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Liberia land deals with foreign firms 'could sow seeds of conflict'

Small farmers lose livelihoods as 'controversial' palm-oil producing multinational moves in, report says

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Pa Sando, the town chief of Konja, in Grand Cape Mount county in Liberia, looks out across the farmland. "I used to pick cocoa on this farm for more than 30 years. My grandfather planted it for us," he says. "All this area here was mine, and now it's all gone."

The land has been leased by Sime Darby Plantation (Liberia) Inc, owned by the Malaysian-based multinational Sime Darby, to grow trees for palm oil. Sando said he was never asked whether he wanted to give up his land - only that he saw the bulldozers in the bush and then his land was taken.

Much of rural Liberia's population lives on land that has been in the family for generations. Most people don't have the money to go through the costly and complicated process of acquiring deeds, so under Liberian law the government is the owner of all public land. Sando's land was not registered, therefore it belonged to the government.

Sime Darby has signed a 63-year agreement with the government to develop 220,000 hectares of land for palm oil. The company's website says it is "the world's premier producer of sustainable palm oil". It boasts of its aspiration of "making sustainable futures real for everyone". The word "sustainable" is mentioned repeatedly.

However, a report (pdf) from the Centre for International Conflict Resolution (CICR), at Columbia University in the US, raises doubts about whether the future is quite so bright for the communities affected by the company's actions.

The report studied the impact on communities of investments (concessions) by four companies: Golden Veroleum, Sime Darby, ArcelorMittal and Putu Iron Ore Mining Corporation. The three-month study - based mainly on townhall meetings, focus group discussions and interviews with indigenous groups, public officials, UN staff, civil society activists, international organisations and corporate representatives - found that lack of consultation on the investment projects had resulted in "high tension" among communities.

Investment has flooded into Liberia since president Ellen Johnson Sirleaf rid the country of its crippling foreign debt. She has brought peace and development to the nation after 14 years of devastating civil war.

The country has signed natural resource deals with foreign investors, mainly in iron ore and palm oil, amounting to a total projected value of around $19bn. According to the report, an official from the ministry of planning said these deals cover almost half of the country's total landmass.

The International Monetary Fund estimates that corporate taxes and royalties from these deals could amount to $2bn in the next 10 years, although it may take a while for the government to see this money.

However, the report said there were "a number of concerning aspects" of the investments. Researchers found that compensation was inadequate, the investments did not bring many jobs for local people, and that, in the rush to sign the deals, the government had failed to ensure investors act properly to protect community interests. It also found that Sime Darby, which has invested $3bn in Liberia, was "by far the most controversial concessionaire" among the four studied.

Sime Darby is a founding member of the Round Table on Sustainable Palm Oil, which aims to promote the growth and use of sustainable palm oil. One of its guidelines involves free, prior and informed consent (FPIC), a process of informing communities about projects before they are implemented, ensuring everyone is aware and happy about what is going to happen. But so far in Liberia, according to Ashoka Mukpo, one of the report's authors, communities have not been offered this. "For Sime Darby to say they had granted FPIC to indigenous communities is a serious misrepresentation of reality," he says.

Impact on livelihoods

In Grand Cape Mount, Sando points to an area that until recently was rich marshland full of mangroves. It is now filled with dirt ready for the planting of more palm trees, leaving villagers with nowhere to fish or to cultivate rice. Without the swamps, homes were flooded in the rainy season, and the only creek has almost dried up.

Grand Cape Mount is the first of four counties in Liberia that Sime Darby has started working in. Most of the population in these counties depend on farming for a living. But this year in the town of Konja there was no harvest because no one has any land. "Many people told us food is now scarcer for them than before the company entered Liberia," says Mukpo. "Some of the environmental damage to ponds means that fish are no longer available to them."

Farmers have been given money for their land by Sime Darby, but the compensation is generally only calculated for one harvest. Fatu Kamara, an older woman in the town, said she was given $200 for the land she grew her cassava on - just $3 for every year Sime Darby occupies it.

In neighbouring Gbarpolu county, Sime Darby has already begun speaking to communities about its proposed operations in the area. At a meeting in Bopulu, the county capital, Mohd Zulkifli Isa, the firm's head of development in the county, told a packed hall that the company "always practise free prior informed consent ... Without your people's consent, we will not come."

Isa told the Guardian that the CICR report was biased against the company, which he said had spend $1m on repairing schools in Liberia. He denied that people in areas affected were not being consulted. "How can you go into a community and take their land without approval?" he asked. "No, it can't happen like that."

He added: "A single tree has not been cut in Gbarpolu, Bong or Bomi counties. We will not do anything there until we have the communities' approval."

He admitted that mistakes had been made in Grand Cape Mount, but said: "We will make sure the mistakes don't happen elsewhere. We are talking with the government and the communities to try and fix what happened in Grand Cape Mount."

The main problem with Sime Darby's work in Liberia is the "lack of transparency", says Jonathan Gant, a policy adviser at Global Witness. "There has been very little information given on how the concession was handed out, how it's going to interact with the people living in the area, and how it's going to be executed," he says.

People at the meeting said they wanted investment in the area and that they were excited about the creation of jobs and schools, but they also said they needed more information. "Sime Darby might be a good company, but we don't know what is in the agreement and what you don't know is bigger than you," said one man.

The CICR report acknowledged the government had introduced legal reforms and policies that promote transparency in natural resource revenues, professional investment negotiation practices, and socially responsible development initiatives. But it added: "In many regards, FDI [foreign direct investment] policies in the country do not adequately take into account the needs of those who will be most directly affected by the granting of large concessions in the hinterland. Reforms are needed that will ensure the state can receive the benefits of foreign capital without creating a dynamic of distrust and anger that could lead to dangerous social tensions in an already fragile post-conflict environment."

Mukpo added: "We are concerned that the future seeds of civil conflict are being planted."

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