

> **INDUSTRIAL INVESTMENTS IN AGRICULTURE IN CENTRAL AFRICA**

# Establishing the conditions for sustainability and equity

Laurène FEINTRENIE, Jean-Marc RODA, Alain RIVAL

In Central Africa, industrial investments in agriculture have been increasing for the last ten years, constituting one of the many drivers of deforestation. If these investments are to contribute to socioeconomic development without harming the environment, they need to be more effectively monitored.

Analysing successes and failures in four Central African countries helps to identify ways to increase the chances of success for projects: carrying out independent impact assessments before projects are launched; obtaining the free, prior and informed consent of the communities concerned; and encouraging companies to meet certification criteria. The host governments should be able to take advantage of actions by people- and environment-friendly companies in order to create a virtuous circle, and should build agro-industrial projects around national land use plans.

For the last ten years, transnational companies looking for land to meet demand from emerging countries have been investing in Central Africa, especially in oil palm and rubber plantations. The areas obtained by agricultural concessions have doubled or even tripled in some countries (Graph 1, p. 2).

It should be noted that the areas allocated to investors are far smaller than those announced by the media. For example, in the Democratic Republic of the Congo, 272 000 ha were allocated in 2013 (0.1% of the national territory), whereas 2.8 million were announced. And in the Republic of the Congo, 477 000 ha were allocated (1.4% of the national territory), compared to the 877 000 ha that were previously announced.

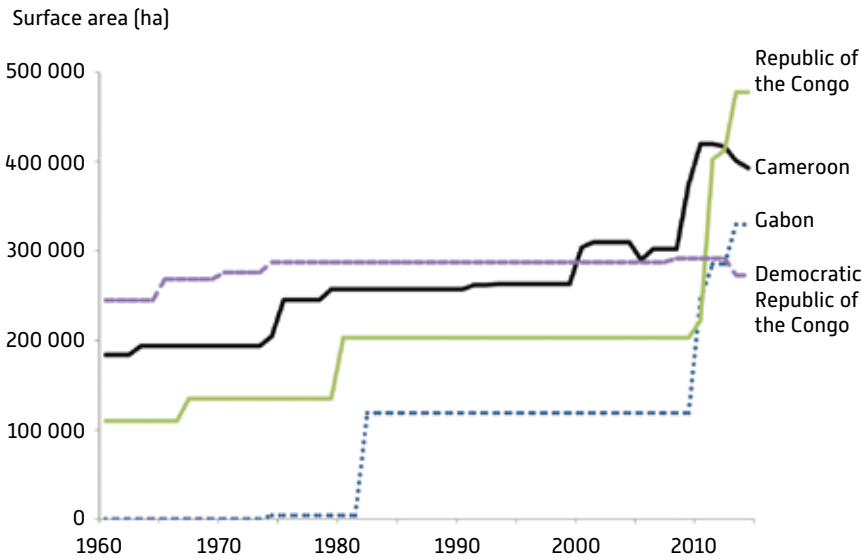
Since arable land is often occupied or appropriated, concessions are allocated in and around

forest zones. The areas assigned are then cleared, although some high conservation value areas are sometimes set aside. The Central African forests, one of the last global biodiversity hotspots, are in danger.

In the absence of a single, comprehensive land register and given that very few family farmers hold official land titles, land considered by law to be free of rights and occupation may in reality be used for agriculture, hunting and gathering, or for cultural and religious uses. If none of these uses are identified, the land may nevertheless be allocated to an individual, a family or a clan within the framework of customary usage and property rights. Consequently, when the government allocates an agricultural concession to an industrial investor, families may be adversely affected and may lose access to land they consider as their own.

perspective

Through *Perspective*, CIRAD provides the opportunity to explore new avenues for discussion and action based on research, without presenting an institutional position.



Graph 1. The areas allocated to agricultural concessions have doubled or even tripled over the last ten years. Source: Feintrenie (2014), updated in 2015.

- In order to avoid these negative environmental and social impacts, there is an urgent need to control the conditions for sustainable and equitable industrial investments in agriculture, which should benefit both the host country and the local communities.

### Strengthening policies, their implementation and their monitoring

- Many agro-industrial projects have several shortcomings: a serious lack of transparency in the project design process: no effective consultation with the people concerned; and inadequate methodology and technical skills in the public services responsible for handling investment offers. This has a number of consequences: many project applications come to nothing; and some projects implemented in the field may be abandoned after two or three years, resulting in social tension and even violence, environmental damage that is often irreversible, and sometimes unnecessary deforestation.

- Legislation does exist in the countries involved, and experience shows that it needs to be clarified and sometimes strengthened, and that its implementation must be improved and monitored. Although national laws call for environmental impact assessments, they rarely demand social impact assessments. Nor do they require the free, prior and informed consent (FPIC) of the communities concerned – a right recognised in the United Nations Declaration on the Rights of Indigenous Peoples – prior to the implementation of an agro-industrial project. Even if plans exist for the reduction and management of impacts, there

> The importance of reputation to encourage virtuous behaviour

is no independent monitoring of their implementation. Moreover, procedures to obtain planting rights are not always followed. Some investors do not contact the official services in charge, which do not always obtain the files. Sometimes there is a lack of cooperation and information sharing between the ministries involved in the case. Finally, companies are not required by the government to provide ongoing public information on their environmental and social actions.

In this context, NGOs sometimes act as an opposing force. In Cameroon for example, national and international NGOs have condemned abuses of local peoples' rights and official procedures by SG-SOC, a subsidiary of the US Herakles Farms group, as well as expected environmental impacts. Further to these accusations, in 2013 the government of Cameroon tightened the conditions governing the concession previously granted in 2009: the area was reduced from 70 000 to 19 000 ha; the rent was increased from 250-500 to 3 333 CFA francs per hectare per year; and the concession was given a provisional duration of three years, with any extension depending on agreed investments (among others, the actual plantation of 3 000 ha of oil palms in the areas already cleared by the company).

Another example in Cameroon is that in 2010, some NGOs referred to the National Contact Points for the OECD Guidelines for Multinational Enterprises in France, Belgium and Luxembourg concerning the Socapalm company. This process led to a corrective action plan involving both the company and the NGOs.

### Taking inspiration from the most advanced policies

Many companies, especially international groups concerned about their global reputation, insist on strict compliance with national regulations, including the implementation of official requirements in terms of social and environmental accountability. Some have voluntarily committed to an international sustainability certification process.

In Gabon, the transnational Singaporean group Olam-International began investing in the timber trade in 1999, then it developed rubber and oil palm plantations in 2010 and it now manages a special economic zone that was set up within the framework of the "Emerging Gabon" plan. Olam is an active member of the Roundtable on Sustainable Palm Oil (RSPO), whose principles and criteria it applies to any new oil palm plantation. It is interesting to note that Olam has also undertaken to apply similar principles and criteria for its rubber plantations, despite the lack of any

- specific certification for the sustainable production of natural rubber. In order to interpret the RSPO principles and criteria in the context of Gabon, Olam takes part in the workshops coordinated by the World Wildlife Fund (WWF).

- In the Democratic Republic of the Congo, the Blattner Elwyn group, which owns plantations, some of which were created prior to 1914, has come up against pressure from local populations in one of its companies, since the cultivated plots have increased in value. To address this, the group has set up a process similar to the FPIC: agreement protocols have been signed with the villages concerned, under the supervision of the sub-prefects. They provide for the return of the lands requested by the communities, and the concerted establishment of commitments that the company and the villagers agree to respect.

> Using robust, credible impact and feasibility studies

### Demanding compliance with procedures

- In contrast to these pioneering approaches in Central Africa, some projects are facing difficulties or are even abandoned. Such projects are often managed by companies that lack experience in the agricultural sector and did not conduct any serious feasibility and impact studies, which has resulted in unplanned costs, strong social resistance supported by the media and NGOs, or irreversible environmental damage (deforestation, the drying of hydromorphic soils and peatlands through drainage, and the diversion of watercourses, etc.).

- In the Republic of the Congo, for example, the Atama company obtained a concession of 180 000 ha in 2011 in order to plant oil palms, a project that was welcomed by local people, but on land unsuitable for this crop. In addition, the plantation is located between two national parks, and there is therefore a risk that large mammals such as elephants and gorillas, which are strictly protected, may enter the concession and damage crops. Activity there ceased two years later.

What can be done to limit these failures? Prior assessment of projects should help to identify expected technical, financial, social or environmental problems. Projects should then include the following elements: serious environmental and social impact studies conducted by a third party organisation recognised for its competence and independence; a stringent plan to limit and manage these impacts; the free, prior and informed consent or refusal of the communities involved; and a technical and financial feasibility study taking into account the agricultural and commercial potential of the region, and the local political context (legislation, social demands, infrastructure quality, administrative delays, etc.).

Finally, policy makers must refuse offers from investors who do not comply with these procedures, or risk having to manage the adverse social and environmental impacts of activities being terminated or companies going out of business.

### Targeting investments

Earlier on in the process, national specificities can influence decisions on the types of projects to be implemented. Several factors should be taken into account: the social acceptability of the agricultural production concerned; the availability of land that meets the pedoclimatic conditions for this type of production and is free of rights and occupation; and the role of family farming and entrepreneurial farming in the targeted sector. Depending on the situation, the agro-industrial project can take different forms (see Table 1): (a) the processing and marketing of agricultural products sold by small producers; (b) an industrial installation including a primary production unit (plantation or industrial livestock farming) and a processing and marketing plant; or (c) an industrial primary production and processing unit, associated with family outgrowers.

Table 1. Choosing the type of project according to national specificities.

Criteria	Cameroon	Gabon	Republic of the Congo	Democratic Republic of the Congo
Social acceptability	Any possible production	Any possible production	Priority to national food self-sufficiency	Priority to national food self-sufficiency
Availability of land	Agricultural land close to saturation	Land dominated by forests	Land not saturated but significant environmental constraints	
Family and entrepreneurial farming	Highly developed, subsistence or commercial	Poorly developed, mostly subsistence (except in Woleu-Ntem province)	Mostly subsistence	Subsistence, or commercial
Type of projects	<b>a or c</b>	<b>b</b>	<b>c</b>	<b>a or c</b>

## A few words about...

**Laurène FEINTRENIE** an agronomist and geographer, has been a researcher at CIRAD since 2011 (Forests and Societies research unit).

She studies interactions between forests, agriculture and livestock farming: from 2012 to 2015, in Central Africa, based in Cameroon, in cooperation with WWF; since 2016, in Central America, based in Costa Rica, in partnership with CATIE and ICRAF.

laurene.feintrenie@cirad.fr

**Jean-Marc RODA** (BioWooEB research unit – Biomass, Wood, Energy, Bioproducts) is an economist and has been a researcher at CIRAD since 1999. He focuses on industrial systems linked to biomass and biofuels, and on industrial policies linked to public goods and resources.

He is based at Universiti Putra Malaysia in Kuala Lumpur. jean-marc.roda@cirad.fr

**Alain RIVAL**, an agronomist specialising in epigenetics, has been a researcher at CIRAD since 1989.

CIRAD Oil Palm Supply Chain Correspondent, he is a professor at Universiti Putra Malaysia in Kuala Lumpur (Malaysia) and CIRAD's Regional Director for Southeast Asian Island Countries, and is based in Jakarta (Indonesia).

alain.rival@cirad.fr

To cite this document:

Feintrenie L., Roda J.-M., Rival A., 2016. Industrial investments in agriculture in Central Africa. Establishing the conditions for sustainability and equity. CIRAD, *Perspective* 37.

This article is provided under the terms of the Creative Commons Licence: Attribution-NonCommercial-ShareAlike 4.0 International



AGRICULTURAL RESEARCH  
FOR DEVELOPMENT

42, rue Scheffer  
75116 Paris . FRANCE

perspective

ISSN-L 2275-9190

**Editor:** Patrick Caron, Director General in charge of Research and Strategy

**Coordination:** Corinne Cohen, Department for Scientific and Technical Information

**Translation:** Anna Kiff

**Graphic design:** Patricia Doucet, Communication Service

**Distribution:** Christiane Jacquet, Communication Service

**Email:** perspective@cirad.fr

<http://www.cirad.fr/en/publications-resources/publishing/perspective-policy-brief>

## Involving all stakeholders

In addition to taking into account national specificities, stakeholders – whether private or public – can take action to increase the chances of success of their agro-industrial projects.

First, companies have opportunities for action beyond compliance with legislation and the conduct of impact studies. For example, by joining international certification initiatives such as PEFC (Programme for the Endorsement of Forest Certification), FSC (Forest Stewardship Council) or RSPO, they commit to publishing reports on their actions and their social and environmental results; this kind of policy improves their public image as well as their management and results.

In projects involving a company and smallholder producers, farmers' organisations are able to facilitate communication with the industrial partner through their elected representatives, and therefore the resolution of any potential conflicts over land ownership, the purchase price of production, or constraints linked to certification and infrastructure management, etc. They play an important role in that they also promote access to information and education, which increases the socio-economic impact of the project.

Other stakeholders also have a role to play: financial institutions and public donors, which can influence the choices of their clients and partners – commercial banks, industrial investment funds, and states. In addition to promoting international sustainability standards, they may develop their own criteria (for example those of the World Bank

Group's International Finance Corporation in the oil palm sector), call for the establishment of a social and environmental accountability strategy, and demand a policy of ongoing public communication (annual reports and progress reports for social and environmental activities).

In order to increase their demands on companies, governments can draw on those that respect national procedures and legislation and implement social and environmental accountability policies. This is the strategy in Gabon, which has established a partnership with Olam to develop certified palm oil and natural rubber production.

The development of sectoral strategies within the framework of a land use plan may foster cooperation between these stakeholders. The land use plan must include projects from all sectors of activity that have a territorial impact: agriculture, urbanisation, environmental protection, forestry, communications and energy infrastructure, and mining, oil and gas extraction.

Finally, the market controls the behaviour of companies within a given legislative and executive area, and only negotiations with the stakeholders involved can alter their decisions. It is therefore essential that the stakeholders involved in development projects are capable of analysing the foreseeable impacts of such projects, are aware of their rights, and understand the issues, constraints and objectives of the other stakeholders, in order to enable them to negotiate effectively. Capacity building in areas required for this process could be proposed by international cooperation institutions and NGOs. <

This *Perspective* is the result of several research projects conducted by CIRAD on agro-industrial activities and their impacts: CoForTips (Era-Net project ANR-12-EBID-0002 financed by ANR, FWF and Belspo); Emerging countries in transition to a green economy (project financed by the Challenge Research Programme Forests Trees and Agroforestry (CRP-FTA), and coordinated by CIFOR); SPOP – Sustainable Development of Palm Oil Production (ANR project ANR-11-AGRO-0007); and research conducted in partnership with the INTRIP Institute of Universiti Putra Malaysia (UPM).

It is inspired by books and articles published by the authors, their colleagues and partners on this issue, including:

## FIND OUT MORE

World Bank Group, 2010. World Bank Group Framework and IFC Strategy for Engagement in the Palm Oil Sector. [http://www.ifc.org/wps/wcm/connect/industry\\_ext\\_content/ifc\\_external\\_corporate\\_site/industries/agribusiness/palm+oil+consultation\\_key+documents](http://www.ifc.org/wps/wcm/connect/industry_ext_content/ifc_external_corporate_site/industries/agribusiness/palm+oil+consultation_key+documents)

Feintrenie L., 2014. Agro-industrial plantations in Central Africa, risks and opportunities. *Biodiversity and Conservation*, 23: 1577-1589. Doi: 10.1007/s10531-014-0687-5.

Rival A. and Levang P., 2014. Palms of controversies: oil palm and development challenges. Bogor, Indonesia: CIFOR. ISBN: 978-602-1504-41-3. Doi: 10.17528/cifor/004860.

Roda J.-M., Kamaruddin N. & Tobias R., 2015. Deciphering Corporate Governance and Environmental Commitments among Southeast Asian Transnationals: Uptake of Sustainability Certification. *Forests* 6(5): 1454-1475. Doi: 10.3390/f6051454.

Nkongho R., Feintrenie L., Levang P., 2014. The strengths and weaknesses of the smallholder oil palm sector in Cameroon. *OCL*, 21: D208. Doi: 10.1051/ocl/2013043.

WWF, 2012. Palm Oil Investor Review: Investor Guidance on Palm Oil: The role of investors in supporting the development of a sustainable palm oil industry.

[http://wwf.panda.org/what\\_we\\_do/footprint/agriculture/palm\\_oil/solutions/responsible\\_financing/investor\\_review/](http://wwf.panda.org/what_we_do/footprint/agriculture/palm_oil/solutions/responsible_financing/investor_review/)