

Background review



Oil palm in the wider landscape
and threats to Nigeria's forests

Godwin Uyi Ojo

Background review

Oil palm in the wider landscape and threats to Nigeria's forests

Godwin Uyi Ojo

Executive Director,
Environmental Rights Action/Friends of the Earth, Abuja, Nigeria
Contact: gloryline2000@yahoo.co.uk

Summary

Large scale land acquisition also referred to as land grabbing is increasingly assuming alarming proportions posing serious threats to tropical rainforests in Nigeria. Although large scale land acquisition presents some development opportunities for poverty and underdevelopment, it is however a panacea that is externally driven. The European biofuel policy that seeks to use food crops for food and fuel for machines has resulted in the increasing pressure on land for oil palm plantations. In Nigeria, the demand for oil palm is high and this creates a development opportunity in the generation of revenue, jobs creation and such other opportunities associated with corporate social responsibility packages. Such schemes might include scholarships for students, borehole for water supply, construction of roads, and cash payment to host communities as forms of social license to operate in the communities.

The potential for some economic gains has forced the federal and state governments of Nigeria to be non-compliant of extant environmental laws leading to environmental and social impacts from oil palm plantations including the destruction of livelihoods. From the foregoing two cases are highlighted to underscore external and local influences contributing to land grabbing in Nigeria. They are Okomu Oil Palm Company operating in Edo state, and Wilmar PZ in Cross River state, southern Nigeria. Often, community land rights are eroded due to disregard for community prior and informed consent (FPIC) with cases of community displacement.

While the oil companies claim to provide food for the local population there is strong reason to believe that the investors are out to make money and to produce products for international consumption. Further research agenda on the way forward should include mapping the supply chain of oil production in Nigeria to determine its volume and monetary value including how much is consumed domestically in relation to how much is supplied to international market. While some believe that Nigeria oil palm market is under developed hence the alleged importation of palm oil others believe that the quantity produced and derivatives end up in international markets in Europe and other industrialised nations.

There is also a need to put in place transparency and accountability measures so that any memorandum of understanding that is to guide community development must involve those target beneficiaries, so that corporate social responsibility is not a hoax and full of promises that companies make but which they do not intend to keep. A research agenda focusing on how local communities shore up resistance to oil exploitation can be supported by the use of social media and other forms of conventional media. Such a research agenda should also emphasize the need for free prior and informed consent of the local people whose community land rights is trampled.

Finally, alternative models for sustainable landscape development that respect community rights and improve livelihoods in a fair and equitable manner can be achieved through community based forests management schemes that place custodian rights on forest users who are natural conservationists. Since their lives and livelihoods depend on the sustainable use of natural resources in forested landscapes through communal governing institutions, local trust building and confidence is assured. To them, their forests is their life. It is not for sale. A concerted effort is required to conserve them.

Introduction

In the last two decades, there has been a growing increase in the expansion of oil palm in forested landscapes in Africa. The growth in this phenomenon of land grabbing is driven by transnational palm oil companies mainly from Europe, for establishing new plantations in tropical rainforest landscapes in southern Nigeria. The landscapes have come under severe threats associated with the drivers of climate change and responses to it, globalisation and trade liberalisation policies riding in the throes of free trade.

On a wider scale, both internal and external factors combine to exacerbate local and foreign influence on land grabbing which relates beyond land for agriculture to how European policies at the domestic level shape the nature and forms of development in Africa. A consideration of this type of policy thrust promoting trade liberalisation rather than fair trade between industrialised and non-industrialized countries inevitably opens up wider issues of access to communal farmlands, land stocks for fiscal speculation and agricultural land for cultivation with severe negative environmental and social impacts from rapidly expanding oil palm concessions. Also, important to the debate is the question of whether or not Africa can feed itself, which is squarely at the root of land grabbing. While some economists consider large scale land acquisition to be beneficial for its potential foreign direct investment (FDI) for development even though land is acquired at prices far less comparable to its value in the international market others maintained that the environmental and social costs far outweighs any benefits.

This paper examines the wider landscape through the lens of external and internal drivers of land grabbing in southern Nigeria to addressing the broader conceptual levels of food and hunger politics, the European Union (EU) policy impact beyond its shores, and the concerted global responses to climate change in the quest for alternatives for renewable energy sources. Internally, it also examines the wider context of internal political dynamics from an elitist society to consider the land governance system, challenges of corruption and neglect of small scale farmers in favour of large scale monocrop plantations. Outcomes show that the lack of free, prior and informed consent from the communities and the superimposition of large scale plantation development models are considered detrimental and should give way to the more traditional communal land governance in community based forests management systems that are the more favourable to the goals of sustainable development in forested landscapes in Nigeria.

The scale of land grabbing

The scale of large scale land acquisition or land grabbing in Nigeria is on the rise posing serious threats to the forests and people of southern Nigeria. The term land grabbing is controversial and suggests that land titles exchange hands inappropriately without equity and fairness. However, the investors maintain that they are not involved in land grabbing but doing land acquisition for strategic economic purposes including farmlands for conventional crops and non-conventional ones. In a study by Friends of the Earth, land grabs occur when “traditionally used lands by local communities is leased or sold to outside investors for food cultivation and biofuel” (FoE, 2010). It entails a transfer of rights to use or control land covering an area of 200 hectares or more. More importantly, it “imply the potential conversion of land from smallholder production, local community use or important ecosystem service provision to commercial use” (FoE, 2010).

Such transaction involves cash payments, favourable terms of acquisition that is usually below the market value, or outright give away by national governments to the companies touting vociferous corporate social responsibility packages. Such deal may be highly susceptible to mutual collusion and corruption between the companies and some national government officials to acquire land cheaply. It suggests too that land grabbing for the purpose of large-scale plantations for food or fuel production are largely contentious.

Africa remains as natural resource base for the supply of raw materials for industrial production and manufacture. From spices and textiles to slaves, ivory, palm oil, crude oil, and other prized solid minerals (Obi, 2005) in ways that suggest massive external influence. This sort of relation is also resulting in the growing capital-intensive monocrop plantations and agribusiness dominated by industrialised nations in the development of farm chemicals, pesticides and herbicides. The result of such unequal relationship is the acquisition and expansion of communal farmlands for oil palm plantations. In Nigeria, recent acquisition is in the neighbourhood of tens of thousands of hectares of farmlands involving both transnational and local companies.

Corporate operations in southern Nigeria

Briefly, Wilmar PZ is an international conglomerate for large scale oil palm plantation owners, produce processors and traders with active support from

powerful investors across Europe, America and other industrialised countries. The company acquired 38,000 hectares of communal farmlands in 2010 which it has successfully cultivated in spite of community opposition. The land lease was secured without community consultation. Specifically, Wilmar has built an oil palm refinery which can process and package 1000 tonnes of palm oil per day, equivalent to approximately one fifth of all the palm oil refined daily in Nigeria.

Wilmar PZ currently employs 300 workers in its state of the art oil palm refinery based in Lagos. It is also currently producing edible oil called Mamador, Devon King's brand, and other palm oil derivatives for other PZ Cussons products, household and food products manufactured in Nigeria. Yet, it is not clear how much of this is for export. Forestlands and farmlands with staples were destroyed to pave way for the plantation and without environmental and social impact assessments process involving due diligence and community participation.

Similarly, although the company claimed to be "revitalising unproductive palm oil plantations and developing new ones, helping to meet Nigeria palm oil requirements in line with the government's Agricultural Transformation Agenda" (<http://pzwilmar.com/index.php/sustainable-plantations>) yet community members claim that deforestation is occurring significantly by the clearance of high forests in Calaro concession, Biase and Ibiae concessions and environs to pave the way for the planned expansion

Wilmar PZ has in 2015 embarked on the expansion of the plantation with an additional 50,000 hectares of communal land for oil palm plantation that is proposed as oil palm refinery that will generate jobs and meet the energy needs of the country. About N500 billion revenue is expected to be generated annually while about 250,000 jobs will be created when it is fully operational from a US\$500 million investment (Etim, 2015).

Another case in point is the Okomu Oil Palm Company PLC with 62.69% controlling shares by Socfin group which is incorporated under the laws of Luxembourg, the largest producers of oil palm, coffee, rubber and other agro-commodities based in South Africa. Okomu existing oil palm plantation covers 15,578 hectares located at the fringes of Okomu Forest Reserve, Edo state in southern Nigeria. Its operations cuts across three local government areas. Since 2008, it has commenced aggressive expansion and currently bulldozing 11,000 hectares of communal forest lands for oil palm expansion.

The company fails to conduct the mandatory environmental impact assessment (EIA) that is mandatory for Grade A or pristine forests before commencement of the expansion drive and till date failed to secure any approval from the Federal Ministry of Environment (FME) exercising oversight functions. It is believed that such approval will eventually be given through the backdoor and without stakeholder participation in the EIA process. The destruction is fuelling deforestation and clearance of forests cover in the impacted local government areas in Ovia south west, Ovia North east, and Uhumwonde and Owan. Some of the communities impacted include Udo, Odighi, Odiguette, Oke, Uzebba, Sabongida-Ora, Owan, Uhiere, and several other communities. Company notoriety is similar to that of Wilmar in its environmental and social impacts. Some community members have been arrested for dissent and protest to halt the continued expansion of the plantation by a temporary stop to the bulldozers mowing down the forests. Apart from arrests, there have been cases of eviction and destruction of livelihood sources of the local communities.

From both companies, the result has been severe environmental and social impacts on communities. Resistance to expansion has been subdued by the marshalling of bogus corporate social responsibility (CSR) packages often deployed to divide and rule and set communities against each other. In Cross River State, the company MoU signed with government on CSR has not been made public, showing the level of lack of transparency and exclusion of the host communities to Wilmar. While some of the CSR packages such as schools and water are sometimes built but dysfunctional others such as borehole and decent job employment are hard to come by (Etim, 2015). The companies simply make promises they do not intend to keep. In most cases consultation and prior and informed consent is never sought. When consultation occurs, it is highly controlled and manipulative to achieved the desired result of less resistance to farmlands acquisition. The drive for expansion is driven by rapid returns on investment. According to a report, Wilmar PZ witnessed a 75% sales growth rate while audited report for the year ended 2016 showed that the company posted revenue of N14.365 billion showing a tremendous increase of 47% over N9.738 billion (Egene, 2017).

The politics of hunger

External factors play key roles in contributing to land grabbing related to the global politics of hunger. Framing the issue of land grabbing from a wider conceptual level on the interlinked interest of the state

and transnational companies provide the scope to understanding the drivers of land grabbing and how it can be minimised by policy change. The scale of Land grabbing in Africa is huge and greater than the size of the Netherlands landmass (FoE, 2010). An export-led exploitation of its resources derailed much of Africa and fuelling violent conflicts and wars. Kwame Nkrumah, founding father of modern Ghana argue that Africa is a paradox which illustrates and highlights neo-colonialism because although “her earth is rich, yet the products that come from above and below her soil continue to enrich not Africans predominantly, but groups and individuals who operate to Africa’s impoverishment” (Nkrumah, 1965). This situation is typical of Nigeria and persists as a response to the global natural resource scarcity till date.

The debate continues to rage over the important question whether Africa or even Nigeria can feed itself? With many of the 170 million population going to bed hungry and from the pangs of malnutrition the death toll is bound to rise. Also, given the food deficit that is tending towards food crisis of which Nigeria is embroiled it is hard to reject the proposition that Nigeria or Africa cannot feed itself and therefore needs external hands in large scale agribusiness to extend farmlands and generate food with external capital and technology.

In post-colonial Africa, two factors have contributed to a renewed land grabbing. The first relates to the need to feed hungry Africans through capital intensive and technology based plantations to augment the food deficits in the continent. That said, hunger has been politicised because global food production exceeds food needs, and people lack the purchasing power to buy them (Nair, 2008). To feed Africa, large scale farming mostly by European companies seem out to displace about 70% of the population engaged in agrarian farming. This process allows them to be particularly vulnerable and forced to part with their lands for hedge funds, building up land banks and stocks.

Given the EU agribusiness subsidies and capital support large scale farmers become the favourites over small scale farmers who are often deprived of the same sort of incentives given to external transnational companies doing business in Nigeria. The practice of large scale palm oil that is chemically induced through fertilizers, herbicides and pesticides that are harmful to the environment, animals, insects and plants. On the other hand, small scale organic farmers preserve the earth and produces healthy food for the population. It is clear that benefits of small scale producers far

outweigh that from large scale ones since plantations are not forests.

In reality, Africa can feed itself if the politics of hunger is sieved through to unmask the grand motives of large scale land acquisition. The produce from large-scale oil palm plantations are hardly for local consumption. Rather, it is often geared toward export to satisfy consumer demand in the international markets. While the land in Nigeria may appreciate in price and thus provide the needed foreign direct investment, such opportunities only throw up some privileged elites who often cash in the situation to become richer and make hay while the sun shines.

Such opportunism drives the deprivation of local people of their land and eventually turn them into servants and labourers in their own land that has been acquired as the Wilmar and Okomu cases show. In the end, local farmlands are used to produce crops for export rather than make those parcels of land available to local farmers. This not only increase land scarcity and conflicts between community-community and between community-company, it also contributes to food deficits that it professes to address in the first place.

EU biofuel policy

Another externally driven panacea to the climate crisis is the EU Biofuel policy initiated since 2003 that has impacted negatively on palm oil production. While this may not be a direct expectation its unintended consequences are grievous. According to EU policy Briefing, research shows that this policy inducing “indirect land use change which triggers an increase in global food prices and in food insecurity for the poor, promotes the creation of large land holdings and the use of available (‘marginal’) land in developing countries.” (Bourguignon, 2015). Since then, there has been a growing ambition to diversify Europe energy mix from sources other than petroleum products.

In particular, Articles 8 and 9 of the Directive 2009/28/EC of the European Parliament on the promotion of the use of renewable energy sources stated the need for a mandatory “20% target for the overall share of energy consumption from renewable sources and a 10% target for energy from renewable sources in transport from biofuels in transport fuels and diesel by 2020” (www.eur_lex.europa.eu/legal-content/EN/ALL). This European biofuel policy trust to increase its energy needs from biofuel is contributing to land grabs in diverse forms. This type of development is bound to have ripple effect in shaping land use change in Nigeria and elsewhere in developing

countries induced by the cultivation of palm oil and other biofuel feedstocks.

Another broader response to climate change and deforestation is the Reducing Emissions from Deforestation and Forest Degradation (REDD) programme, promoted by the United Nations but also courted by companies. REDD is a mechanism designed to use monetary incentives to reduce deforestation but which in reality takes away communal land rights and reduces forests to carbon sinks without cutting emissions at source (Ojo, 2014). Cross River State tropical rainforests have been earmarked as a REDD project in an area already saturated with economic pressure on land leading to land scarcity for the vulnerable groups. This poses severe threat to the forests and conflicts in the communities that are the result of external policy and pressure.

Furthermore, another concern is the increasing use of palm oil products in a wide range of manufacture including medicine, cosmetics and food. Notably, conventional biofuels which are typically derived from crops that can also be used as food or feed are currently produced on commercial scale from palm oil plantations. In particular, palm oil has many uses with an increasing demand for biodiesel conversion on commercial quantities. In particular, and according to Wilmar company, its "land acquisition is part of Nigeria's implementation of its commitment under the New Alliance for Food Security and Nutrition -- a set of policies and financing commitments that promote large-scale commodity agriculture in several African nations, in what some have called a coup for corporate capital" (www.foe.org/news/archives/2015-11-communities-in-nigeria-push-back-on-wilmar-palmil).

In a recent study, it was expressed by Action Aid that such new alliance is nothing more than a deepening of the role of corporate agribusiness in Africa agriculture which will do more harm than good to small-scale food production (Action Aid, 2015). Furthermore, the stated goal of the new alliance is to, "end hunger, but the approach it takes – increasing foreign investment in private sector initiatives – is part of a drive to secure larger agricultural markets and sources of supply in Africa for multinational corporations, which may be counter-productive to that goal" (Conant, 2015). Companies involved in the New Alliance include Monsanto, Diageo, SABMiller, Unilever, Syngenta, and PZ Wilmar, all of which have major commercial interests in Africa and enjoy close connections with Northern governments." (Cooperation Framework to Support the New Alliance for Food Security and Nutrition in Nigeria, 2014).

Indeed, Wilmar's choice of investment and expansion in Nigeria including in Okomu ensures that such companies are safe for investment that is likely guaranteed. On the other hand, to complement this is the yawning market gap in Nigeria that is hard to fill. In turn, this spells land grabbing and shady deals in Africa that results in conflicts and community resistance against such symptoms of a wider and larger policy drive from outside the shores of Nigeria.

Weak governance structure and challenges of land tenure

Some internal factors contribute significantly to land grabbing. Internally, weak governance structures and poor land tenure system, are key factors at the heart of land grabbing facilitation. Land is ultimately controlled by the government of the day. In particular, the Land Use Act of 1978 gives overriding power over land to the national or state governments and held in trust on behalf of the people. In reality, such land is often appropriated at the mere citing of overriding state interests and for the common good of all. To this end, most land acquisition are held in shady deals and lacking transparency in ways that the invocation of the overriding state interest overrides the communal or individual interests. It is under this circumstance that Wilmar operations in Cross River state land deals were believed to have been acquired hence the call for its revocation.

Investors and dividends

Nigeria's worsening economic downturn in the last decade has contributed to the problem of land grabbing. With revenue from oil on the decline and armed conflicts in the oilfields in the Niger Delta, government is hard pressed to seek alternative sources in the diversification of its revenue sources (Ojo, 2012). The ability to attract foreign direct investment is largely considered as a measure of success. As a result, extant environmental laws are often sidelined to allow investors to invest and thus attract foreign direct investment, required for job generation and infrastructure development (Etim, 2015).

To underscore this fact, a new report presents over 40 investors in PZ Wilmar business dominated by banks and financial institutions. It was instructive to note that there were no Nigeria or even Africa partners which suggest an investment out to make brisk business and make money that will likely be siphoned out of the country (Conant, 2015). According to a report, many of Wilmar's North American and EU financiers have adopted Environmental, Social and Governance

criteria that should prevent them from investing in companies engaged in land grabbing and destruction of tropical forests. Yet despite the fact that some of these policies have been in place for more than ten years, financiers are still involved in these practices by providing financial services to companies like Wilmar” (Conant, 2015).

The Nigeria government is thus unable to enforce extant laws or prop up new laws to curtail environmental and social impacts. It is also unable to insist on transparency and accountability in land transactions. Hence, corruption is a major problem in land deals. The result is shady deals that is often more favourable to the external actors than the national and local governments under the guise of encouraging foreign investors as part of government key success stories.

Smallholder farmers and large scale plantations

Land grabbing in a wider context of state interest, globalisation and trade liberalisation also seek to work to the disadvantage of the smallholder farmers. The promotion of large scale land acquisition to the detriment of small scale ones means that the over 70% of the population would be hard hit in this period of economic recession. Yet, their organic farming practices that are environmentally friendly, can be complemented with subsidies for economies of scale in food production and improved infrastructures such as good road networks to enhance distribution.

Similarly, developing a post harvest sector that could see a reduction in food waste by 50% of production will improve net available food that could stem the continent’s hunger and land grabs. To some, what is needed is not large scale land acquisition but improved infrastructural development so that food production is properly packaged and preserved from waste. This is required for good and functional road networks for transportation of food from areas of surplus to areas of food deficits to ensure redistribution and equity.

Conclusions and ways forward

Oil palm development in southern Nigeria has induced severe threats to the Nigeria environment due to the pressure on land and scarcity for farmlands which result in conflicts and escalating food prices. To conclude, the paper showed how wider issues related to external policy shape development in Africa including Nigeria. It also showed that foreign direct

investment is a two-edged sword deployed by both external investors and the recipient country which makes it easy for land grabbing to thrive. The key lesson is how such external policy could be mitigated at source considering that palm oil remains useful in many ways for food and industrial production. While overconsumption in Europe and other affluence society would need to be curbed drastically developing countries should not compromise environmental and social standards in the name of national revenue and job generation that often allow environmental laws to be sidelined.

Ambiguous land tenure needs to be addressed in ways that recognises communal land rights that can be defended before the laws of the land. But to identify alternative models to address negative impacts of oil palm plantation is no easy task. More research is required to address this topic. However, alternative models for sustainable landscape development that respect community rights and improve livelihoods in a fair and equitable manner is desirable.

The best form of development is to place development parameters in the hand of target beneficiaries of a development project. This can be achieved not by eviction or threats of arrests of local farmers from their land but by recognising them as partners in the development process. In particular, support for community based forests management systems that allow them to manage and control their lands and to cultivate local staples rather than the prescribed ones for their commercial value that is geared for export. In Cross River State, farmlands acquisition and community member evictions must give way to genuine partnership that respects communal land rights.

The need for prior and informed consent (FPIC) cannot be overemphasized for any consultation and dialogue with the people. There is the need to conduct the mandatory environmental and social impacts and allow for public participation as stipulated by law. To this end, environmental and social impacts of the project must be disclosed and mitigated in a transparent manner involving whole communities including the men, women and youths rather than the chiefs and elders alone.

Ways forward including gaps in knowledge highlights areas of high priority for further research and this includes the need to investigating the value chain in the oil palm production process. In so doing, the actual volume of palm oil produced and consumed in Nigeria will determine the amount offered for international market. Is Nigeria producing net palm oil products to EU or the international markets than it requires locally?

This is crucial to gauging the level of external policy influence in shaping land use change and the nature of development in Nigeria and with particular reference to Wilmar and Okomu oil palm production including other local production and supply sources.

There is a need to exploring community land rights as part of the national laws so that communal lands are titled and secured by law. Any development that fails to meet the condition of free prior and informed consent has crossed the red line and therefore disqualified. There is also a need to exploring the more enduring prospects of community based forest management systems so that small scale farmers are not displaced by appropriation of their farmlands.

Thus, enhancing community strategies of resistance is relevant as part of community organising and resistance to projects not likely to be beneficial to the community at large.

Research should include an advocacy component to generate positive pressure for change to reduce deforestation and conflicts in forested landscapes. Community empowerment through advocacy would be required to make adequate representation to government and the oil companies to avoid breakdown of law and order. NGOs and civil society groups would need to intervene to ensure that community rights are protected for the interest of peace and development in Nigeria.

References

- Action Aid, 2015. New Alliance, New Risk of Land Grabs: Evidence from Malawi, Nigeria, Senegal and Tanzania. www.actionaid.org/publications/new-alliance-new-risk-land-grabs
- Baun J, Meinzen-Dick R, 2009. Land grabbing by foreign investors in developing countries, risks and opportunities. IFPRI, Washington DC.
- Bourguignon D, 2015. EU biofuels policy: Dealing with indirect land use change. European Parliamentary Research Service. Briefing, February 2015, pp1-10.
- Conant J, 2015. Exploitation and empty promises: Wilmar's Nigerian land grab. Friends of the Earth US, Environmental Rights Action.
- Cotula L, Vermeulen S, Leonard R, Keeley J, 2009. Land grab or development opportunity? Agricultural investment and international land deals in Africa. IIED/FAO/IFAD, London/Rome.
- Egene G, 2017. Okomu oil palm sustains good results. Thisday Newspaper, 17 May 2017, p26.
- Etim E, 2015. Cross River oil palm sector success story and more that can be done. Cross River Watch: <http://crossriverwatch.com/2015/08/cross-river-oil-palm-sector-success-story-and-more-that-can-be-done-by-emmanuel-etim/>
- Friends of the Earth, 2010. Africa up for grabs: the scale and impact of land grabbing for agrofuels, Friends of the Earth, Brussels and Benin City.
- Friends of the Earth Africa, 2016. Who will feed Africa? Small scale farmers and agroecology not corporations. FoE Africa.
- Friis C, Reenberg A, 2010. Land grab in Africa: emerging land systems drivers in a teleconnected world. GLP Report No.1. See also: www.ihdp.unu.edu/docs/Publications/GLP/GLP_report_01.pdf
- Nair P, 2008. The politics of hunger: when policies and markets fail the poor. Pesticide Action Network Asia and the Pacific, Penang, Malaysia.
- Nkrumah K, 1965. Neo-colonialism: the last stage of imperialism. Thomas Nelson and Sons Ltd. London, UK.
- Norman G, 2015. Wilmar accused of Nigerian land grab for palm oil. Mongabay, 21 July 2015.
- Obi IC, 2005. Niger Delta: Trans Atlantic reflections on the colonial mirror. In Toyin Falola (ed.), The Dark Webs: Perspectives on Colonialism in Africa. Carolina Academic Press, USA.
- Ojo GU, 2014. Introduction: our forests is our life. Portion Consult Limited: Lagos, pp9-45.
- Ojo GU, 2012. Economic diversification and second-tier political conflict: assessing bitumen political ecologies in southwest Nigeria. Singapore Journal of Tropical Geography, 33:49-62.