Green Scenery

LARGE LAND DEALS IN SIERRA LEONE: A BRIEF OVERVIEW

Briefing notes for the occasion of the first-ever "National Conference of Landowners and Land Users affected by Foreign Direct Investment in Agriculture", 2-3 April 2012, Freetown, Sierra Leone, an event coordinated by Green Scenery (GS) and Sierra Leone Network on the Right to Food (SiLNoRF). The initiative is supported by Oakland Institute, Bread for All and Bread for the World.

Land Deals: the scale

- Research indicates that approximately **1,000,000 (one million) hectares** (ha) of arable land have already been leased or are under negotiation for lease in Sierra Leone.
- That is **18 percent** of the country's arable land (suitable for farming).
- At least **20 chiefdoms in 9 districts** are affected. In Pujehun and Port Loko District, for example, **one third** of the districts areas has been leased or is about to be leased to foreign investors for large-scale industrial plantations (rubber, oil palm).

Who are the investors and what are their interests?

There are an estimated 20 large foreign investors from many countries. Among them:

- Addax Bioenergy (Switzerland; sugar cane for ethanol for export to Europe)
- Agriterra (Guernsey, UK; oil palm estates and cattle ranching)
- Goldtree (UK/Mauritius; oil palm estates and 30,000 ha outgrower palms)
- Hanain Natural Rubber Industry Group (China; rubber and rice)
- Quifel (Portugal; oil palm? pineapple? rice? cassava? unclear)
- SIVA Group/Biopalm (India/Singapore; oil palm)
- Socfin (Luxemburg; rubber and oil palm)

Who is promoting / supporting the land deals?

- The Sierra Leone Investment and Export Promotion Agency (SLIEPA), with support from the World Bank Group, particularly the International Finance Corporation (IFC)
- The Government of Sierra Leone. The European Commission and the UK Department for International Development (DFID) have also supported SLIEPA
- Former British Prime Minister, Tony Blair, through his African Governance Initiative
- European development banks, the African Development Bank, development banks, private equity funds such as the African Agriculture Development Fund (managed by Phatisa private equity fund)

What do the land deals offer investors?

- SLIEPA and the Government of Sierra Leone maintain that there are 5.4 million ha of arable land in the country and that less than 15 percent of this is being "used", so there is abundant land for foreign investors.
- SLIEPA advertise Sierra Leone as an attractive investment destination for foreign investors in sugar cane and oil palm because of soil fertility, favorable climate conditions, the extremely low cost of labour and land, generous 10 year-tax holidays for agricultural investments, the fact that there are no limits on bringing in skilled and unskilled labour, 100 percent foreign ownership is permitted as is 100 percent repatriation of profits.
- Water rights agreements offer unlimited access to water and low rates of three Leone per cubic meter of water use.

What do the land deals offer Sierra Leone?

- According to SLIEPA, such farmland investment will create 50,000 new jobs in rural areas, increase average household incomes by US$ 250 a year (approx. Le 1,100,00) and reduce the country's bill for imported food by 25 percent.
  ("Sierra Leone Investment Outreach Campaign: Opportunities for Investors in the Oil Palm Sector", April 2010, p.30, www.sliepa.org)

- In 2012, Sierra Leone's budget for agriculture amounts to just Le 130.4 billion (US $29.8 million), most of which came from donors. The government contribution was just Le 30 billion (US$ 6.9 million).

Time for a reality check on land deals?

Land availability:

- Some 3.5 million Sierra Leoneans, about 60 percent of the population, depend on smallholder agriculture for their livelihoods.
- The 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 a **"misconception".** The 2011 in-depth "Study on Rural and Agricultural Finance in Sierra Leone" commissioned by the Bank of Sierra Leone and the German Ministry of Economic Development and Cooperation, 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".

Do the deals respect World Bank, UN "voluntary" principles for responsible agro-investment in land and the SLIEPA guidelines for investors?

In-depth research undertaken since 2010 by Green Scenery, the Oakland Institute, and the Sierra Leone Right to Food Network reveals that no land deals to date meet the World Bank or FAO criteria for responsible agricultural investment.

- they lack transparency (agreements and other relevant documents mainly not available)
- prior and informed consent missing; key opinion leaders misrepresent the benefits of the deals to communities and fail to mention risks; some believe these investors are "NGOs" come to bring only "development". Environmental Impact Assessments are often publicly disclosed after lease agreements are signed – if they are undertaken at all.
- consultation does not include all members of the communities and women (who are not landowners but who produce much of the country's food) are not given a voice
- compensation for lost land / crops is unclear and inadequate
- the land rents paid are not uniform and even when it is US$ 12.50 per hectare (as recommended by SLIEPA and the Ministry of Agriculture, Forestry and Food Security of MAFFS), only half of this goes to landowners, with the rest divided among District Councils, Chiefdom Councils and MAFFS. But some investors want to pay just US$ 1.50 per hectare.
- there is no regulatory framework or monitoring system in place for such foreign direct investment in land; some land deals are negotiated directly with chiefs with no government oversight; some are negotiated for the investors by MAFFS
- there is poor inter-ministerial coordination and oversight
- investors are protected by legal provisions (disputes to be settled in the UK, land deals cannot be affected by future governments and new laws, the World Bank's Multilateral Investment Guarantee Agency) but there is no protection for the people

What are the real benefits and risks for Sierra Leone? Answers are badly needed.

- **What kind of jobs? How many? Casual or permanent?**
  The agreements with investors do not stipulate how many permanent jobs must be created and how many Sierra Leoneans must be employed or trained.
- **How many schools, hospitals and other infrastructure will be created?**
  Promises are made in public by investors and the government. But in agreements social provisions are described vague. There is no legal obligation.
- **How much public revenue will be created to increase the national budget?**

The Government of Sierra Leone grants qualified investors tax holidays of ten years (and sometimes even longer), exemptions from import duty on machinery and on GST. The Government of Sierra Leone will be **millions of dollars** in much-needed income by granting such generous fiscal incentives.
Many of the investors have complex structures and are registered in well-known **tax havens** or secrecy jurisdictions (Mauritius, Guernsey, Luxemburg, Switzerland, Singapore). This means that when the tax holidays expire and it finally comes time for them to pay taxes, they can use complex transfer pricing techniques to avoid paying what is due. The **losses to Sierra Leone are thus inestimable**.

- What is the cumulative amount of land that is leased for **industrial agriculture and also mining**? Has the compound environmental, health and social impact been assessed?
- **How many farmers will lose their land,** their livelihoods? Where will they go? Will this lead to **tension and conflict**?
- What will be the impact on **rural women** who produce at least half of the country's food and whose only livelihood is farming, with which they feed and educate children?
- **Increasing pressure on land and environment?**
  With so much farmland being devoted to industrial estates for **non-edible cash crops** (ethanol, palm oil and rubber) **for export**, what effect will these land deals have on smallholder **food production and food security** in the country? On **food prices**?
  What effect will the intense use of water, pesticides and chemical fertilizers, have on human and environmental health? On the country's rivers and water supplies?
- What will be the social effect of influxes of male workers in rural areas? Will this lead to **social ills** and increased transmission of sexually-transmitted infections such as HIV/AIDS?

For more information:
Bald, Joachim and Schröder, Peter. March 2011. *Study on Rural and Agricultural Finance in Sierra Leone: Product Innovation and Financial Access.* Deutsche Gesellschaft fuer Internationale Zusemmenarbeit (GIZ) and German Federal Ministry for Economic Development and Cooperation (BMZ).
Bread for All. http://www.brotfueralle.ch/en/english/
GRAIN. www.farmlandgrab.org
Green Scenery. www.greenscenery.org
Oakland Institute. 2011. Understanding land investment deals in Africa. Country report: Sierra Lone. http://media.oaklandinstitute.org/understanding-land-investment-deals-africa-sierra-leone
Sierra Leone Investment and Export Promotion Agency (SLIEPA). http://www.sliepa.org/

Contact:
Green Scenery, 31 John Street, Freetown, Sierra Leone
Mobile: +232 (0) 76601979, Email: info@greenscenery.org
Visit our website www.greenscenery.org