.

THE GOLDEN VEROLEUM PLANTATION IN SINOE COUNTY



FOOTNOTES

1 Government of Liberia, Poverty Reduction Strategy, 2008. See http://bit.ly/2bCnjxS; Government of Liberia, Liberia Agriculture Sector Investment Program Report, 2010, available at http://bit.ly/2bApFvX.

2 For more information on Sync Consult, see http://www.syncconsult.com/sd_services.html

3 Population estimate calculation based upon portion of districts covered by concession and district population data drawn from Liberian Institute of Statistics and Geo-Information Services, 2008 National Population and Housing Census, May 2009, available at http://bit.ly/2bRecJZ.

4 Global Witness, The New Snake Oil, July 2015, available at www.globalwitness.org/newsnakeoil.

5 Sustainable Development Institute, Stopping Illegal Logging in Sinoe County, 15 April 2016, available at http://bit.ly/2bKCy5s.

6 Global Witness, The Temple and the Gun, October 2016, available at globalwitness.org/templeandgun

7 Letter from Andrew Kluth to Global Witness, 28 September 2016.

8 Reuters, Indonesia palm oil battle pits farmers against big plantations – TRFN, 12 March 2015, available at http://reut.rs/1AjeACk; Forest Peoples Programe, TuK Indonesia, Rainforest Action Network, Bruno Manser Fonds, Friends of the Earth US, Banktrack, Friends of Siberian Forests, FERN, Facing Finance, Urgewald, Briefing to Banks and Potential Investors on the ongoing risks and outstanding social conflicts in the palm oil agribusiness sector: Golden Agri-Resources (GAR) bond offering, 15 April 2015, available at http://bit.ly/1E64o5o.

9 Rhein, Matthais, Industrial Oil Palm Development Liberia's Path to Sustained Economic Development and Shared Prosperity? Lessons from the East, Rights and Resources Initiative, February 2015, p. 20, available at http://bit.ly/2bdk8LT.

10 For a copy of this brief, see Global Witness, Making Community Forest Management Work for Liberia, September 2016, available at https://www.globalwitness.org/en/reports/making-community-forest-management-work-liberia/.

11 Location and area drawn from Hardman & Co., Equatorial Palm Oil plc., 28 February 2012.

12 Location and area drawn from Hardman & Co., Equatorial Palm Oil plc., 28 February 2012

13 Location and area calculated by geo-referencing shape files of plantation boundaries drawn from Government of Liberia, Map: Draft Agro-Industrial Plantations of Liberia, 2009.

14 Location and area drawn from Government of Liberia, Concession Agreement between the Republic of Liberia and Golden Veroleum (Liberia) Inc., 16 August 2010.

15 Location drawn from company Environmental and Social Impact Assessments and area calculated using geo-referenced shape files drawn from the same.

16 Location and area calculated by geo-referencing shape files of plantation boundaries drawn from Government of Liberia, Map: Draft Agro-Industrial Plantations of Liberia, 2009.

17 Location and area drawn from Government of Liberia, Amended and Restated Concession Agreement between the Republic of Liberia and Sime Darby Plantation (Liberia) Inc., 30 April 2009.

18 Number and area drawn from Government of Liberia Liberian Extractive Industries Transparency Initiative, 5th EITI Report, 19 June 2014, p.60; Joint Government of Liberia-United Nations Rubber Planta-tions Task Force, Report, 23 May 2006.