LAND INVESTMENT DEALS IN SIERRA LEONE

GREEN SCENERY BRIEFINGS Part I-IV

Published by Green Scenery, Freetown, Sierra Leone, September 2011
Supported by Oakland Institute, USA

Contact:
Green Scenery, 82 Soldier Street, P.O. Box 278, Freetown, Sierra Leone
Tel/Fax: 232 22 226216, Cell: 232 76 601979, Email: gscenery@yahoo.co.uk
Web: www.greenscenery.org

The Country’s Natural Resources Are Nature’s Gift To Us What We Make Of Them Are Our Gift To Posterity
Part I: Reality check - how much arable land is really “available” for foreign investors in Sierra Leone?

In 2009 alone, the World Bank estimates that around the world, 56 million hectares of farmland – an area seven times the size of Sierra Leone – were acquired by large-scale investors. More than two-thirds of this demand for farmland is in Africa. This wave of land acquisitions has been hailed by some as a “win-win” situation that can bring agricultural and economic development to the continent, while critics of the trend describe it as neo-colonial “land-grabbing”. In this series of press briefings, Green Scenery examines some key assumptions behind the acquisition of farmland in Sierra Leone, to promote informed public debate. This first briefing note looks into land “availability” in Sierra Leone.

The Government of Sierra Leone and the Sierra Leone Investment and Export Promotion Agency (SLIEPA) have expressed their strong desire to attract large-scale foreign investment to the country, especially in the agricultural sector. There has been a particular focus on opportunities for large-scale oil palm and sugarcane plantations.

It is frequently said that just 15 percent of the country’s arable land is under cultivation, suggesting that the rest is available for long-term lease (50 years, renewable for 21) to foreign investors.

Sierra Leone is a relatively small country of about 7.2 million hectares (ha), less than a third the size of neighbouring Guinea and of Ghana. About 5.4 million ha – or 74 percent of Sierra Leone – is considered suitable for agriculture.

This notion that less than 15 percent of the country is currently cropped each year and that vast areas of “un-used” or “under-used” land are available for foreign investors is, according to the 2011 in-depth “Study on Rural and Agricultural Finance in Sierra Leone”¹ a “misconception”. That study, commissioned by the Bank of Sierra Leone and the German Ministry of Economic Development and Cooperation, offers the following information about the real availability of key natural resources in Sierra Leone.

Land use and availability in Sierra Leone – some facts and figures

- 3.5 million Sierra Leoneans, about 60 percent of the population, depend on smallholder agriculture for their livelihoods.

- Farmers use bush fallows to replenish soils, and the average fallow period 41 years ago, in 1979, was 15.4 years on upland. Compared to the necessary recovery periods, already the upland was over-cropped even then.

- The percentage of land that is un-cropped in a district may be nearly 50 percent, but this should not lead to the wrong conclusion that land reserves for annual crops are still available.

Since 1979, Sierra Leone has lost nearly 70 percent of its forest with less than 5 percent remaining, resulting in significant loss of biodiversity and land degradation that has had negative repercussions on livelihoods and food security and the natural resource base.

The study calls for a “reality check” on arable land and productive capacity. It concludes that “there is no remaining potential to significantly enlarge the area under cultivation anywhere in Sierra Leone” and warns that if the large-scale commercial farm investments continue, “a major conflict over land for subsistence food production is pre-programmed”.

The United Nations Food and Agriculture Organization (FAO) reaches a similar conclusion about land availability. It states that the terms ‘arable’ and ‘cultivable’ are misleading when it comes to land, “as they imply that reserves are available for further expansion, which is not the case.”

Yet the misconception that Sierra Leone has land – and water – to spare continues to drive the leasing out of enormous tracts of land in the country. Already, research undertaken by the Oakland Institute and Green Scenery in late 2010 showed that more than 500,000 hectares had been recently or were being acquired by foreign investors. SLIEPA, which just received USD 2 million in funding from the European Union, has hired a company, Nestbuilders International, to develop a “marketing package” with up to six more site profiles – land areas – for large investors.

It is time for a reality check on land use and availability, before it’s too late. An independent land inventory should be carried out to clarify if and how much land is really available. This can help to design a sustainable land management system. International donors should support such an initiative. Sierra Leone’s precious land and water resources are crucial for the well-being and very survival of the population.

---

Part II: Who are the foreign investors and do they grow food?

The recent wave of large-scale acquisition of farmland around the world gained momentum following the global 2007-2008 financial, food and fuel crises. Foreign investors are looking for a safe and profitable place for their capital in the face of rising food prices and a growing global population, climate change that is taking its toll on both water and arable land resources, and increasing demand for agrofuels in Europe and North America. Those acquiring land across Africa are multinational corporations, hedge funds, private equity funds, pension funds, banks, and sovereign wealth funds seeking to sow capital and grow profits. They are also Middle Eastern and Asian nations anxious to secure their own future food security in the face of climate change, with dwindling water resources and arable land at home. In this second Green Scenery briefing on land deals in Sierra Leone, the focus is on the investors – who they are and what they intend to produce using Sierra Leonean farmland, soil and water.

In Sierra Leone, to date, most of the foreign investors making large land deals are European or Asian corporations or investment funds. Most are negotiating long-term leases (50 years, renewable for 21) for land to produce oil palm and sugarcane, both of which are used to make agrofuels. Some are also interested in establishing rubber plantations. The emphasis is commodities for export, not food for local consumption.

The largest foreign investors have leases for between 10,000 hectares (24,710 acres) and 126,000 ha (311,352 acres). These are massive holdings in a small country like Sierra Leone, where the average plot size under cultivation per smallholder family is just 2.74 ha and where 3.5 million people – 60 percent of the population – are smallholder farmers who depend on the land for their livelihoods.

Some of the subsidiaries of large foreign investors with large land leases in Sierra Leone are:

- Addax Bioenergy, Addax & Oryx Group (Switzerland)
- Bio Palm Star Oil (SL) of Bio Palm Energy (Singapore), of SIVA Group (Indian origins)
- Quifel Agribusiness (S.L.) Ltd., Quifel Natural Resources (Portugal)
- Sepahan Afrique (Iran)
- Sierra Leone Agriculture (UK origins)
- Socfin Agricultural Company (S.L.), Socfin (Belgian origins, registered in Luxemburg).

This list is not comprehensive; indeed, no complete list of foreign investors’ land holdings in Sierra Leone has been made available to the public by the Government or by SLIEPA. However, a 2010 research by the US-based Oakland Institute estimated that the existing and potential deals already account for about one tenth of the country’s arable land.

These land holdings must also be viewed in the perspective of the large mining leases held by foreign investors – just five of the country’s largest foreign mining investors hold leases for close to 120,000 ha. This is in addition to Carbon Credit agreements and proposals that could potentially give large-scale investors control over another half a million hectares of Sierra Leone.

International donors and institutions should support the Government of Sierra Leone to invest in sustainable smallholder farming and farmers to improve food security and reduce poverty rather than encouraging large deals that make huge tracts of their precious land and water available to foreign investors.
Part III: Great expectations – but can the foreign investors in land really deliver?

The on-going wave of foreign investment in farmland around the world and especially in Africa has sparked heated debate. Proponents say that this is “agricultural investment’ that will bring benefits to local people and development. Critics call it a “land grab” that will hurt African food security and farmers. This, the third Green Scenery press briefing on large land acquisitions by foreign investors in Sierra Leone, examines some of the benefits promised by those promoting the land deals. And it asks - in view of proven risks for local communities, food security, the environment and water resources – if the land deals can live up to these expectations.

The Sierra Leone Investment and Export Promotion Agency (SLIEPA) is spearheading the country’s drive for foreign investment in land in the country. At the launch of its campaign to attract large foreign investors and find large tracts of farmland for them to produce oil palm and sugarcane, SLIEPA claimed that this would create more than 50,000 jobs in rural Sierra Leone. 3

Foreign investors negotiating for large land leases in Sierra Leone, as well as the government officials and Paramount Chiefs who promote the deals and convince local people to agree to the land leases, tend to speak glowingly of a whole range of development opportunities that such foreign investment will bring. The promises include thousands of jobs, roads, education and health facilities, water wells, scholarships, and “development”.

It is on the basis of these promises that local communities, landowners and chiefs agree to sign over their farmland to foreign investors for periods of 50 years, renewable for 21. A 2010 study on land deals in Sierra Leone by the US-based Oakland Institute revealed that in some cases, the local people confuse the profit-making foreign corporations leasing their farmland with non-profit NGOs, there to help them. The study showed that foreign investors often employ local agents – well-connected individuals, chiefs or political figures – who refrain from discussing or perhaps are not even aware of potential risks involved.

Little attention is paid to details on the nature of the jobs, what wages will be paid, where the workers will be recruited, what training will be offered, or how many people are already earning their livelihoods from farming that land. Nearly all the large land deals to date involve highly mechanized, industrial plantations that are not labour-intensive.

Crucial questions are left unanswered, even by Environmental, Social and Health Impact Assessments. What will happen to the tens of thousands of farmers who will lose their livelihoods and not be employed by the investor? What will happen to women, who are generally not landowners are thus not entitled to rental fees for the land, who will lose their farmland? Can a household head realistically replace a low daily wage the full value of all that was being produced on family farmland and collected from bush fallows? And can the small annual land rent paid to landowning farmers realistically replace the value of the products they formerly produced or collected on that land?

In its drive to attract foreign investment in land, SLIEPA informs investors that labour laws in Sierra Leone are flexible, that wages are among the lowest in the world, and that there are no limits imposed on expatriate workers. These casts doubt on claims that such land deals can also deliver decent and enough employment to benefit local people. Further, they do not take into account realities about employment prospects in Sierra Leone. Agricultural activities, primarily smallholder farming, represent 70 percent of all employment in the country. It is in urban areas that unemployment is rampant; urban youth are 25 times as likely to be unemployed than their rural counterparts. So taking land from rural people can only exacerbate this problem.

Detailed, independent studies are urgently needed to assess just how many jobs will be created per hectare by such investments and how many livelihoods will be lost and farmers dispossessed because of such large land deals. There is also a need to develop the legal framework governing land deals, to demand that foreign investors disclose in advance exact figures and details on jobs and commitments to local people, and then be forced to fulfill these or face serious repercussions. Without these, there is no guarantee that anyone’s interests but the investors’ will be protected.

---

Part IV: What farming to feed Sierra Leone?

In the President’s Agenda for Change (2008), the Government of Sierra Leone declared “agricultural development and food security to be the foundation for the country’s economic development and poverty reduction.” The large-scale acquisition of farmland in the country by foreign investors is part of this strategy, but is it the kind of agricultural development that Sierra Leone needs and will it bring food security? This is the question examined in this, Green Scenery’s fourth press briefing.

Agricultural development can mean different things to different people. For the foreign investors that have in recent years leased hundreds of thousands of hectares of farmland in Sierra Leone, it generally means large, industrial-style plantation agriculture. This is heavily mechanized, involves monocultures and requires large amounts of chemical fertilizers and pesticides. It may also involve drawing massive amounts of fresh water from rivers for irrigation, so investors are also gaining control not just of land but also precious water resources.

Such “modern” approaches to agriculture, however, are being seriously questioned by scientists and experts around the world. In recent years, a series of in-depth studies have suggested that in the face of a growing global population and climate change with its threats to water resources and arable land, the only truly sustainable approach to land use and increased food production is “agro-ecological” agriculture. Such farming produces more than just a handful of commodity crops, stresses agro-diversity and biodiversity, and performs a range of environmental services as well.

The large industrial agricultural operations of the foreign investors in Sierra Leone are the antithesis of this. Nor do they conform to the new “Save and Grow” agricultural paradigm proposed by the United Nations Food and Agriculture Organization (FAO). According to the outgoing Director General of the FAO, “Economizing on agrochemicals and building healthy agro-ecosystems would enable low-income farm families in developing countries – some 2.5 billion people – to maximize yields and invest the savings in their health and education.”

The UN categorizes Sierra Leone as a “low-income food-insecure country”. This means that people in the country are particularly vulnerable to global rises in food prices. There is a crucial need to support smallholders who produce most of the country’s food, and could produce more given the support they need – better infrastructure and roads, storage and processing facilities to reduce post-harvest losses, market information and access, investment in healthcare, education, potable water supplies to improve rural living standards.

---

The Government of Sierra Leone has pledged its support to the country’s smallholder farmers and food security. But, paradoxically, at the same time it is encouraging and enabling foreign investors to lease vast tracts of farmland for environmentally harmful industrial agriculture that will produce commodities for agrofuels and export. This contradictory policy can threaten both smallholders and food security in the country.

A public debate on sustainable ways to gain food security and reduce poverty is urgently needed. Green Scenery calls on the Government of Sierra Leone to put a halt to large scale investment in agriculture, to undertake an independent land inventory and to develop a sustainable and transparent natural resource management system. Investment in agriculture is urgently needed but the question what kind of investment and for whom has to be answered on behalf and in favor of the rural population.
Recommendations

1. An independent land inventory should be carried out to clarify if and how much land is really available. This can help to design a sustainable land management system. International donors should support such an initiative. Sierra Leone’s precious land and water resources are crucial for the well-being and very survival of the population.

2. International donors and institutions should support the Government of Sierra Leone to invest in sustainable smallholder farming and farmers to improve food security and reduce poverty rather than encouraging large deals that make huge tracts of their precious land and water available to foreign investors.

3. Detailed, independent studies are urgently needed to assess just how many jobs will be created per hectare by such investments and how many livelihoods will be lost and farmers dispossessed because of such large land deals.

4. There is also a need to develop the legal framework governing land deals, to demand that foreign investors disclose in advance exact figures and details on jobs and commitments to local people, and then be forced to fulfill these or face serious repercussions. Without these, there is no guarantee that anyone’s interests but the investors’ will be protected.

5. A public debate on sustainable ways to gain food security and reduce poverty is urgently needed.

Green Scenery calls on the Government of Sierra Leone to put a halt to large scale investment in agriculture, to undertake an independent land inventory and to develop a sustainable and transparent natural resource management system. Investment in agriculture is urgently needed but the question what kind of investment and for whom has to be answered on behalf and in favor of the rural population.

About Green Scenery

In contemporary international debate on the pros, and cons of large-scale investment in sugar cane and oil palm mainly for biofuel and its impact on food security and Human Rights, Green Scenery is engaged in research on large scale investment in land, land use, policies, social and cultural practices, laws and regulations as well as in fact finding missions to affected communities and sustainable land management. Green Scenery cooperated with the US-based Oakland Institute on a nationwide study on land investment deals in Sierra Leone.

The outcome of the research is to provide decision makers, communities, and media with reliable and credible information on the subject. It is expected that the findings will contribute to a fair public dialogue on the impact of such investment and on what could or should be undertaken to ensure that poverty of land users, mainly women, is not increasing. Principles and best practices for large scale investment as well as alternatives to guarantee food production are shaping our research and analysis.

The study “Understanding Land Investment Deals. Country Report Sierra Leone”, the fact finding mission report and the briefings are available on Green Scenery’s website:

http://www.greenscenery.org/index.php/publications
 Annexes

The seven principles for Responsible Agricultural Investment (RAI):

1. **Respecting land and resource rights**: existing rights to land and associated natural resources are recognized and respected. The material for this principle is being developed under the Voluntary Guidelines initiative.

2. **Ensuring food security**: investments do not jeopardize food security but rather strengthen it;
   i. continuing access to food is assured
   ii. opportunities for outgrower involvement and off-farm employment are expanded to protect livelihoods and raise income
   iii. dietary preferences are taken into account if the mix of products grown may change
   iv. strategies to reduce potential instability of supply are adopted.

3. **Ensuring transparency, good governance and a proper enabling environment**: Processes relating to investment in agriculture are transparent, monitored, and ensure accountability by all stakeholders, within a proper business, legal and regulatory environment;
   i. ensuring public availability of relevant information, such as land potential and availability, core aspects of prospective investments, and resource flows or tax revenues
   ii. developing the capacity of institutions that handle investment selection, land transfers and incentives to follow principles of good governance, and operate efficiently and transparently
   iii. ensuring that an independent system to monitor progress towards a better investment climate is in place.

4. **Consultation and participation**: All those materially affected are consulted, and agreements from consultations are recorded and enforced;
   i. definitional and procedural requirements in terms of who represents local stakeholders and what is a quorum for local attendance is clarified
   ii. the content of agreements reached in such consultations should be documented and signed off by all parties
   iii. methods for enforcement and sanctions for non-compliance are specified.

5. **Responsible agro-enterprise investing**: Investors ensure that projects respect the rule of law, reflect industry best practice, are viable economically and result in durable shared value;
   i. investors should be expected to comply with laws, regulations, and policies applicable in the host country (and ideally with all relevant international treaties and conventions)
   ii. adhere to global best practices for transparency, accountability and corporate responsibility in all sensitive areas
   iii. strive not only to increase shareholder value but also to generate significant and tangible benefits for the project area, affected communities and the host country.

6. **Social sustainability**: Investments generate desirable social and distributional impacts and do not increase vulnerability;
   i. relevant social issues and risks are identified during project preparation, and strategies are devised to adequately address them
   ii. the interests of vulnerable groups and women are considered explicitly
   iii. the generation of local employment, transfer of technology, and direct or indirect provision of public goods and services is part of the investment design.

7. **Environmental sustainability**: Environmental impacts due to a project are quantified and measures taken to encourage sustainable resource use while minimizing the risk/magnitude of negative impacts and mitigating them.
The eleven Principles: Large scale land acquisition and leases. A set of minimum principles and measures to address the Human Rights challenges

Principle 1: The negotiations leading to investment agreements should be conducted in a fully transparent manner, and with the participation of the local communities whose access to land and other productive resources may be affected as a result of the investment agreement. In considering whether or not to conclude an agreement with an investor, the host government should always balance the advantages of entering into such an agreement against the opportunity costs involved, in particular when other uses could be made of the land available, which could be more conducive to the long-term needs of the local population concerned and the full realization of their human rights.

Principle 2: In general, any shifts in land use can only take place with the free, prior and informed consent of the local communities concerned. This is particularly important for indigenous communities, in view of the discrimination and marginalization to which they have historically been subjected. Forced evictions should only be allowed to occur in the most exceptional circumstances. They are only allowable under international law when they are in accordance with the locally applicable legislation, when they are justified as necessary for the general welfare, and when they are accompanied by adequate compensation and alternative resettlement or access to productive land. Prior to carrying out any evictions or shifts in land use which could result in depriving individuals of access to their productive resources, States should ensure that all feasible alternatives are explored in consultation with the affected persons, with a view to avoiding, or at least minimizing, the need to resort to evictions. In all cases, effective legal remedies or procedures should be provided to those who are affected by eviction orders.

Principle 3: In order to ensure that the rights of local communities will be safeguarded at all times, States should adopt legislation protecting these and specifying in detail the conditions according to which shifts in land use, or evictions, may take place, as well as the procedures to be followed. Moreover, States should assist individuals and local communities in obtaining individual titles or collective registration of the land they use, in order to ensure that their rights will enjoy full judicial protection. Such legislation should be designed in accordance with the basic principles and guidelines on development-based evictions and displacement presented in 2007 by the former Special Rapporteur on the right to adequate housing as a component of the right to an adequate standard of living, and with general comment No. 7 (1997) of the Committee on Economic, Social and Cultural Rights on the right to adequate housing (article 11 (1) of the Covenant): forced evictions.

Principle 4: The local population should benefit from the revenues generated by the investment agreement. Investment contracts should prioritize the development needs of the local population and seek to achieve solutions which represent an adequate balance between the interests of all parties. Depending on the circumstances, arrangements under which the foreign investor provides access to credit and improved technologies for contract farming, against the possibility to buy at predefined prices a portion of the crops produced, may be preferable to long-term leases of land or land purchases, although contract farming itself should comply with the conditions set out in the report of the Special Rapporteur on agribusiness and the right to food.

Principle 5: In countries facing important levels of rural poverty and in the absence of employment opportunities in other sectors, host States and investors should establish and promote farming systems that are sufficiently labour-intensive to contribute to employment creation. Labor intensive modes of production can be highly productive per hectare. Investment agreements should contribute to the fullest extent possible to reinforcing local livelihood options and in particular provide access to a living wage for the local population affected, which is a key component of the human right to food.
Principle 6: Host States and investors should cooperate in identifying ways to ensure that the modes of agricultural production respect the environment, and do not accelerate climate change, soil depletion, and the exhaustion of freshwater reserves. Depending on local conditions, they may have to explore low external input farming practices as a means to meet this challenge.

Principle 7: Whatever the content of the arrangement, it is essential that the obligations of the investor be defined in clear terms, and that these obligations be enforceable, for instance by the inclusion of predefined sanctions in case of non-compliance. For this mechanism to be effective, independent and participatory ex post impact assessments should be made at predefined intervals.

The obligations of the investor should not be limited to the payment of rents, or—in the case of land purchases—to a monetary sum. They should include clear and verifiable commitments related to a number of issues which are relevant to the long term sustainability of the investment and to its compliance with human rights. In particular, such commitments may relate to the generation of local employment and compliance with labor rights, including a living wage as far as waged employment is concerned; to the inclusion of smallholders through properly negotiated outgrower schemes, joint ventures or other forms of collaborative production models; and to the need to make investments in order to ensure that a larger proportion of the value chain can be captured by the local communities, for instance by the building of local processing plants.

Principle 8: In order to ensure that they will not increase food insecurity for the local population, particularly as the result of increased dependence on international markets or food aid in a context of higher prices for agricultural commodities, investment agreements with net food-importing countries should include a clause providing that a certain minimum percentage of the crops produced shall be sold on local markets, and that this percentage may increase, in proportions to be agreed in advance, if the prices of food commodities on international markets reach certain levels.

Appropriate support schemes may also have to be put in place to increase the productivity of local farmers, in order to ensure that they will not suffer income losses as a result of low-priced produce arriving on the local markets, which has been produced under more competitive conditions on the large-scale plantations developed by foreign investors.

Principle 9: In order to highlight the consequences of investment on the enjoyment of the right to food, impact assessments should be conducted prior to the completion of the negotiations on

(a) local employment and incomes, disaggregated by gender and, where applicable, by ethnic group;
(b) access to productive resources by local communities, including pastoralists or itinerant farmers;
(c) the arrival of new technologies and investments in infrastructure;
(d) the environment, including soil depletion, the use of water resources and genetic erosion; and
(e) access, availability and adequacy of food. Only through such impact assessments, which should include a participatory dimension, can it be ensured that the contracts providing for the lease or sale of land will distribute the benefits equitably between the local communities, the host State, and the investor.

Principle 10: Under international law, indigenous peoples have been granted specific forms of protection of their rights to land. States shall consult and cooperate in good faith with the indigenous peoples concerned in order to obtain their free and informed consent prior to the approval of any project affecting their lands or territories and other resources, particularly in connection with the development, utilization or exploitation of mineral, water or other resources.

Principle 11: Waged agricultural workers should be provided with adequate protection and their fundamental human and labor rights should be stipulated in legislation and enforced in practice, consistent with the applicable ILO instruments. Increasing protection of this category of workers would contribute to enhancing their ability, and that of their families, to procure access to sufficient and adequate food.

Report of the Special rapporteur on Right to Food Olivier De Schutter
United Nation Assssembly A/HRC/13/33/Add.2, 22. December 2009