

Sime Darby and land grabs in Liberia

French banks financing land grabbing

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**Friends of
the Earth
Europe**

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The case

Malaysia-based Sime Darby, one of the world's largest producers of palm oil, is developing palm oil plantations in Liberia, swallowing up farmlands and forests used by local communities to sustain their livelihoods.

The contracts for land concessions signed by Sime Darby and the Liberian Government violate several Human Rights principles in conventions ratified by the Liberian Government as well as principles enshrined in Liberian Law. Affected communities and civil society have organised to demand from the company and Liberian Government that communities' rights are recognized and the contract between Sime Darby and the Government are renegotiated to ensure that it is compliant with these human rights principles and laws.

Sime Darby Plantation is the agri-business division of the Sime Darby Group, a Malaysian industrial conglomerate, and is one of the world's largest palm oil producers with an annual output of 2.4 million tons or 6% of world's crude palm oil output annually.

What is Sime Darby doing in Liberia?

- On July 23, 2009 Sime Darby signed a 63-year lease agreement with the government of Liberia, for 311,187 hectares (about 760,000 acres) of land which is referred to as the Gross Concession Area.
- The government agreed to allocate land 'free of encumbrances' to Sime Darby, with the understanding that the company would cultivate 220,000 hectares within twenty years of signing the agreement.
- The company agreed that it would pay US\$5 per hectare per year for land it cultivates for oil palm and provide employment for more than 30,000 Liberians.
- In 2010, Sime Darby started operations in western Liberia, cultivating land to set up an oil palm nursery.
- In 2011 the company began planting its first oil palm plantation, in Garwula District, Grand Cape Mount County.
- In 2013, Sime Darby is planning to expand into new areas which are granted to them in the contract between Sime Darby and the Liberian government.

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How have local communities been affected by Sime Darby's activities in Liberia?

In August 2012, Friends of the Earth Liberia, also known as the Sustainable Development Institute (SDI), published a report on the impacts of Sime Darby on the livelihoods of communities in Garwula District.¹ The main findings of the report are:

- Farms and farmlands which provide livelihoods and food for the local communities are being swallowed up by the Sime Darby plantation, with very few alternative livelihood options available to those not incorporated into the company workforce.
- At the time of writing no compensation had been paid for land taken over by the company. The only compensation individual farmers and households had received was for crops that had been destroyed and the amount paid was grossly inadequate. The company will pay compensation for sacred areas it destroyed to the communities, but not the individual farmers who lost their land
- Forest areas used for various cultural practices had also been destroyed and planted with oil palm.
- In one of the new areas that Sime Darby wants to expand into, the Gorblii clan traditional area in Bomi county, local communities had to stop Sime Darby's machines from working because they were not consulted or given the opportunity to negotiate with Sime Darby. This took place after the internal Tropical Forest Trust review was conducted and privately published. After this action, all employees from that clan were subsequently fired, according to a clan chief from Golidee town. The communities asked for a series of benefits but were not even furnished with a formal reply before Sime Darby sent bulldozers into Gorblii clan's traditional areas. This land falls in an old Guthrie plantation area, and Sime Darby appears to believe that exempts them from engaging in FPIC negotiations with those communities, despite their never having given formal consent to Guthrie for its earlier operations, which brought little to no benefits to locals. In Gbarpolu, a recent field visit by local civil society revealed widespread and entrenched local opposition to the project. Representatives of community based organizations in Gbama District told field researchers that after seeing the trouble in Grand Cape Mount county, Sime Darby's first operational area, they were prepared to engage in direct actions to keep the company from entering the district.

How will the environment be affected by Sime Darby's activities in Liberia?

According to Sime Darby's own High Conservation Value Assessment report, one of the concession areas (Garwula District, Grand Cape Mount County) is comprised of wetlands, agricultural lands, and mainly intact natural forested areas. It houses a variety of animal species including Water Chevrotain and African Buffalo, both of which are protected under Liberian laws. Various species of forest and lowland birds, as well as reptiles including crocodiles are found in the area. Another concession area (Bopolu District, Gbarpolu County) also has significant forest cover, including large blocks of primary and secondary forests.² While Sime Darby has promised to avoid High Conservation Value forests, it is difficult to see how they can move into these concession areas without the deforestation of primary and secondary forests.

Declaration by the affected communities in Liberia:

In a declaration released in November 2012, more than 150 representatives of communities, including communities affected by Sime Darby's palm oil plantations, stated that:³

- No consultation took place before their land was taken over by Sime Darby
- Communities did not give their consent to giving away the land to Sime Darby
- What happened in Garwula District cannot happen in other parts of the country.

How does Sime Darby violate human rights?

An analysis⁴ of the contract between Sime Darby and the Liberian Government reveals that it violates several aspects of internationally recognised human rights. Liberia is a signatory of the International Covenant on Civil and Political Rights (ICCPR), the International Covenant on Economic, Social and Cultural Rights (ICESCR), and the International Convention on the Elimination of all Forms of Racial Discrimination (ICERD) as well as a number of other human rights agreements. The contracts violate provisions in all these conventions. For example:

- By having no protection for communities' rights in respect of customary land and natural resources
- By not guaranteeing the principle of Free, Prior and Informed Consent (FPIC)

- By allowing involuntary resettlement of communities if they are deemed to impede the companies' activities
- By allowing the degradation of food security by not mandating that the company find alternative nutrition sources for community members who lose farmland to the plantations

Local communities accuse Sime Darby of violating especially the FPIC process by:

- Providing inadequate information about the concession areas
- Not providing communities copies of the concession agreement
- Misleading them about what benefits they can expect if they are not hired
- Giving little or no time to consider their response
- Providing inadequate or no compensation
- By not giving communities the opportunity to say 'no'⁵

Liberia is especially vulnerable to land clashes due to its history of recent conflict. A UN Panel of experts on Liberia investigating peace, development and security in the country recommended a moratorium on further land leases pending completion of the land tenure clarification process. Therefore leases also disregard the recommendations of this UN Panel.⁶ The most recent panel report referred to concerns about the implementation of another oil palm plantation, in Sinoe County. According to the Government, 81% of the population in Liberia is either highly vulnerable or moderately vulnerable to food insecurity; already a large proportion of the population is unable to enjoy the Right to Food. The plantations are having a further detrimental effect on local food security⁷.

Violating international guidelines for multinational corporations

Sime Darby has also violated several international guidelines:

- The Roundtable on Sustainable Palm Oil - Communities filed a complaint in 2011 at the RSPO claiming that their rights had been infringed as Sime Darby operated on their customary land without their Free, Prior and Informed Consent (FPIC). As a result communities reached agreements on some of their concerns and there are ongoing negotiations between the affected communities and Sime Darby on other issues. However the RSPO is a voluntary initiative and negotiations within it will not address the fundamental problems in the contracts that leave the communities vulnerable to abuses in the future. Sime Darby is a founding member of the RSPO.

- The UN Global Compacts principles - These mandate companies to respect and protect Human Rights independently of State's obligations.⁸ Sime Darby is a signatory of the Global Compact.
- Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises - They similarly state that "[r]espect for human rights is the global standard of expected conduct for enterprises independently of States' abilities and/or willingness to fulfil their human rights obligations, and does not diminish those obligations."⁹

How French banks finance Sime Darby

Crédit Agricole S.A. (CASA) is the second largest retail banking group in Europe. Its asset management subsidiary is Amundi. Amundi is 75% owned by Crédit Agricole S.A. and 25% by Société Générale. Crédit Agricole is a member of the UN Global Compact.

Société Générale S.A. is the parent company of Lyxor Asset Management, an investment company based in France. Société Générale also holds a 25% stake in Amundi. Société Générale has adopted and supports a couple of voluntary best practice initiatives like the UN Global Compact. Société Générale has shares with total value of 7.7 million euro through Lyxor Asset Management, which is a 100% subsidiary of Société Générale. Société Générale also has shares with a total value of 4.45 million euro through Amundi which is owned by Société Générale (25%) and Crédit Agricole (75%).

Community representatives from affected communities across Liberia gather for a final-day photo at the conclusion of conference held in Bopulu City in November 2012.



Friends of the Earth Europe's demands to Sime Darby

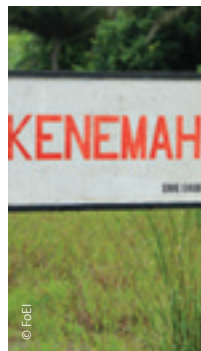
- Only after the communities have given their Free, Prior and Informed Consent can the company operate on their land;
- Communities should not be displaced by the activities of Sime Darby;
- All community members should benefit from the plantations and the benefits shall be laid out clearly to the communities before they enter into any agreement;
- Employment rights must be respected;
- Compensation rates must be agreed with the communities before entering into any contractual agreement.

Friends of the Earth Europe's demands to French banks

- French banks that are financing Sime Darby should use their influence to make sure that the current problems in Liberia are being solved. If this proves not possible, the French banks need to sell the shares in Sime Darby.
- French banks have to move away from financing companies that are involved in huge monoculture projects which often lead to landgrabbing and deforestation and re-direct their investments into renewable energy or projects that are promoting agroecology and food sovereignty.
- French banks should have a policy in place which ensures that the companies they invest in uphold international established criteria, like the right on Free, Prior and Informed Consent (FPIC), as well as other treaties and conventions under international law, especially under the Universal Declaration of Human Rights and other Human Rights obligations with regard to stopping land grabbing as well as the relevant international relevant criteria to protect forests.

Left: Communities from Gbarpolu County discuss amongst themselves how they feel about oil palm plantations in an affected community conference held in Bopolu City in November 2012.

Right: Kenemah, a town in Grand Cape Mount that was encircled by a palm oil plantation, 2012.



- 1 Uncertain Futures: The impacts of Sime Darby on communities in Liberia available at foei.org/simedarby
- 2 HCV Assessment for Sime darby plantation (Liberia) inc Golakonneh and Garwula districts, Grand Cape Mount county (15,000 ha) http://www.rspo.org/_v2/file/Summary%20Report%20for%20HCV%2015K.pdf
- 3 Statement and Declaration by Affected Community Members from Sime Darby and Golden Veroleum Concessions Bopolu City, Gbarpolu County, November 29, 2012 available at foei.org/simedarby
- 4 Human rights-based analysis of the agricultural concession agreements between Sime Darby and Golden Veroleum and the Government of Liberia Tom Lomax, Forest Peoples Programme, December 2012 available at foei.org/simedarby
- 5 Forest Peoples Programme (2012), Sime Darby oil palm and rubber plantation in Grand Cape Mount county, Liberia, pp. 20-21. <http://www.forestpeoples.org/sites/fpp/files/publication/2012/11/liberia-sime-darby-document-fpp-website.pdf>
- 6 Final report of the UN Panel of Experts on Liberia submitted pursuant to paragraph 6(f) of Security Council resolution 1961, 7 December 2011 (UN Doc. S/2011/757) <http://www.securitycouncilreport.org/atf/ct/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/Liberia%20S2011%20757.pdf>
- 7 Balachandran et al (2012), Everyone must eat? Liberia, Food Security and Palm Oil, Paper presented at the International Conference on Global Land Grabbing II, October 17-19, 2012, available at: <http://www.cornell-landproject.org/download/landgrab2012papers/balachandran.pdf>
- 8 <http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/principle1.html>
- 9 OECD (2011), OECD Guidelines for Multinational Enterprises, OECD Publishing. p. 32 <http://dx.doi.org/10.1787/9789264115415-en>

For more information visit:

Sime Darby and landgrabs in Liberia: www.foei.org/en/media/resources-for-journalists/sime-darby-and-landgrabs-in-liberia

Live or drive, a choice has to be made:

www.amisdelaterre.org/Huile-de-palme-vivre-ou-conduire.html

Right: Communities from Grand Cape Mount walk into the plantation with communities from Gbarpolu County, which had 51 percent of its land mass allocated to the Sime Darby concession. Grand Cape Mount County, 2012.

Below: The town chief of Momblitaa, a town that falls directly inside Sime Darby's concession area, surveys his crops as he discusses his concerns over the arrival of the company. Momblitaa, Bopolu District, Gbarpolu County, 2012.



Friends of the Earth Europe campaigns for sustainable and just societies and for the protection of the environment, unites more than 30 national organisations with thousands of local groups and is part of the world's largest grassroots environmental network, Friends of the Earth International.



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