



# Live or drive, a choice has to be made

A CASE STUDY OF SIME DARBY OPERATIONS IN LIBERIA

**basta!**

 **Les Amis  
de la Terre**



# Contents

<b>Introduction</b>	<b>5</b>
<b>01 Liberia, a fragile country rich in natural resources</b>	<b>6</b>
1.1 A country still scarred by recent civil wars	6
1.2 A country rich in natural resources which attracts foreign investors	6
1.3 Community rights law	8
<b>02 The temptation of oil palms</b>	<b>9</b>
<b>2.1 A rapidly transforming industry</b>	<b>9</b>
2.1.1 The global rush to produce palm oil	9
2.1.2 Traditional oil palm cultivation oil in Liberia	10
2.1.3 Agriculture, a key sector for the government strategy of opening up to foreign investors	11
2.1.4 A strategy supported by international financial Institutions and Europe	11
<b>2.2 Who controls oil palm development in Liberia?</b>	<b>12</b>
2.2.1 Three foreign companies possess 629,000 hectares of land	12
2.2.2 Sime Darby, an Asian corporate giant drawn to Africa	12
<b>03 Sime Darby in Liberia: land development or land grab?</b>	<b>15</b>
<b>3.1 The position of Sime Darby and the government</b>	<b>16</b>
3.1.1 Sime Darby's perspective	16
3.1.2 The government's perspective	17
<b>3.2 Available Impact Assessment Studies</b>	<b>17</b>
3.2.1 The Social and environmental impact assessments of Sime Darby	17
3.2.2 An alternative environmental and social impact assessment conducted by Friends of the Earth Liberia	18
<b>3.3 Development: promises made by Sime Darby and the government</b>	<b>18</b>
3.3.1 Development of infrastructures	18
3.3.2 Implementation of integration contracts	18
3.3.3 Employment and future prospects	19
3.3.4 A share in the benefits of carbon credits	19
3.3.5 Opaque and inadequate compensation funds	21

<b>3.4</b>	<b>A project in violation of international laws</b>	<b>21</b>
3.4.1	Disregard for the principle of free, prior and informed consent of communities affected by the project	21
3.4.2	Clauses relating to the displacement of communities are written into the contract	22
3.4.3	Restricted freedom of movement	23
3.4.4	Food self-sufficiency put at risk	24
<b>3.5</b>	<b>A project creating severe tensions over land. The communities' perspective.</b>	<b>24</b>
3.5.1	Theft of their land – land rights.	24
3.5.2	Lands rich in water, forests and minerals	24
3.5.3	Inadequate and unfair financial compensation	25
3.5.4	The lease period	26
3.5.5	Fear of displacement	26
3.5.6	Jobs are scarce, insecure and underpaid	26
3.5.7	Women are particularly affected	27
3.5.8	Division between communities: has money won the battle for land?	27
3.5.9	Who will really benefit from Sime Darby's activities?	27
<b>3.6</b>	<b>Resistance from local and indigenous communities</b>	<b>28</b>
3.6.1	Outcome of the complaint filed with the RSPO	28
3.6.2	Anger rises in Grand Cape Mount	30
3.6.3	Local communities join forces	31
<b>04</b>	<b>Conclusions and recommendations</b>	<b>33</b>
	By Friends of the Earth France	

## A project in support of investigative journalism

- Within the framework of a European project, Friends of the Earth France and its partners have chosen to support reportage and journalism projects which show, through a series of case studies, how high levels of consumption in Europe are leading to the degradation of the environment and a restriction of community rights in southern-hemisphere countries.
- This report is the first in a series of six case studies which all have in common the carbon markets and their impact on agriculture and forests. This report investigates the Malaysian multinational conglomerate Sime Darby's projects to establish oil palm plantations in Liberia.
- This report was written by Sophie Chapelle, journalist for the news website Basta! ([www.bastamag.net](http://www.bastamag.net)) and is the result of a mission organised in January 2012 with the support of Friends of the Earth Liberia.

# Europe, a shortage of vegetable oil

By Friends of the Earth  
France

**B**etween 2000 and 2010 the consumption of vegetable oil in Europe almost doubled, rising from around 12 to 22 million tons a year. What is the explanation for such growth?

Ten years ago the addition of vegetable oil to fuel was only just beginning, but today fulfilling demand requires more than 8 million tons a year.

In order to support struggling industrial agriculture and to anticipate the petrol shortage, Europe has become involved in the promotion of agrofuels: thus a directive predicts that by 2020, 10% of energy used in the road transport industry will come from renewable energy sources.

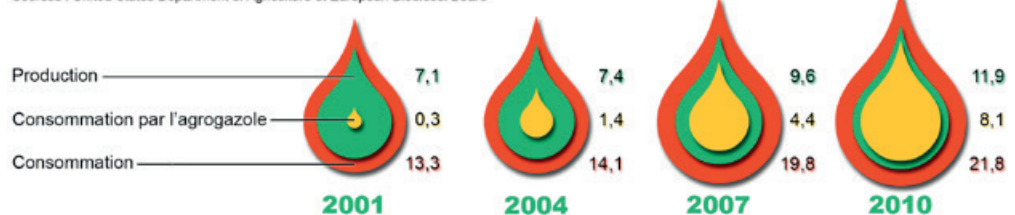
But contrary to the discourse of those promoting agrofuels, Europe does not have the means to satisfy its own needs. The production of vegetable oil in Europe has only risen very slightly in the last ten years and the growing deficit has been filled by imports, which places ever increasing pressure on land in southern-hemisphere countries.

Rapeseed and sunflower oil, which were used for food, have been siphoned off into engines and the food industry has been obliged to import growing quantities of oil produced in other countries.

Palm oil (and palm-kernel oil) is today by far the most commonly imported oil in Europe. Europe, along with India and China are the three main importers of palm oil in the world, each receiving around 5 or 6 million tons a year. If we consider imports respective to the number of inhabitants, Europe's demand is even more onerous: the average consumption of a European is around 12 litres of palm oil a year, which represents the exploitation of around 25m<sup>2</sup> of oil palm plantation in another country.

## Production et consommation européennes d'huiles végétales (en millions de tonnes)

Sources : United States Department of Agriculture et European Biodiesel Board



Rather than reducing the demand for vegetable oil, in particular by abandoning the use of agrofuels, Europe is attempting to secure access to new sources of vegetable oil. Whilst the production of palm oil continues to be a prime cause of conflict in south-east Asia, it is Africa that is now being targeted by investors.

The reason for this mission and this report is the proposed installation of a palm oil factory at Port la Nouvelle (France) by Sime Darby, Malaysia's leading multinational conglomerate.

Although Sime Darby announced in December 2011 that they wished to freeze their installation project, due largely to strong local opposition, it would be wise to remain vigilant: Sime Darby's heavy investments in Liberia only make economic sense because the group aims to export to Europe. Besides indispensable local opposition to block any new factory project, we also have to convince the European decision-makers to adopt policies that will enable us to reduce our demand for vegetable oil, and thus the burden on other countries. ●

# 01

## Liberia, a fragile country rich in natural resources

### 1.1 A country still scarred by recent civil wars

Two successive civil wars (1989 – 1996, then 2001-2003) have left lasting scars on the country.

Liberia has an estimated population of 3.4 million people, 8,000 **1,010,970**<sup>1</sup> of whom live in the country's capital, Monrovia. Nearly a million people fled to neighbouring countries in the 1990s. According to a United Nations' report published in 2004<sup>2</sup>, around 500,000 people were displaced inside the country, 300,000 took refuge in neighbouring countries, and 50,000 refugees from the Ivory Coast and Sierra Leone stayed in Liberia. The same report estimates that since 1989, 250,000 people have been killed in war-related circumstances (half of which related to civil wars).

During the fourteen years of conflict, most of the infrastructures sustaining energy supply, water supply, sanitation, waste disposal, and housing were destroyed or badly damaged. For those who were displaced and repatriated refugees, drinking water and sanitation are the priorities. Less than 10% of Liberians have access to health care. 75% of the educational infrastructure was damaged or destroyed during the war. Illiteracy is estimated at 63% of the population. At the beginning of 2003, 50% of boys and 24% of girls were enrolled in primary education. The level of unemployment in 2004 was close to 85%.

Today, Liberia is working towards its reconstruction. It is one of the poorest countries in the world with

nearly 95% of the population living on less than \$2 a day<sup>3</sup>. In 2008, the GDP per inhabitant was only \$132<sup>4</sup>. According to the 2007 survey of core welfare indicators (CWIQ): 68% of the rural population and 55% of the urban population live on less than \$1 a day. 56% of the rural population and 29% of the urban population have fallen below the extreme poverty line, which means they are unable to cover the cost of dietary needs based on a calorie requirement of 2,400 kcal (kilocalories) per person per day.

In 2006, elections were held under the aegis of the United Nations. Liberia elected President Ellen Johnson Sirleaf, winner of the Nobel Peace Prize in 2011, who prioritized the development and the extraction of natural resources as the cornerstone of her strategy for reducing poverty and ensuring the economic growth of the country.<sup>5</sup>

### 1.2 A country rich in natural resources which attracts foreign investors

Liberia covers an area of 111,370 km<sup>2</sup>, of which 15,050 km<sup>2</sup> is water. It is bordered by the Atlantic Ocean to the south, the Ivory Coast to the east, Sierra Leone to the north-west and Guinea to the north-east.<sup>6</sup> Liberia is made up of 15 counties, the capital of which is Monrovia, the biggest town in the country. Liberia can be roughly divided into 4 geographical zones: 589km of coastal plain, characterized by lagoons, mangrove swamps, sandbanks left by the rivers,





riverside vegetation and coastal areas. This zone stretches 65km inland with a maximum altitude of 50 metres;

- the hills beyond the coastal zone, characterized by valleys, hills and waterways. Most of the agricultural land is situated in this region. The hills reach an altitude of 90m and are covered with tropical rainforests to the south-west and south-east;
- the plains which reach an altitude of 300m and the mountains, which reach 610m;
- the highlands of the north are situated in the counties of Limba and Lofa. The highest point is Mount Wuteve (1,380m).

The country has vast mineral deposits of iron, diamonds and gold, as well as an abundance of wood and large tracts of arable land ideal for the cultivation of cash crops for exportation such as rubber and palm oil. In the 1970s and 1980s, the iron mines accounted

for more than half of Liberia's export earnings, and Liberia was the fifth largest exporter of iron ore on the world market. The other two important industries were rice and natural rubber. The American rubber company, Firestone, held nearly a tenth of all the country's arable land according to a lease dating back to 1926: after signing a license agreement with the Liberian government, the company replaced the rice and cassava crops with immense rubber tree plantations.

The forests are crucial to Liberian society. They are a source of subsistence, economic activity and cultural identity, and provide medicines as well as construction materials. Forest areas of the Guinea Highlands found in Liberia are considered as a highly important conservation zone owing to the rich biodiversity of flora and fauna. 85% of this ecosystem, which covers nearly 420,000 km<sup>2</sup>, has already been destroyed.

Liberia's natural resources, and in particular control over the exploitation of wood and ore minerals, have played a significant role in the region's conflicts. Significant long-term foreign investment is not a new phenomenon in Liberia.

### 1.3 Community rights law

Through the promotion and the implementation of policies favourable to investors and designed to attract foreign capital to Liberia, the government signed a number of long-term contracts in quick succession which granted foreign conglomerates the right to install industrial mining projects, large agricultural plantations, and offshore petroleum exploration (along the coast). According to certain sources<sup>7</sup>, these contracts – known as “concession agreements” – cover nearly half of the country's land.<sup>8</sup> An official from the Ministry of Planning and Economic Affairs estimates that 40% of the population lives within these areas.<sup>9</sup>

In order to protect community rights a law, known as the “Community rights law”<sup>10</sup>, was passed in Liberia in 2009. It requires that communities be consulted and their free, prior and informed consent obtained. As stated in the preamble:

- a. “The Republic shall, consistent with the principles of individual freedom and social justice enshrined in this Constitution, manage the national economy and the natural resources of Liberia in such a manner as shall ensure the maximum feasible participation of Liberian citizens under conditions of equality, as to advance the general welfare of the Liberian people and the economic development of Liberia.” [...]
- b. “Whereas the Government of the Republic of Liberia, consistent with the Constitution of Liberia and international conventions, protocols and treaties, is committed to respecting and upholding the rights of populations to control and make decisions concerning the development or use of their lands and resources.”<sup>11</sup>

“The implementation of this Act shall be guided by the following principles:

- All forest resources on community forest lands are owned by local communities. [...]
- c. Any decision, agreement or activity affecting the status or use of community forest resources shall not proceed without the prior, free, informed consent of the said community.
- d. Recognition of community land tenure rights shall apply to land tenure systems recognized by the Constitution and laws of Liberia.
- e. All matters related to land tenure and proprietorship shall be dealt with by the Land Commission in accordance with national land policies issued and legislations enacted.”<sup>12</sup>

<sup>1</sup> Liberia institute of statistics and geo-information services, government of the republic of liberia 2008 national Population and housing census: preliminary results, june 2008; [http://unstats.un.org/unsd/demographic/sources/census/2010\\_phc/docs/liberia\\_2008\\_census\\_results.Pdf](http://unstats.un.org/unsd/demographic/sources/census/2010_phc/docs/liberia_2008_census_results.Pdf)

<sup>2</sup> UNEP Report, *Desk study on the Environment in Liberia*, 2004.

<sup>3</sup> The World Bank, “Poverty headcount ratio at US \$2 a day”, 2008.

<sup>4</sup> Ibid.

<sup>5</sup> Government of the Republic of Liberia (GoL), “Poverty Reduction Strategy”, April 2008, p. 36.

<sup>6</sup> See map p. 7.

<sup>7</sup> From interviews conducted for the report “Smell-No-Taste”, Columbia University Center for International Conflict Resolution, January, 2012.

<sup>8</sup> Ibid. From an interview with the Ministry of Planning and Economic Affairs, Monrovia.

<sup>9</sup> Ibid. From interviews carried out for “Smell-No-Taste”.

<sup>10</sup> See document “An act to establish the community rights law of 2009 with respect to forest lands”. A document approved on 16 October 2009 and published by Liberia's Ministry of Foreign Affairs. Page 4. Law voted for by the Senate and the House of Representatives of the Republic of Liberia.

<sup>11</sup> Ibid.

<sup>12</sup> Ibid. Page 8



## 02

# The temptation of oil palms

### 2.1 A rapidly transforming industry

#### 2.1.1 The global rush to produce palm oil

Today Indonesia and Malaysia are responsible for over 85% of the world's production of palm oil. There are currently 7.9 million hectares of plantations in Indonesia and 4.5 million in Malaysia. To meet world demand, a number of other countries have begun cultivating cash crops: Columbia and Brazil but also Central and West African countries. Palm oil being one of the most profitable cash crops in the world, many investors (notably the French banks Crédit Agricole, BNP Paribas and Société Générale) are attracted by the prospect of short-term profit.

The oil palm only grows in densely forested equatorial zones. Its cultivation is therefore often detrimental to forests, and new plantations, along with the exploitation of timber, are the two principal causes of deforestation in south-east Asia: such



A panoramic view of Sime Darby's first nursery in Liberia.



Sime Darby's first nursery, planted in April 2011 in Grand Cape Mount County (Liberia).

deforestation is continuing at an alarming rate in Indonesia. Another indirect effect, which has gone largely unnoticed, concerns the migration caused by deforestation. Disputes over land created by the spread of monocultures have forced farmers expelled from their lands to clear areas of forest in order to feed themselves. As a result, the farmers are blamed rather than the company responsible for their displacement.

The social and environmental consequences of deforestation are numerous and interlinked: the erosion of biodiversity, the loss of environmental benefits freely provided by forests (drinking water, game, medicinal plants...), the change to microclimates and the release of carbon dioxide emissions into the atmosphere. Even if the oil palm is cultivated partly on village plantations, it is often grown on big industrial plantations: it is these plantations that cause the



Plantation projects, supported by the government, are proliferating across Liberia.

problems. Large areas are needed for the gigantic industrial monoculture of oil palms which leads to deforestation and the eviction of communities<sup>13</sup> living within the plantation zones.<sup>14</sup> Moreover, the long gestation period before the palms begin to produce fruit means there is a significant delay between the moment when a community's livelihood is affected and the government's reception of license payments which could be used to finance local development.<sup>15</sup>

In May 2011 the Indonesian government announced a two-year moratorium on all deforestation permits, which has naturally affected the projects of investors to create new oil palm plantations.

### **2.1.2 Traditional oil palm cultivation in Liberia**

The oil palm originates in large areas of Liberia, where the climate offers the hot, tropical conditions in which

the oil palm flourishes. The interior of the country is densely wooded and has hills and mountains reaching an altitude of 1,380m. These hilly areas are extremely favourable to arboriculture and agroforestry.

The interior lands have a long tradition of oil palm cultivation.<sup>16</sup> Half of the palm oil in Liberia is produced by 220,000 women<sup>17</sup> and men on small farms, and harvested in the forests where the tree grows in abundance.<sup>18</sup> Small producers, who currently meet local demand, occupy only a few thousand hectares. At the height of activity, in the 1970s, the oil palm industry covered 70,000 hectares.

It is mostly women who extract the red palm oil from the oil palm fruit, using traditional methods.<sup>19</sup> In many African countries, palm oil is traditionally used in cooking.



### 2.1.3 Agriculture, a key sector for the government strategy of opening up to foreign investors

According to the 2009 report by the Liberian Ministry of Agriculture, the food and agriculture industry is key to Liberia's "strategy to reduce poverty". This industry remains the most viable, sustainable and renewable source of national revenue. In 2008, it contributed 42.2% of the GDP. Around 70% of the workforce depends on agriculture, predominantly the production of rice and cassava, or fishing.

The country's agricultural production, particularly rice, cassava and other staple foods, has grown significantly in recent years. Rice production rose from 144,000 tons in 2007 to 175,000 tons in 2008. In 2009, rice production was estimated at 200,000 tons. There are an estimated 408,000 rice-growing families in the country. Nevertheless, in 2008 imported rice accounted for 60% of domestic consumption (which makes the country particularly vulnerable to price increases). Around half the population lives in food insecure. This insecurity has increased in the large region of Monrovia because of the rise in food prices and the country's dependence on imported foodstuffs.

*"To accelerate the creation of jobs and economic activity, the Ministry of Agriculture is an ardent advocate for the renegotiation of agricultural concession agreements, with particular attention given to rubber and palm oil, whilst at the same time building partnerships in order to establish new concessions".* This quote, taken from the Liberian Ministry of Agriculture's 2009 report, anticipates the future signing of long-term concession contracts with foreign investors. In the same report, the ministry highlights *"the underuse of land. 4% of Liberian land is cultivated, which is equivalent to 600,000 hectares, only 220,000 of which are permanently cultivated or under plantation – the remaining land is arable."* The ministry maintains there is *"considerable potential for production."*

Elected in 2006 then reelected in 2011, the President Ellen Johnson Sirleaf, previously Senior Loan Official for the World Bank, has made attracting foreign investment a key policy. The government signed a number of long-term contracts in quick succession which granted foreign conglomerates the right to install industrial mining projects, large agricultural

plantations, and offshore petroleum exploration (along the coast). According to certain sources, these contracts – known as "concession agreements" – cover nearly half of the country's land.<sup>20</sup>

Amongst the large-scale concessions that were signed during the eight years since the end of the civil war, those in the iron ore and palm oil industries are some of the most important in terms of initial capital investment. Six concession agreements were signed for the extraction of iron ore, representing nearly \$13 billion of projected investment, and four further concessions were granted to palm oil conglomerates with a projected investment value of \$3 billion.<sup>21</sup> For the government, it is the *"revitalization of the economy"* that is at stake.

### 2.1.4 A strategy supported by international financial institutions and Europe

The International Monetary Fund (IMF) supports the concessions. It estimates that corporate taxes and royalties generated by these deals could amount to \$2 billion over the next 10 years, with additional advantages including the rehabilitation of infrastructures such as roads, ports and power stations.<sup>22</sup>

The World Bank is committed to the promotion of palm oil in Liberia. In 2008, the International Finance Corporation (IFC) of the World Bank presented the conclusions of a study on the Liberian palm oil industry to the government, evaluating its competitiveness and identifying possible investment opportunities. According to Jumoke Jagun, representative of the IFC, palm oil has the potential to *"attract major private investment, and to be a key driver for growth, development and employment for the country."*<sup>23</sup>

The palm oil industry suffered greatly from the effects of civil war. Many plantations and small farms were abandoned during this time. In January 2010, the Ministry of Agriculture organized a two-day meeting in Monrovia to *"bring together the main stakeholders in the palm oil industry [...] and devise a master plan for the industry in Liberia"*. This meeting was organised in collaboration with the international aid agency Mercy Corps, the Sustainable Tree Crops Programme (STCP) and the organisation Winrock International.

The event was sponsored by USAID (a government agency providing U.S. economic and humanitarian assistance worldwide), the USDA (the U.S. Department of Agriculture) and the Oil Palm Association of Liberia (OPAL).<sup>24</sup>

At the end of 2011 the European Commission indicated that it wished to closely monitor the palm oil industry, stating: *“In several developing countries, the legal and illegal extension of plantations destined for the production of palm oil is one of the main causes of degradation of organic soils and forests and of deforestation.”*<sup>25</sup> Beginning in 2012, the Commission will publish a two-yearly report on the environmental impact of the industry and any conflict of interests with the cultivation of other crops. This stance is more a response to criticism than a reassessment of current European policies which are serving to increase the deficit in vegetable oil and to monopolize vast areas of land in southern-hemisphere countries in order to meet growing European demand. The geographical proximity of Africa, Liberia particularly, arouses the greed of a Europe which is looking to secure its access to energy and natural resources rather than fundamentally change its economy in order to consume less.

## 2.2 Who controls oil palm development in Liberia?

### 2.2.1 Three foreign companies hold 629,000 hectares of land

Among the palm oil companies who have chosen to establish large-scale plantations in Liberia, there are:

- Sime Darby: a Malaysian company which signed a 63-year agreement (renewable for 30 years) in 2009. The concession concerned 220,000 hectares to be planted with oil palms and rubber plants. 80% of this concession will be given over to palm oil. This concession includes 120,000 hectares which belonged to another Malaysian company, Guthrie<sup>26</sup>, who controlled the second largest rubber plantation before the conflict. The concession covers four counties: Grand Cape Mount, Gbarpolu, Bomi and Bong.
- Equatorial Palm Oil: a company based in the United Kingdom. The company holds 169,000

hectares in the counties of Grand Bassa, River Cess and Sinoe. Of these 169,000 hectares, 89,000 were acquired through concession agreements with the Liberian government.<sup>27</sup>

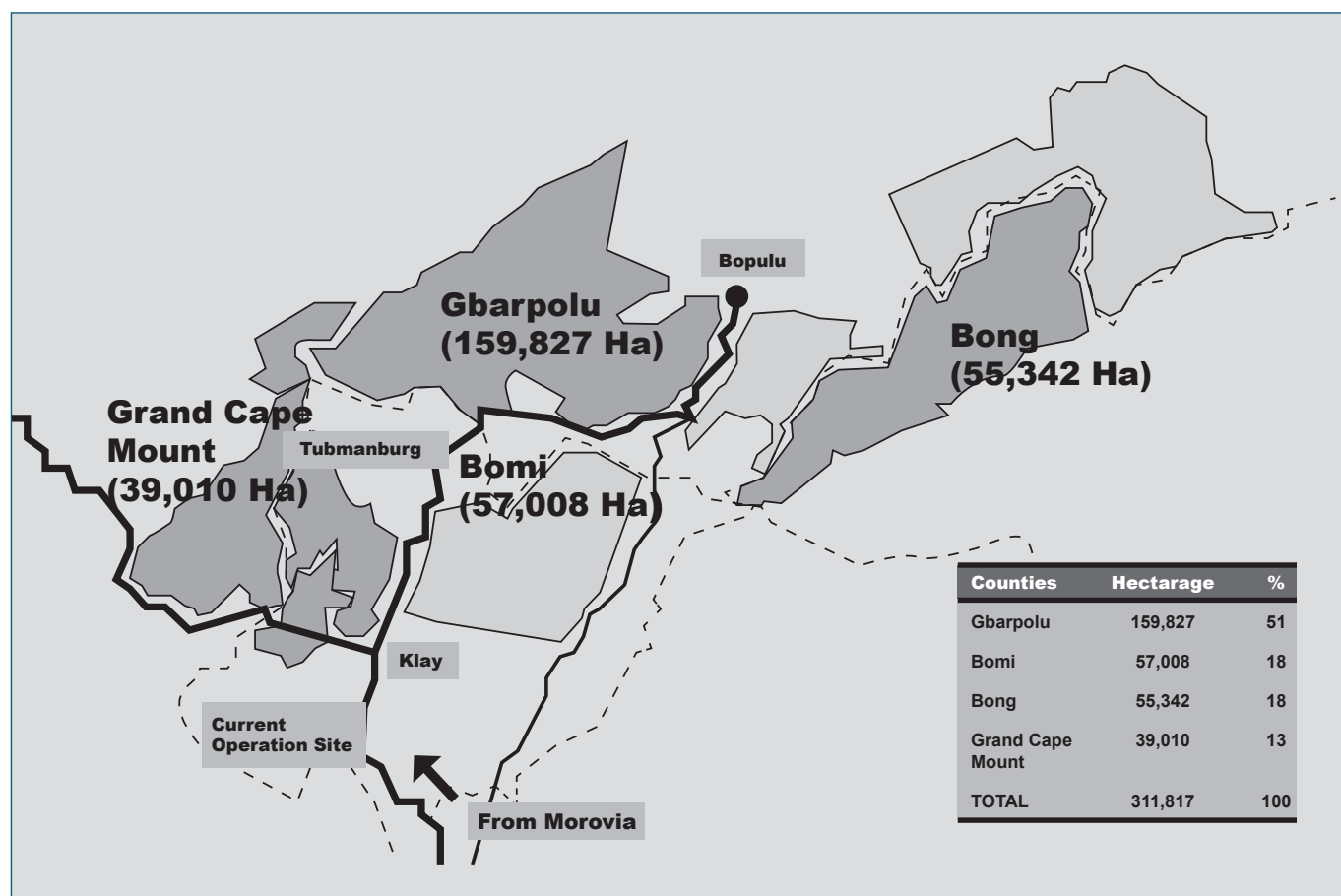
- Golden Veroleum: owned by the Indonesian conglomerate Sinar Mas, Golden Veroleum Liberia signed a 65-year agreement in September 2010. It plans to cultivate 240,000 hectares of oil palms in south-east Liberia, in particularly in the counties of Sinoe, Grand Kru and Maryland.<sup>28</sup>

Altogether, these three foreign companies have obtained 629,000 hectares of land dedicated to oil palm plantations, in a country whose total area is 11 million hectares. A project of such scope is unprecedented.

### 2.2.2 Sime Darby, an Asian giant drawn to Africa

The Sime Darby Group was created in 2007 by a merger of Kumpulan Guthrie, Golden Hope Plantations and Kumpulan Sime Darby. *Sime Darby Plantation* is one of the six core divisions of the Malaysian group. It describes itself as “the world’s largest palm oil producers”. It produces 6% of the world’s crude palm oil (CPO) annually (about 2.4 million tons). Sime Darby operates in 21 countries with 524,626 hectares of plantations, to which will be added 220,000 hectares in Liberia (making a total of 744,626 hectares). Sime Darby hopes to double the area currently covered by plantations. Its director declared<sup>29</sup>: *“In the future, when the opportunity arises, we may open estates in Brazil or any South American country near the equator where the oil palm grows well.”*<sup>30</sup>

Sime Darby is a founder member of the controversial Roundtable on Sustainable Palm Oil (RSPO) which has a certain number of principles and criteria. A third of the total production of palm oil is certified as sustainable (equating 708,000 tons of crude palm oil). *“As the world’s largest producer of certified sustainable palm oil, Sime Darby Plantation can introduce best agricultural practice in Liberia and ensure that all its operations are run in a sustainable manner from the outset”*<sup>31</sup>, Sime Darby affirmed in an interview. This argument was brought to the fore by the Liberian government when they signed a contract linking Liberia to the Malaysian company in 2009.



An official document drawn up by Sime Darby identifying the concession areas and the number of hectares granted within each area by the Liberian government in 2009.

#### a) Sime Darby's history in Liberia

Sime Darby signed an agreement with the Liberian government in 2009. The concession was granted for 63 years. The agreement will expire on 23 July 2072, and it will then be the government's decision whether or not to prolong the contract for a further 30 years.

*"Sime Darby initially began operating in Liberia in 1980 when Kumpulan Guthrie Bhd acquired a concession area from BF Goodrich."*<sup>32</sup> BF Goodrich is an American rubber-processing company, whose first rubber tree plantations in Liberia date back to 1956. Guthrie suspended its operations in Liberia during the two civil wars. *"When the civil wars ended, Sime Darby, which had merged with Guthrie in 2007, decided to return to Liberia. Sime Darby Plantation Liberia (SDPL) Inc. was created to run the concession."*<sup>33</sup> In 2008, the Liberian government and Sime Darby Plantation reviewed the concession agreement in order to renew the terms and conditions. The agreement was signed the following year.

#### b) More than 300,000 hectares granted to Sime Darby

The concession was granted for 220,000 hectares of land. However an appendix to the contract indicated a total area of 311,197 hectares of land. In an interview Sime Darby explained that this was a gross figure and that the plantations covered 220,000 hectares net. These 311,187 hectares "gross" were distributed as follows, over four counties:

- 159,827 hectares in Gbarpolu County (51%)
- 57,008 hectares in Bomi County (18%)
- 55,342 hectares in Bong County (18%)
- 39,010 hectares in Grand Cape Mount County (13%)

*"We have this leeway in order to avoid areas of primary forest, land allocated to local inhabitants for subsistence farming, wetland areas, deeded land, sacred sites and cemeteries, all of which are subject to the provisions of the principle of FPIC (free, prior and informed consent) and the social and environmental impact study. In respecting these provisions, we will amass 220,000 hectares."*<sup>34</sup> Sime Darby, hoping to reassure, declares:

*“the concession area of SDPL covers a large area of devastated land and old rubber plantations.”*

Sime Darby plans to cover these concession areas with oil palms (80% of the total area) and rubber trees (20%).

### *c) Current state of operations and perspectives*

The company plans to invest \$3.6 billion over 15 years. It hopes to begin production in 2020. In the first phase of operations, Sime Darby intends to clear and plant more than 120,000 hectares by 2020, and 100,000 additional hectares between 2020 and 2029.

Thus, it aims to cultivate 5,000 hectares of oil palms in 2011, 10,000 hectares in 2012, 15,000 hectares in 2013 and then 20,000 hectares annually from 2014. *“The entire concession area should be cultivated within 15 years, creating 35,000 new jobs and enormous benefit to the economy and the people of Liberia.”*<sup>35</sup>

For the moment, Sime Darby has only begun clearing and planting nurseries in Grand Cape Mount County. This area is marked by the boundaries of BF Goodrich. *“We are developing our first phase by preparing the territory in the concession area originally cultivated by BF Goodrich which was left fallow when Guthrie abandoned the rubber tree plantation because of war.”*

There are at least fifteen town and villages situated within the development zone: Kon Town, Gondeh, Siafa Keh, Ballah, Kaylia, Baaka, Kainama, Dendeweh, Lyne, Johnson, Singama, Senii, Dama, Timbo, Nimba Point.

Sime Darby has begun operations in Grand Cape Mount County on 12,000 hectares of which:

- 7,800 hectares are on old rubber plantations which still provide employment to 2,000 people (these plantations will be gradually replanted over the next two years);
- 4,200 hectares are on new land known as the “Matambo estate”.

According to Sime Darby, the current project employs 1,700 people, 1,000 of whom were previously employed by Guthrie.

- 13 For more information on conflicts with communities see, for example, *“Greasy Palms: The social and ecological impacts of large-scale oil palm plantation development in Southeast Asia”*, by Eric Wakker, AIDEnvironment, in collaboration with Sawit Watch Indonesia on behalf of Friends of the Earth England, Wales and Northern Ireland (2005), [www.HTTP://www.foe.co.uk/RESOURCE/REPORTS/GREASY\\_PALMS\\_IMPACTS.PDF](http://www.foe.co.uk/RESOURCE/REPORTS/GREASY_PALMS_IMPACTS.PDF) or *“En pleine érosion: Les impacts humains de l’expansion de l’huile de palme en Indonésie”*, by Sébastien Godinot for Les Amis de la Terre, LifeMosaic and Sawit Watch (2008), [http://www.amisdelaterre.org/IMG/pdf/FOE\\_En\\_pleine\\_erosion\\_Fevo8.pdf](http://www.amisdelaterre.org/IMG/pdf/FOE_En_pleine_erosion_Fevo8.pdf).
- 14 McCarthy Michael, “Demand for Palm Oil is ‘Harming the Planet’”, *The Independent* (London), 9 November 2007; Bruntse-Dahl, Rikke, “Malaysia and Indonesia Bolster Defense of Palm Oil to the West”, *The Guardian* (London), 20 May 2011.
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- 17 According to a World Rainforest Movement report, December 2010.
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- 19 Part of Processing Palm Oil, Koluhan Lofa County” at [http://www.pahte.com/Liberia\\_Lofa.html](http://www.pahte.com/Liberia_Lofa.html)
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## 03

# Sime Darby in Liberia: land development or land grab?

**“When villagers no longer have access to the land they were living on, it is land grabbing. We are faced with a classic case of land grabbing by multinationals in Liberia.”**

*Friends of the Earth Liberia*

**T**he NGO International Crisis Group (ICG) describes the question of land ownership in Liberia as “explosive”<sup>36</sup>, identifying a tendency for “*an escalation over time towards more large-scale confrontations*”. In 2009 the Liberian government created the Land Commission to formulate a clear policy on this issue. As a result, agrarian reform is underway in Liberia. In a report published in 2010, the Land Commission recommended a moratorium on all concessions in order to examine customary land claims. The Commission also considers the question of land to be a source of potential conflict and requests the time necessary to handle all questions relating to land rights and ownership. Its recommendations have been ignored. “*What will happen in 20 years when the Land Commission has sorted out the situation?*” asked the ICG.

Years of war and displacement combined with an old system of land registration have led to general confusion regarding questions of land ownership, sales and rights for returning refugees. But concession agreements give priority to the government in matters of land ownership. Indeed, according to Liberian law, the government is the owner of all “public” land – in other words, any land not registered. The government can therefore lease

any part of public land not allocated for other use to foreign companies. The concession agreements give the license holder the right to request that communities are moved from their land if their presence disrupts the company’s operations. Even if certain local communities have been living on the land for generations, the land occupied by and surrounding their villages tends to be considered as a public asset belonging to the state.

Despite the passing of the Community Rights Law in 2009 (see section 1.3), the customary land rights of local communities are not respected. Only 1% of households across 37 communities have formal ownership deeds.<sup>37</sup> At the time of the concession agreements, the Land Commission had not yet been set up. The Commission recognizes that: “*errors were made in the current agreement with Sime Darby. We are trying to correct certain of those errors and deal with the issues raised by these communities.*”<sup>38</sup> Notably, property deeds were granted to chiefs of local communities. “*We need to ensure that local communities have land available around the concession areas, that the means of subsistence, cultivation and plantations benefit all producers. This is*



"Developing Sustainable Futures", so promises Sime Darby on this billboard which stands alongside one of its oil palm plantations.

the government's pledge." The challenge is immense: nearly 40% of the Liberian population lives within concession areas.<sup>39</sup>

### 3.1 The position of Sime Darby and the government

#### 3.1.1 Sime Darby's perspective

Sime Darby wishes development to be "*socially beneficial*". The company states that it would like to "*identify, through consultation, potential social benefits and determine how they might be enhanced to the mutual benefit of the company and the local community; [and] in order to ensure that any negotiations concerning compensation for the loss of legal and customary rights are dealt with through a documented system which enables indigenous peoples, local communities and other stakeholders to*

*express their views through their own representative institutions.*"<sup>40</sup>

It maintains that any project is always preceded by a negotiation for land with the community in order to respect the provisions of the principle of FPIC (free, prior and informed consent). Moreover, the guidelines set out by the RSPO (the Roundtable on Sustainable Palm Oil), of which Sime Darby is a founder member, insist on the necessity of respecting the customary land rights of indigenous peoples, even if they do not hold any legal deed. Criterion 7.5 stipulates that: "*No new plantings are established on local peoples' land without their free, prior and informed consent*".<sup>41</sup> To this end, Sime Darby claims to negotiate with the village leader, the tribal leader, the supreme leader, the superintendent, and the town leader before embarking on any project.

After a complaint was sent to the RSPO by local communities regarding “*Sime Darby’s violation of the principals and criteria of the RSPO*” (see section 3.6.1.), Sime Darby strongly denied the accusations made against it. It stated that their company “*follows the procedure for FPIC with all communities to ensure that people fully understand the company’s aims and plans. The procedure for FPIC allows communities to refuse participation in development plans. If it does not receive full consent, SDPL will not take control of the land.*”

### 3.1.2 The government’s perspective

In January 2012, President Johnson Sirleaf visited the Sime Darby plantations in Grand Cape Mount County following complaints from local communities. She asked communities to respect the government’s sovereignty in relations with concession holders, and to have confidence in the foreign investment projects which would ultimately be of economic advantage to the country.<sup>42</sup>

However, according to the authors of the report *Smell-No-Taste* “*Institutions lack the full ability to effectively monitor compliance of concession agreements and penalize infringements.*” The rush to sign new agreements has overwhelmed the government’s ability to ensure that concession holders act in a responsible manner. The lack of co-ordination between government organisations and budgetary constraints have led to an imbalance between the scope of foreign investment projects and the ability of the Liberian government to regulate interactions between local communities and concession holders.

In an interview, a member of the Ministry of Internal Affairs<sup>43</sup> confirmed there were problems overseeing projects underway in Grand Cape Mount County. In the wake of President Johnson Sirleaf’s visit to the Sime Darby plantations an interministerial team was set up.

## 3.2 Available Impact Assessment Studies

### 3.2.1 The Social and environmental impact assessments of Sime Darby

Sime Darby has stated that “*Certified sustainable palm oil means that we are carrying out environmental and*

*social impact assessments in all areas we intend to exploit.*”<sup>44</sup> Sime Darby has funded two environmental and social impact assessments (ESIA), on an area of 15,000 hectares in Grand Cape Mount County and on an area of 20,000 hectares in Gbarpolu County. The studies were carried out by Green Consultants, a group of environmental consultants (who also carried out an environmental and social impact assessment for Golden Veroleum).

The Environmental Protection Agency (EPA) received the two studies in May 2011. All projects are subject to the prior approval of the Agency which granted Sime Darby two permits. In an interview<sup>45</sup>, a member of the EPA recalled that the Agency “*had granted a permit with conditions requiring the stakeholders to engage in consultation concerning mitigation measures, the measures needed to repair any environmental damage. Agreement was given, and we granted the permit with these conditions.*”

Green Consultants’ report identified the main areas of environmental impact as a result of Sime Darby’s operations: soil erosion, water contamination, and the destruction of flora and fauna. In its environmental conservation plan, Sime Darby recommends reducing these adverse impacts by maintaining riparian areas through the positioning of 20m buffer zones. These riparian areas include marshland, streams and rivers which fulfill an important function in the ecosystem of local communities, notably for fishing and rice-growing. But the company filled these areas with earth, on which they planted oil palms. The EPA imposed two fines on Sime Darby, a total



In October 2011, the Environmental Protection Agency fined Sime Darby \$10,000 for “non-compliance with the terms and conditions” of their environmental permit.



of \$50,000, for “non-compliance with the terms and conditions” of their environmental permit.<sup>46</sup> Sime Darby acknowledged their mistake: *“In October 2011, the Environmental Protection Agency imposed a fine of 10,000 US dollars for non-compliance with the submitted report, rather than the 50,000 US dollars originally stipulated. SDPL has accepted responsibility and paid the fine. We are bound to observe the best practices of our parent company, Sime Darby Group, and we aim to uphold any obligations deriving from the concession agreement.”*

### 3.2.2 An alternative rapid environmental impact assessment conducted by Friends of the Earth Liberia

Friends of the Earth Liberia decided to conduct an environmental and social impact assessment on Sime Darby’s activities in Gbarpolu County. Its members explain<sup>47</sup>: *“We wanted an alternative source of information on biodiversity levels in this area, and not to have to rely exclusively on the data provided by the company. We are concerned about the large-scale plantations which are being developed in our country and which pose a serious threat to biodiversity and to our forests. With more information, local communities will be able to make an informed decision.”* Although Sime Darby asserted that there was no forest land within their concession areas, this is not the case in Gbarpolu County which includes sections of both primary and secondary forest. Friends of the Earth Liberia explain: *“At the site where Sime Darby has begun building a housing unit for its employees, we are in primary forest.”*

Liberia is home to around 150 species of mammal, 600 species of bird, 162 species of indigenous fish, 74 reptiles, 1,000 species of insect, 2,000 flowers and 2,900 different vascular plants, including 225 species of tree, as Friends of the Earth Liberia point out. The forest in Gbarpolu County fulfills a number of important functions in the ecosystem: it maintains soil fertility for agricultural production, it is a carbon store, it is a water reserve for irrigation and drinking water, etc. In their report, Friends of the Earth Liberia also describe the environmental impact of oil palm monocultures: the disappearance of forest cover, soil erosion, water pollution, the decrease in flora and fauna, the introduction of plant disease, etc.

## 3.3 Development: promises made by Sime Darby and the government

### 3.3.1 Development of infrastructures

Sime Darby aims to have completed development by 2026. Within this time period they plan:

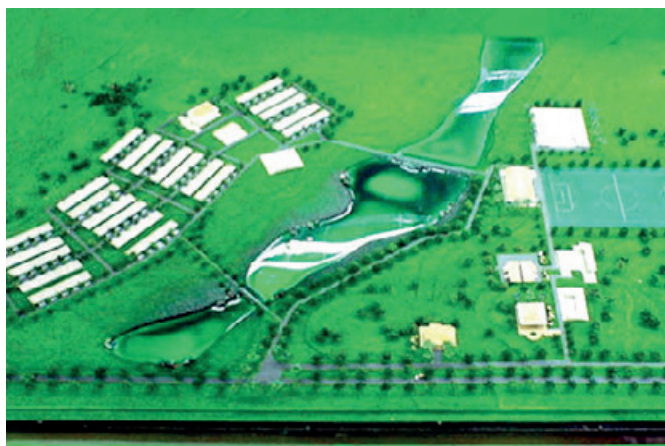
- To develop 51 oil palm estates (one estate for every 3,700 hectares) and 6 rubber estates (one estate for every 3,500 hectares);
- To construct 57 centralized villages before 2025 (one for every 3,700 hectares);
- To construct 11 palm oil factories by 2025 (1 palm oil factory for each oil palm area of 15,000 hectares);
- To construct a palm oil refinery in Liberia within fifteen years (by 2024).

The concession agreement also requires Sime Darby to build facilities for its employees, including clinics, schools, housing, and other social services. These infrastructures will not be available to local residents who are not part of the company’s workforce. Even though the company hopes in the long-term to employ 30,000 Liberians, this is only a fraction of the population living within the concession area.<sup>48</sup> Sime Darby is also mandated to build a hospital in the town centre of Tubmanburg, but this clause will not be effective before 2019.

Currently, the majority of Sime Darby’s development activities are for the benefit of its growing workforce, rather than members of communities affected by its operations. In Grand Cape Mount County, construction has begun on only one housing complex which includes several housing units and a school.

### 3.3.2 Implementation of integration contracts

In its 2010 annual report, Sime Darby described “support for local communities” as a key element of its corporate social responsibility policy. In order to compensate local communities living in plantation areas for their loss of farm land, Sime Darby wishes to develop an “Outgrowers’ Scheme.” Integration contracts for farmers will take effect from 2013 and will be applicable to 20% of the concession area. 44,000 hectares of land have been set aside for this program in the concession agreement.<sup>49</sup> The program is scheduled to begin in 2013 with 1,000 hectares, then 1,000 hectares in 2014, 2,000 hectares in 2015-2016, 3,000 hectares in 2017-2018, and 4,000 hectares a year from 2019 until 2025.



This construction plan, taken from Sime Darby Plantation's website, shows what the "centralised villages" that the company has promised to future Liberian workers should look like.

Through these programs, farmers will be allocated a certain amount of land per household, land managed by Sime Darby. They will receive tools and training in order to grow the crop that the investor wants to cultivate – for example, palms in an oil palm concession – in exchange for which the farmer commits to selling the investor's product. In this way, concession holders are able to harvest their desired crop and the local farmers receive cash payments in exchange for guaranteeing their labour.

For the moment, neither the government nor the company has invested anything in the creation of this program despite the fact that the terms of the concession agreement require the implementation of the program within three years of signature. Friends of the Earth Liberia believe that *"this program was designed simply to make the contract more appealing."*

### 3.3.3 Employment and future prospects

Sime Darby has stated that it currently employs 2,625 permanent workers as well as 500 day labourers. As a result of its activities, the company estimates that 10,000 job opportunities will be created in the following sectors: amenities (water, telephone, Internet, etc.), maintenance (factory machinery, motor vehicles, buildings, etc.), retail, fertilizer supply, technology, construction (factories, houses, schools, sacred sites, hospitals, etc.), disease control (chemical products), transport... According to Sime Darby: *"When all our sites are fully operational, SDPL will have created at least 35,000 jobs, which will give an incredible boost to Liberia and its people."*



Of the 57 "centralised villages" that Sime Darby has promised before 2025, construction has only begun on one single housing complex, which includes several housing units and a school, in Grand Cape Mount County.

In terms of remuneration, Sime Darby states that it pays all its employees *"based on the Collective Bargaining Agreement signed with GAAWUL (General Agriculture and Allied Workers Union of Liberia) according to function and level."* This amounts to \$5.25 a day. Sime Darby has given some examples of its employees' gross monthly income in operational areas of Grand Cape Mount County. These total monthly incomes range between \$419,000 in July 2011 and \$527,000 in September 2011. Sime Darby also says it supplies each employee with two 50kg bags of rice (imported) a month.

However, according to several witnesses, in reality the salaries for these jobs tend to be very low. Local media claim that certain workers receive less than \$2 a day. Anger arising from such low pay has spurred a local deputy into threatening the company with legal action for professional misconduct.<sup>50</sup>

### 3.3.4 A share in the benefits of carbon credits

Sime Darby has refused to respond to the question regarding carbon credits. However, the contract states on page 52, section 21.12:

*"[...] the government unconditionally and irrevocably: (a) renounces, in favour of the investor, all rights and claims over carbon rights; (b) agrees not to create, for the benefit of a third-party, any charge on carbon rights; (c) pledges not to bring any complaint, action, charge, claim, cause of action (whether it be based on the principles of the contract, negligence or other criminal offence, violation of a legal obligation, the principles of compensation or other) against the investor in relation to carbon rights."*





An activist for Friends of the Earth Liberia took us to see the first workers' camp built by Sime Darby in Grand Cape Mount County.

Regarding this subject, the Forest Development Agency (FDA) directed us to the Ministry of Agriculture who, although signatory on the contract, redirected us to the Ministry of Internal Affairs. Their spokesmen told us *"the agreement stipulates that Sime Darby has the right to acquire private land. But it is clear that there are conditions. It must be used for the cultivation of rubber or palm oil, not for carbon credits. If, for example, Sime Darby finds mineral deposits in the soil, it will have to move and return that area of land to a mining company. As far as carbon credits are concerned, I will have to check. And have a discussion with the Ministry of Agriculture."* On a national level, the government has not defined its governance policy on carbon credits.

Friends of the Earth Liberia point out: *"This is an issue of which local communities are unaware. When we visit communities, we begin by talking to them about the*

*area of land which is going to be taken away from them. In effect, this includes carbon credits and it is clear that if the contract had been negotiated fairly, communities would have received greater financial compensation. At this precise moment, communities don't know that the company will earn further money after the sale of the carbon credits on their land. But we tell them: it's not just your land that has been taken away from you, it is also the benefits attached to that land."*<sup>51</sup>

Our spokesperson at the Ministry of Internal Affairs summed up the situation thus: *"Sime Darby has to draw up a development plan which has to be reviewed annually. As the President has said: nothing is perfect. There is always room for improvement. The agreement has some good aspects, and there are other aspects to the agreement which require greater clarity."*



### 3.3.5 Opaque and inadequate compensation funds

The Sime Darby contract mandates the creation of three funds which could potentially be used to compensate for the social impact of its activities:

- The “Palm Oil Development Fund”: this will receive no contributions until the palms become productive (within the next three to five years);
- the “Rubber Development Fund”: contribution is calculated at 1% of the sales value of the rubber;
- The “Community Development Fund”. The plan is that Sime Darby will contribute to this fund by giving \$5 a year per hectare of “developed” land. The team managing this fund will be composed of no more than 10 members: Sime Darby will choose half the team, and the other half will be chosen by the government. There is no guarantee that the government will choose any community members to co-manage the fund. It is also specified that the fund is not necessarily destined for projects that directly benefit communities. For example, money can be given to local government offices. *“There is nothing in the contract to say that the funds have to be used for communities in counties already affected by Sime Darby, nor that this fund must be transparent”*, point out Friends of the Earth Liberia.

Contributions should already have been paid to the second two funds. As far as Sime Darby is concerned, both at Head Office and for their administration team in Grand Cape Mount County, a lack of certainty and definition surrounds the very existence of such funds

and their management. Sime Darby has assured that contributions should increase with the development of the first plantation in Grand Cape Mount County.

In an official communication of November 2011, Sime Darby stated that compensation is paid to farmers when they recover cultivated land. *“To this date, \$1.34 million have been paid to farmers on 2,132 farms in 26 towns”* (equivalent to an average of \$628 of compensation per person).

## 3.4 A project in violation of international laws

### 3.4.1 Disregard for the principle of free, prior and informed consent of communities affected by the project

Despite the passing of the Community Rights Law in Liberia in 2009, local communities do not benefit from any free, prior or informed consultation. Not having been consulted, they do not know what the contract entails. Communities affected by the project are unaware of concession holders’ plans prior to the agreements being signed. Yet their activities have fundamental consequences for such communities, as much in terms of the loss of agricultural land as in terms of environmental impact and enforced relocation.

*“If you read Sime Darby’s official communication, you will notice that they spoke to leaders and not representatives of communities. But a community can be a very diverse group. There are not only tribal leaders: there are women and young people, who actively participate in the community. There are also stakeholders at community level. To talk of free, prior and informed consent whilst sidelining these people does not equal genuine consultation with communities. One of the factors which led to civil war was precisely that only the local élite were consulted, that decision-making was limited to certain people. If Sime Darby uses this means of consultation, it will perpetuate the previous problem. To hold genuine consultation, women, young people and ordinary members of the community must be represented throughout the sessions, as well as active local groups. Not only leaders. All members of the community should take part in the consultation process,”* consider Friends of the Earth Liberia.



This man from Gbarpolu County condemns the length of the contract between Sime Darby and the Liberian government. “63 years is far too long. What will happen to my children when the contract ends?”



This road, which is in very good condition, runs through Sime Darby's concession in Grand Cape Mount County. To the left are Guthrie's old rubber concessions.

Sime Darby has been cited several times by civil society activists in Monrovia as a major violator of community rights.

#### **3.4.2 Clauses relating to the displacement of communities are written into the contract**

The company may deny any desire to displace communities outside of concession areas, but the contract signed between Sime Darby and the government contains the following provisions:

- Sime Darby can ask the government to displace communities in its concession area if it decides that it wants to develop the land. This can happen at any point during the 63-year agreement. They are not required to alert communities in advance or ask their permission.
- A relocation committee will be set up to supervise the resettlement of any community Sime Darby decides to displace. The committee will comprise 6 members. The government will choose half of the members and Sime Darby the other half. Two of the members must come from the community. But they will not be chosen by the community: the government will choose one, and Sime Darby the other.
- It is also possible that Sime Darby could displace communities living outside their concession areas. They can obtain additional land outside their concession area if they lose any of their own lands due to government projects. If this “extra” land includes a community, they can move it. This can happen at any point during the 63-year agreement. They are not required to alert the community in advance or ask their permission.





To the right of this road made by Sime Darby bulldozers in Grand Cape Mount County, you can see old agricultural lands now covered over with oil palm plantations.

According to Friends of the Earth Liberia, *“in the 10,000 hectares already cleared, we estimate around 15,000 people have been affected. It is all rather disingenuous as they have left people in the middle of the plantations and given them an area of agricultural land that is insufficient.”*

The Land Commission acknowledged that *“the issue of displacement and resettlement was amongst those brought up by communities. It was one of the questions raised as part of the 14 points presented to the President who met with the 18 affected communities. Our wish is to minimize or discourage all resettlement. If it were possible to rehabilitate these areas or restore certain parts of the region, we would prefer it. Therefore, we are addressing the issue of how to meet the subsistence needs of the affected communities.”*<sup>52</sup>

### 3.4.3 Restricted freedom of movement

A further clause in the contract concerns freedom of movement which is heavily restricted within and around concession areas:

- The local population may continue to use roads they previously used through Sime Darby's areas; but Sime Darby can stop anyone on these roads they believe to be a security threat. Sime Darby has to have government authorization to do this. They can also install security barriers on public roads, with the agreement of the government.
- Security Forces: Sime Darby security guards are authorised to stop people (but Sime Darby must immediately inform the government and hand the person over to the police within 24 hours), search people, and deny certain people entry into Sime Darby's area. They are also authorised to deny

access to their concession to people living outside concessions areas who disrupt Sime Darby's operations.

#### **3.4.4 Food self-sufficiency put at risk**

Certain company rules forbid local communities from agricultural practices such as slash-and-burn farming, even though this is the basis for Liberian food cultivation.<sup>53</sup> Representatives of Sime Darby confirmed that communities inside their plantation zones will no longer be allowed to use traditional agricultural techniques in its concession area, owing to the potential fire hazard for the palms. The negative repercussions on food self-sufficiency for rural inhabitants constitute a violation of international law regarding indigenous communities.

Moreover, wetlands previously used for rice-growing have been filled in, and oil palms planted on the land, which has led to a change in dietary habits, notably the consumption of rice and cassava. Certain communities affected by the activities of Sime Darby in Grand Cape Mount County have reported that they have to travel to Monrovia to buy supplies, whereas before they were able to provide for themselves through farming. In some cases, the change in priorities for the use of land has increased food insecurity amongst communities.

### **3.5 A project which is creating severe tensions over land**

This section sets out the principal concerns expressed by members of Friends of the Earth Liberia in the counties, as a result of interviews carried out alongside members of Friends of the Earth Liberia in the counties of Grand Cape Mount and Gbarpolu.

#### **3.5.1 Theft of their land – land rights. The communities' perspective.**

According to the contract signed between Sime Darby and the government, Sime Darby is obliged to allow certain local communities to continue farming within the concession area, notably on sections of land that Sime Darby considers unfit for the cultivation of oil palms. To be eligible, you must have lived in the area before it was granted to Sime Darby.

Anyone wishing to farm in the concession area must seek permission from Sime Darby, who reserves the right to refuse if it considers such farming represents a safety risk or interferes with palm oil production. Moreover, local communities cannot sell anything they grow within the concession area outside the community: they can only use the crops for themselves or their families.

*"They take our land without leaving our families any hope of farming for themselves."*<sup>54</sup>

*"Our main source of revenue came from cassava, and the sale of palm oil... but neither of these things exists anymore. Sime Darby has cut everything down. We have no way of surviving now."*<sup>55</sup>

The crucial issue is land ownership: numerous communities hold title deeds to their lands. Although agrarian reform is still ongoing, local communities will nonetheless have to abandon their lands. According to Friends of the Earth Liberia, *"the government has granted concession area to the company without visiting the land to mark out the boundaries."* The contract states that, in order to develop a region, Sime Darby must visit the community and the area, choose a site, negotiate with members of the communities and, with their consent, draw up the boundaries for a zone of operation. In the Gaynimah community reactions were immediate:

- *"They are going to destroy our crops, there will be no land left to cultivate."*
- *"I know this land belongs to me and they are going to cultivate it using my own resources."*
- *"I don't know how much land I possess."*<sup>56</sup>

The question of what will become of burial grounds and sacred sites on concession land has also been raised during meetings. Friends of the Earth Liberia point out, *"Sime Darby is now proposing to integrate them into its development plan, but that remains to be confirmed."*

#### **3.5.2 Lands rich in water, forests and minerals**

The government has not taken into consideration the fact that the counties of Grand Cape Mount, Bomi and Gbarpolu are areas rich in mining resources (diamonds...), point out Friends of the Earth Liberia.





Lands that were previously rich in water, forest and minerals have been cleared to make way for oil palm plantations.

*“Most people here depend on forest resources and diamonds. We don’t know what the company intends, what payments will be made, if the locals will benefit from them, we don’t know anything. Perhaps the government will be able to reserve us some land. But it won’t be able to provide the minerals, the streams and the diamonds. In the forests there are monkeys, lots of animals. We have to think about future generations.”<sup>57</sup>*

*“We live off our farms. We have diamonds, gold, waterfalls which can provide us with electricity. If a company wanted to invest in electricity supply, lots of jobs could be created.”<sup>58</sup>*

There is also much fear that monocultures will pollute water sources.

*“They are destroying our streams with their heavy agricultural machinery and there is no more drinking water.”<sup>59</sup>*

*“There will be no more drinking water if there is Sime Darby.”<sup>60</sup>*

Several people in Gbarpolu County have also mentioned, “We fear that our primary forest will be converted into plantations”.

### **3.5.3 Inadequate and unfair financial compensation**

The rate of compensation for the loss of land and farming is applied differently according to communities. It appears that compensation case files are under-evaluated. As a general rule, compensation is only calculated for one harvest, not for the entire year’s production.

In Medina, a woman testified that she had been ordered to cease cultivating land which was to be taken over by the company. She complained that she only received one sack of rice for the land which had previously yielded cassava, pineapples, okra and other crops: *“How am I to pay my children’s school fees now?”*

### 3.5.4 The lease period

The 63-year concession agreement, renewable for a further 30 years, has caused exasperation:

*"We don't want Sime Darby to come to Bokumu District for 63 years. We are against it. This is our place."*<sup>61</sup>

*"We are not satisfied with the agreement: we don't know anything about this contract, we are disheartened by the length of the contract."*

*"What will happen at the end of the 63-year contract with Sime Darby? Our President and our government are always saying that they want to make young people take responsibility for the future. Give them the means to do so."*<sup>62</sup>

### 3.5.5 Fear of displacement

The lack of information about the agreement creates fear:

- *"There is no information about how we will be displaced and resettled."*<sup>63</sup>
- *"We have had no information about a possible displacement. But we want to stay in our town."*<sup>64</sup>

For some, the absence of new infrastructures will prevent Sime Darby from displacing them:

- *"Sime Darby cannot move us because it has not begun building clinics, hospitals, sanitation systems or schools."*<sup>65</sup>
- *"I want negotiations to continue to confirm that the elderly as well as the young will be moved to places where they have built schools, churches, manual water pumps. The elderly can't do anything about this situation."*<sup>66</sup>

The scars left by two successive civil wars, which displaced a third of the Liberian population, are not yet healed:

*"We don't want Sime Darby to come, because it will throw us out. We use the wood here, we fish, we live off the land. We have already been displaced by war, we don't want a corporate company to reignite conflict amongst us."*<sup>67</sup>

### 3.5.6 Jobs are scarce, insecure and underpaid

Although the country's unemployment rate is high, many hope to find jobs with Sime Darby.

Among the people we met was a young man from



**"We don't want Sime Darby here", stated this women from Gbarpolu county, who fears that local resources of wild palms will be destroyed by the company.**

Kon Town who has worked for Sime Darby in Grand Cape Mount County for two years. He started out as a sub-contractor, but has been permanently employed for six months. He began on \$3 a day but now earns \$5 a day. He works an 8-hour day (8am to 4pm). His family receives medical aid.<sup>68</sup>

But not everyone is so lucky. Apparently, 90% of the company's workforce are on fixed-term contracts (3 months) and are underpaid (\$3 a day). Another young man from Medina (Grand Cape Mount County) was taken on under a fixed-term contract. He said his daily income was 50 cents a day for filling 50 sacks.<sup>69</sup> Another woman said she filled sacks of polythene for 3 cents a sack. In order to earn \$1 a day, she has to fill 50 sacks of polythene; and on the day we spoke to her she had filled 150 sacks and earned \$3.

Wage inequality between employees is reinforced by the number of sacks of rice distributed: employees receive two sacks of rice a month, but day labourers receive only one sack, according to the Imam of Medina.

Within the communities, people are under no illusions about how many jobs will be created:

- *"Local communities do not welcome Sime Darby's arrival, they will clear the land. We know that not everyone can work for the company."*<sup>70</sup>
- *"They won't be able to employ everyone in the county. They won't take on young people to work. Just some people to work with the machines. These activities will only increase poverty."*<sup>71</sup>



*"Only two people in the town have been employed but there are over a thousand of us. For what kind of work? Filling sacks. That's not 'empowerment', it's 'slavery'." "People work an entire month and at the end they earn less than \$70."*

Moreover, certain concession holders bypass provisions made for employing the local workforce by taking on foreign sub-contractors who then bring in a foreign workforce for qualified positions.

Friends of the Earth Liberia point out: *"Even if they have created an incredible amount of employment, to what extent is that employment sustainable? Once the oil palms have been planted and begun to grow, how many jobs will the company be able to maintain?"*

### **3.5.7 Women are particularly affected**

Companies are slowly destroying indigenous resources of wild palms, swallowing them beneath their bulldozers. *"Taking away their land means taking away women's roles in the community and making them vulnerable to men,"* highlight Friends of the Earth Liberia. *"Once the land has been cleared, you deprive them of their rights. They can no longer sell on the markets, they can no longer use palm oil to buy medicine or pay school fees. If you wipe out the wild palm you destroy the way the community functions."* Many women were present at the consultation meetings with Friends of the Earth Liberia.

### **3.5.8 Division between communities: has money won the battle for land?**

Communities are divided. Some state: *"They have cleared the land, they have already planted oil palms. We can't undo what has been done, we just want to receive fair compensation."* Some are firmly hoping to find employment and welcome Sime Darby's arrival. Even if they are aware of the environmental impact of the operations, they disconnect water pollution from the creation of jobs:

*"Members of the community are not happy about the company's activities because of the lack of drinking water. But it is the townspeople that are affected, not the workers. And I hope to continue to work for the company for the next ten years."*<sup>72</sup>

At the same time, there are those who hope to gain access to new hospitals, new schools, new roads and new sanitation systems for drinking water. The problem highlighted by Friends of the Earth Liberia is that new infrastructures give priority to Sime Darby personnel: *"Our concern is that development will not benefit all members of local communities in the concession area. How much of this development will benefit those living there?"*

Although operations began in Grand Cape Mount County in mid-2010, to date no infrastructures have been built:

*"To my knowledge, no facilities have been created for the moment. They said they were going to build hospitals and schools."*<sup>73</sup>

*"When Sime Darby arrived, they said they would provide clinics, housing for people, but in fact there's nothing."*<sup>74</sup>

In Gbarpolu, people interviewed who had witnessed the impact of operations in Grand Cape Mount didn't want to see their land cleared. Nevertheless, everyone had come to the same conclusion:

*"Now that Sime Darby has taken our land, we can no longer survive."*

According to Friends of the Earth Liberia, Sime Darby has fuelled tensions within communities through a strategy of "cash balance". *"Some members of the communities have already told us: don't wait for the district leader, he won't come because he supports Sime Darby now. He was paid cash."* They add: *"Very recently, on 20 January 2012, Sime Darby went to speak to the district leaders of each town in Gbarpolu. It proposed they come and see their operations in Grand Cape Mount. The district leaders accepted. But they didn't meet with other communities. Therefore they received a false impression. What alternatives for subsistence does Sime Darby provide for communities? If these alternatives exist, we can't see them."*<sup>75</sup>

### **3.5.9 Who will really benefit from Sime Darby's activities?**

In January 2011, Friends of the Earth France revealed that Sime Darby were in negotiation with the region of Languedoc-Roussillon to open a Liberian palm oil



The oil palm plantations impoverish the soil. The use of pesticides, in particular paraquat, which is banned in France, and fertilizers containing phosphates and nitrates, lead to water pollution.

refinery in Port-la-Nouvelle (Aude). Just under a year later, on 22 December 2011, Sime Darby announced that they had in fact decided to freeze their project for a year. This was confirmed by Sime Darby in an interview at the end of January 2012: *“The French project has been postponed. Sime Darby Plantation never said that it wouldn’t construct a refinery in Liberia. Sime Darby is always on the lookout for commercial opportunities and if Liberia offers such an opportunity then it will be given due consideration.”*

But Sime Darby has committed to constructing this palm oil refinery in Liberia between now and 2024. For Friends of the Earth Liberia:

*“France is definitely not the only country in which Sime Darby plans to install a factory to transform palm oil into a finished product. There is a market for it. Sime Darby also uses part of the palms for animal feed. It is foreign and European countries who are targeted for this kind of business, and certainly not Liberia. The market is not here. So how can development benefit us?”*

### 3.6 Resistance from local and indigenous communities

**“Communities are not resistant to development; they are resistant to the plantations.”**

Friends of the Earth Liberia

#### “3.6.1 Outcome of the complaint filed with the RSPO

When Sime Darby began operations in Grand Cape Mount, local communities got together and joined forces to demand discussion. Their demands led to a complaint being filed with the RSPO, the Roundtable for Sustainable Palm Oil of which Sime Darby is a founder member. They were given help to draft the letter by Green Advocates, a partner organisation of Friends of the Earth Liberia. The complaint was also supported by the Forest People’s Programme, a British NGO.

Here are some extracts from the letter, sent on 4 October 2011 by two tribal leaders, Sakamon Samukai and Sekou Balloe, from Bomi and Grand Cape Mount:

*"We write to inform you that we are members and inhabitants of the affected local communities including chiefs, elders, women and youth within the proposed Malaysian palm oil company, Sime Darby 220,000 ha oil palm concession in Liberia."*

*"Specifically, we are local inhabitants of towns and villages which include a) Sije, b) Moore town, c) Kon town, d) Medina, e) Gayah Hill, f) Beafinie, g) Gbasomou, h) Dama, i) Bama, j) Gbar, k) Baaja, l) Claymontuah, m) Gobo, n) Zarmeyan, o) Vonzua, etc... identified by the Sime Darby Social and Environmental Impact Assessments (ESIA) and its Public Summary Report of New Planting Assessment, May 2011 reported on the RSPO website for the proposed 10,000 ha located in Bomi and Grand Cape Mount County where Sime Darby is currently engaged in active land clearing, destruction of our sacred sites, destruction of our crops, damming of our creeks and streams, filling in of our swamps, destructions of grave sites, destruction and pollution of our drinking water sources, forceful displacement of our people without adequate compensation, active planting and cultivation of oil palm including the massive establishment of an oil palm nursery without our free prior informed consent."*

*"Additionally, we are local inhabitants of towns and villages which include: a) Marnivalor, b) Mesila, c) Soe, d) Banford, e) Kornomah, f) Number 2, g) Mecca, h) Bacca, i) Massatine, j) Gbenii, k) Seimi, l) Didior, m) Dangatee, n) Burphy, o) Sambola, p) Geedah, q) Mbalikou, r) Thomas Camp, s) Goodrich, etc... identified by the Sime Darby Social and Environmental Impact Assessments (SEIA) and its Public*

*Summary Report of New Planting Assessment, July 2011 reported on the RSPO website for the proposed 15,000 ha located in Garwula and Gola Konneh Districts Grand Cape Mount County where Sime Darby is planning to expand its oil palm operation. [...] Sime Darby is a member of the Roundtable on Sustainable Palm Oil (RSPO), which requires members to observe the RSPO standards and procedures [which] include rights of local communities to their customary land and their Free Prior informed consent to developments on their land."*

*"[According to] Sime Darby Environmental and Social Impact Assessment (ESIA) for both the 10,000 ha and the 15,000 ha [...] the "nature of land tenure is "tribal land", "family land" and "community land"— owned by us. We are therefore legally entitled to free, prior, informed consent with the full power to reject or accept proposals to invest on our property."*

*"We therefore write to formally submit this complaint to the RSPO that within the 10,000 ha and several portion of the 15,000 ha, Sime Darby has forcefully engaged into the grabbing of our tribal land with our free prior informed consent, with little or no compensation. They have engaged into massive destruction of our crops and culturally significant sites such as graveyards and shrines using heavy earth moving equipments, they have polluted our water sources."*

*"Sime Darby activities on our customary land have brought great problems to us as a people. They are taking our land, destroying our crops without informing us and humiliating us by desecrating our sacred shrines including the graves of our ancestors. We were not consulted, not by the government nor the company. The company has destroyed more than 5 towns to grow oil palm. This company came to damage us not help us. This is why we call it "Sime Damage". Sime Darby action have impacted negatively on the natural environment upon which we depend for subsistence. They have jeopardized our livelihoods and culture."*

*"In addition to the above, there are several sites where wetlands including rivers, marshlands, swamps, streams and creeks have been dammed or diverted and polluted. The swamps and several wetlands were a source of food, proteins through fishes, crabs, snails, crayfish, clams, and molluscs, palm wines, wild fruits, berries, palm oil. The swamps were also a source of building and constructions materials through straws for roofing, clay, vines, twines, round poles and barks for structural building construction, as well as roots, barks, leaves, stems, flowers and stems for medicinal plants. It was a fertile ground for growing vegetables and other food staples to compliment our local food basket. All of these are no more. All of the swamps within our communities have been filled in to make way for oil palm. We barely have fuel wood to cook our meal."*

*"What is even more horrifying is that Sime Darby has done little to improve alternative living conditions in our communities. We now pay more for locally produced palm oil and have to now travel to the Capital city to buy palm oil. We do not have access to and cannot afford protein. Our sacred sites have been dishonoured."*

*"... we have very strong evidence that Sime Darby is operating in violation of the RSPO Principles and Criteria ..."*





“Even when operations had begun, we still didn’t know anything about the contract.” This man from Grand Cape Mount explains the reasons why inhabitants of the county are angry with Sime Darby.

After receiving this letter, the RSPO wrote to communities inviting members to a meeting on 6 January 2012 *“to rebuild a relationship of trust.”* Sime Darby expressed *“sincere apologies for not having engaged in consultation on the ground. This is a new beginning, we want to start from here.”* At the same time riots were erupting in Grand Cape Mount County.

### 3.6.2 Anger rises in Grand Cape Mount

As the letter was on its way to the RSPO, community members affected by the projects were promising *“fierce resistance”* to Sime Darby’s expansion plans. Tensions boiled over in mid-December 2011. Local riots about the company’s conduct culminated in the seizing of Sime Darby construction materials. Inhabitants and members of the workforce took the ignition keys for bulldozers in order to stop the continuing expansion of Sime Darby near Seimi Town

in the district of Garwular. 500 people were fired by Sime Darby<sup>76</sup>: the company accused them of being trouble makers, responsible for the chaos which had spread across the plantation.

The incident precipitated a visit from President Johnson Sirleaf. During this visit, 18 towns and communities presented their fourteen charges against Sime Darby, and demanded that the President commit to ensuring that their concerns were genuinely taken into account in searching for an amicable resolution with the company. Speaking on behalf of the dissatisfied communities, the region’s spokesperson Alfred Quayjandii insisted, amongst other things, on the provision of drinking water and better sanitation in the affected areas. In particular, he stated:

*“Inhabitants of the two counties should be given job*

preference, to create a fair balance in employment.”  
*“Marshlands should be preserved so that inhabitants can fish and farm in wetland areas.”*

*“We should have the right to say yes or no to any exploitation of our land. The company should give advance warning if there is to be displacement of affected communities.”*

*“Social benefits should be provided sooner so that living conditions for communities are genuinely improved.”*

According to the recorded documents, Quayjandii also brought to light the appropriation of an area of community land by the American company BF Goodrich between 1954 and 1955, today held by Sime Darby.

As far as government representatives are concerned, *“it is a collective error”* involving the Legislative Assembly and Executive Mansion as much as county leaders and elders. President Johnson Sirleaf confirmed that further consultation with communities would be necessary to resolve the problems. But she then emphasized: *“From the moment when your government signs an agreement, no citizen can legally denounce that agreement. There are errors in the contract, all we can do at present is deal with what has been badly executed, and that is what we are starting to do now.”* And she added that everything contracted by the government must be honoured by every citizen. Clearly, affected communities must allow the government to negotiate for them rather than continuing to cause problems for the company...<sup>77</sup>

In order to respond to the complaint sent by the communities to the RSPO, and to calm the tensions in Grand Cape Mount, an interministerial committee was set up at the beginning of 2012. It is composed mostly of members of the Ministry of Agriculture, who have talked about examining the sales of land and the provisions for compensation for farmers. This committee was also opened up to include inhabitants of Grand Cape Mount County. As far as the Ministry of Internal Affairs is concerned, they have stated:

*“The President admitted there were errors in the agreement. This is why she asked for the agreement to be reexamined in order to see what can be done. We*

*are meeting with the citizens, we are listening to their complaints, but at the same time we are listening to the company which also has concerns. We are therefore trying to find a solution which will produce a win-win situation for everyone. We will do everything within our power to keep the negative impact of Sime Darby activities to a minimum. The government is completely opposed to any resettlement of the population. To our knowledge, not one single person has been displaced. The issue of the deterioration in water quality and wetlands is also amongst our concerns. Everything will be done to ensure we optimize the benefits to be gained from Sime Darby’s activities. This is what we all want.”*

Accused of obstructing real communication between communities and the company, the government is preaching moderation.

### 3.6.3 Local communities join forces

Villages continue to hold meetings, attended by representatives of Friends of the Earth Liberia.

One of the issues for the communities is the prerogative to review the contract.

*“We want to see the situation improve. The company has already cleared the area and planted nurseries. We can’t say no but we want to negotiate. We want negotiations to be resumed.”*<sup>78</sup>

*“If there are things with which the local communities are not comfortable, they must be able to make other suggestions and reexamine the contract.”*<sup>79</sup>

A further priority is to commission a survey of land ownership rights:

*“Before Sime Darby takes over any land in this county or this district, we want our leaders to be able to review the contract. We want to present our survey which will determine the share of land that belongs to us.”*<sup>80</sup>

*“For the moment there is no survey of land ownership rights, and we need to do one. We have a certain amount of land and we should be able to measure it.”*<sup>81</sup>

With the help of Friends of the Earth Liberia, communities continue to draft official correspondence to government agencies (EPA, the Environmental





Friends of the Earth Liberia organized a public meeting in Gbarpolu County to inform the inhabitants about the contract between Sime Darby and the government.

Protection Agency; the Ministry of Agriculture; the Ministry of Justice; etc.). Communities situated in Gbarpolu County have demanded a formal meeting with Sime Darby before it can begin activities on their land.

Friends of the Earth Liberia sum up their position thus:

*"We are not against development. But for a development which takes into account the points of view, the interests and the aspirations of local communities who have been living on these lands for centuries and for generations, and who have no other resources."*

36 <http://www.crisisgroup.org/en/regions/africa/west-africa/liberia/148-liberia-uneven-progress-in-security-sector-reform.aspx>

37 According to the report "Smell-No-Taste".

38 From an interview with the Land Commission conducted during investigation in Liberia.

39 See report "Smell-No-Taste".

40 Sime Darby, "Social Policy", April 2008.

41 Roundtable on Sustainable Palm Oil, "RSPO Principles and Criteria for Sustainable Palm Oil Production. Guidance Document", March 2006.

42 "Ellen End Deadlock at Sime Darby Plantation in Grand Cape Mount", The Daily Observer (Monrovia), 14 January 2012; "Liberia: 500 Contractors Dismissed at Sime Darby", Global News Network (Monrovia), 15 December 2011.

43 Conducted as part of the investigation in January 2012

44 Interview conducted in Liberia.

45 Conducted as part of the investigation in Liberia.

46 "Sime Darby Company Fined US \$ 50000", Heritage (Monrovia), 7 October 2011.

47 Interview conducted in Liberia.

48 Brown, Kevin, "Sime Darby Eyes Palm Oil Expansion in Africa", Financial Times, 27 February 2011.

49 "An Act to Ratify the Amended and Restated Concession Agreement Between the Republic of Liberia and Sime Darby Plantation (Ltd.)", Gol, 29 July 2009, Section 15.2.

50 Perry, Roland, "Law Suit Hangs Over Sime Darby Plantation", The Informer, 12 August 2010.

51 Interview conducted as part of our investigation in January 2012.

52 Interview conducted with the Land Commission in Liberia, January 2012.

53 According to the report "Smell-No-Taste".

54 Interview conducted in Medina Town, January 2012.

55 Interview conducted in Kon Town, January 2012.

56 Interview conducted in Gaynimah, January 2012.

57 Interview conducted in Morloquellah, January 2012.

58 Interview conducted in Belekpo, January 2012.

59 Interview conducted in Medina Town, January 2012.

60 Interview conducted in Gaynimah, January 2012.

61 Interview conducted in Belekpo, January 2012.

62 Interview conducted in Medina Town, January 2012.

63 Interview conducted in Gaynimah, January 2012.

64 Interview conducted in Kon Town, January 2012.

65 Interview conducted in Medina Town, January 2012.

66 Interview conducted in Medina Town, January 2012.

67 Interview conducted in Bopolu district, January 2012.

68 Interview conducted in Kon Town, January 2012.

69 Interview conducted in Medina Town, January 2012.

70 Interview conducted in Gaynimah, January 2012.

71 Interview conducted in Gaynimah, January 2012.

72 Interview conducted in Kon Town, January 2012.

73 Interview conducted in Medina Town, January 2012.

74 Interview conducted in Medina Town, January 2012.

75 Interview with Friends of the Earth Liberia, January 2012.

76 [http://gnnliberia.com/index.php?option=com\\_content&view=article&id=2771:liberia-500-contractors-dismissed-at-sime-darby&catid=34:politics&Itemid=54](http://gnnliberia.com/index.php?option=com_content&view=article&id=2771:liberia-500-contractors-dismissed-at-sime-darby&catid=34:politics&Itemid=54)

77 "Ellen End Deadlock at Sime Darby Plantation in Grand Cape Mount", The Daily Observer (Monrovia), 14 January 2012; "Liberia: 500 Contractors Dismissed at Sime Darby", Global News Network Liberia (Monrovia), 15 December 2011.

78 Interview conducted in Medina Town, January 2012.

79 Interview with Friends of the Earth Liberia, January 2012.

80 Interview conducted in Gaynimah, January 2012.

81 Interview conducted in Bopolu district.



# 04

## Conclusions and recommendations

By Friends of the Earth France

**A**s is the case for many southern-hemisphere countries, Liberia is a country in which the clarification of land rights is still in its infancy and is the root of serious tensions between central government and communities. Tensions exacerbated by years of civil wars.

Within this context, the government's strategy of embarking upon an accelerated course of development by making the country wide open to foreign investors seems at the very least controversial, especially considering the experience of other countries.

The government's development plans are without precedent: within a few years, around 5.5% of the total area of the country could be covered with industrial oil palm plantations, whose production would be destined for exportation. Such a rate of conversion can only cause deep-seated tensions over land.

Our investigation on the ground, organised in January 2012, showed that the contract signed between the government and Sime Darby could be the source of serious conflict in the coming years: not only were communities left out of the process when the contract was drawn up but more worryingly, even government representatives admit they were not fully aware of its implications.

The oil palm plantations proposed by Sime Darby could potentially cover several hundreds of thousands of hectares in counties with different environments and different histories: hardly surprising then that communities are divided over what attitude to adopt. Some hope that Sime Darby will abandon its projects, whilst others hope to negotiate specific terms enabling them to benefit from any

development. This report by no means wishes to judge or influence the decisions of different communities but we wish to stand by them in the expression of the following demands which seem to us to represent the minimum action needed to avoid serious conflict over land in years to come.

Communities must be allowed to participate fully in any negotiations between the government and Sime Darby based on the principle of free, prior and informed consent. No pressure should be placed on communities who must be free to refuse to give up their land and their forests for the industrial cultivation of oil palms.

In the case of those plantations already in existence and accepted by communities, Sime Darby must honour their social commitments and promises of financial compensation as soon as possible.

For its part, the European Union must commit to implementing coherent policies and not place pressure on Liberia or other southern-hemisphere countries.

Installation projects for new infrastructures around ports for the purpose of increasing European imports of vegetable oils, in particular Sime Darby's proposed palm oil factory at Port la Nouvelle (Aude), should be stopped and in no instance supported by public authorities.

The target of producing 10% of the energy used in the road transport industry from renewable energy resources by 2020 must be abandoned because the growing demand for agrofuels is the main cause of the European deficit in vegetable oil.

Structural measures for actively reducing the consumption of fuel must be put in place: the relocalisation of the economy, the development of public transport and the fight against urban sprawl. ●

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## The Federation of Friends of the Earth

**France** is a non-profit environmental and human rights network, independent from any religious or political influence. Created in 1970, they helped build the French ecological movement and helped found the world’s largest grassroots environmental network - Friends of the Earth International – which unites 76 national member groups and has over 2 million members and supporters around the world. Friends of the Earth France forms a network gathering 30 autonomous local groups that act according to their own priorities and support the national and international campaigns with a shared vision for social and environmental justice.



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