



**AFRICAN DEVELOPMENT  
BANK GROUP**

**PROJECT: Maryland Oil Palm Plantation Project**

**COUNTRY: Liberia**

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### **SUMMARY OF THE RESETTLEMENT POLICY FRAMEWORK (RPF)**

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# ***Maryland Oil Palm Plantation Project***

## ***Liberia***

### ***Project SAP number: P-LR-AAG-001***

#### ***1. Introduction***

This report presents a summary of the constituent components of the comprehensive Resettlement Policy Framework (RPF) which has been carried out for the **Maryland Oil Palm Plantation Company** (MOPP). The report is the product of both desk and field work to establish the guiding principles and considerations that should guide future resettlement activities that MOPP will be required to undertake. The work was conducted in 2012 and 2013. It is noted that the RFP has followed from the requirements of the African Development Bank and other international lenders.

This palm oil production project includes various components: the rehabilitation and expansion of oil palm plantation areas, maintenance of equipment and facilities, and the setting up of a program of satellite out grower plantations; in the second phase, a new processing plant is scheduled to be built in 2016.

A RPF was developed for the purposes of this project as is typical of other agribusiness projects. There have been delays in the land demarcation process of the concession boundaries by the Liberian government. As such, the exact and clear boundaries of the project area vis-à-vis the local communities are not known with complete certainty at this stage. The development of a RPF enables for such a situation to be addressed in a pragmatic manner. The PRF outlines the principles that would guide the development of detailed RAPs for each phase of the project in compliance with the resettlement standards of the Bank and other lenders.

The objectives of this RPF (and the subsequent RAP for which this report plans) are to recommend appropriate measures to be undertaken to ensure that the displaced persons are:

- Informed about their options and rights pertaining to resettlement (i.e. they have rights to have land assets relocated within the concession and have a share of project benefits by becoming oil palm growers);
- Consulted on, offered choices among, and provided with technically and economically feasible resettlement alternatives (e.g. as MOPP smallholders or private farmers on "unsuitable" land for palm oil);
- Provided prompt and effective compensation at full replacement cost for losses of assets attributable directly to the project (including not only land, but damage to housing and social services);
- Provided assistance (such as moving allowances) during any relocation of their physical assets;
- Provided with land or alternative livelihood opportunities which will generate a standard of living equal to or greater than the one they experienced before resettlement;
- Offered support after displacement for a specified transition period, which is particularly important given that maximum yields from oil palm are not achieved until seven years after planting;
- Provided with development assistance (in addition to compensation measures) such as land preparation, credit facilities, training, or job opportunities.

## ***2. Project description and impact area***

The MOPP concession is positioned approximately 30 km north from the county capital of Harper, which is just over 400 km south-east from the capital, Monrovia. MOPP will see in part the rehabilitation of a previous oil palm plantation, which was known as Decoris. The Decoris plantation was established during the mid to late 1970's with support of the World Bank.

MOPP is being developed by the SIFCA Group, a leader in the palm oil sector throughout West Africa. MOPP involves farming a plantation of oil palms granted under a concession agreement signed on March 4<sup>th</sup> 2011 between the Government of Liberia and SIFCA. A specific company, Maryland Oil Palm Plantation (MOPP), was set up as a subsidiary of SIFCA to manage the Project. The concession was granted to SIFCA within the framework of a development project aiming at rehabilitating the former Decoris plantation, creating new cultivated plots, maintaining equipment and installations and building a processing plant.

As part of the project, 15,000 hectares of oil palms plantations will be developed. This surface will be exploited under two different mechanisms:

- About 9,000 hectares will be used for industrial plantations and is based on the rehabilitation of the previous Decoris plantation. This will be developed between 2011 and 2015;
- About 6,000 hectares will be used for smallholder plantations under an Outgrower's Scheme, to be developed between 2013 and 2016. This involves surface areas created by MOPP and farmed by private farmers whose production of oil palm fruit will be delivered exclusively to MOPP for a fixed period.

MOPP activities are structured around three main operational components:

- Rehabilitation and development of infrastructure;
- Agricultural development, including both industrial and smallholder plantations;
- Industrial activities: palm oil and kernel oil production.

Some of the site's existing installations, dating back from the Decoris era, will be rehabilitated by MOPP and additional infrastructure will be developed to meet the needs of the new plantation that will be financed for the proposes of this project.

The smallholder component, which will consist of smallholder farmers or outgrowers, will be implemented and managed by a special unit inside MOPP, the Smallholder Plantations Projects Department. This unit will be responsible for coordinating and supervising all the technical and financial aspects of the smallholder component.

MOPP activities, as described above, allow the Consultant to propose a direct area of impact for the purpose of the present study. This direct area of impact consists of:

- All the land located inside the boundaries of the plantation, both for industrial development and smallholder development;
- Rivers either originating inside or flowing through plantation boundaries – which may be affected by water contaminants in their downstream sections;
- Communities (towns, villages) located close to plantation boundaries and who may be economically and/or socially affected by MOPP activities.

### ***3. Potential impacts***

Field visits conducted for the purposes of preparing this RPF in areas already cleared and in some cases planted by MOPP evidenced the following physical impacts:

- A loss of existing secondary regrowth on the old Decoris plantation nucleus;
- Diminished biodiversity as a result of land clearing;
- Decrease and fragmentation of habitat as a result of land clearing for a range of birds and animal life;
- Potential loss of top soil from clearing processes;
- Imposition of uniform road grid upon the landscape;

Furthermore, planned MOPP activities are likely to have the following adverse physical impacts:

- Establishment of processing plant & waste stream;
- Increased demand upon ground and surface water for nursery irrigation and processing plant;
- Potential for increase in surface runoff into existing rivers and creek system;

Potential for increased pressure on the remnant tree species which constituted the ecological corridors delineated along river and creeks.

The Population and Assets Survey as well as the field visits conducted for the purposes of preparing this RPF evidenced the following social impacts:

- Loss of access to land used for cultivation and fallow adjacent settlement by local communities;
- Potential for increase in poverty of vulnerable groups due to loss of lands and assets;
- Potential for increase in land conflict as communities are squeezed for land;
- Creation of job opportunities for members of the local communities, particularly in regard to unskilled labour;
- Higher profile of 'company town' status for Pleebo as greater numbers of people employed in the two company enterprises;
- Through training and mentoring, opportunity for eligible members of the local communities to be involved in the skilled and management roles of the MOPP;
- Women specifically will also have a greater opportunity to secure employment;
- Broader livelihoods improvement for Pleebo Town;
- Increase in family incomes means improved access education services as well as health services;
- Increased vehicle traffic on a routine basis passing through the town;
- Over 3-5 year time frame a dramatic increase in land unit productivity.

It is estimated that about 200 households are resident within the concession boundaries. Their land assets are rapidly being eroded by clearance for the nucleus estate. In addition, there are about 400

households living in four "towns" or communities surrounding the nucleus plantation. These are Gbolorbo, Old Sodoken, Gbololu and Gbaewin. The Socio-economic Survey estimates that 50% of the households will lose all their land because they cultivate inside the MOPP concession. Furthermore, there are about 50 - 60 households living in the future extension in the north or in the west of the concession area. They are in "village camps": some belong to the communities named above; some belong to other communities of the Karluway 2 district (north of Pleebo Sodoken district). These households will also lose all their land.

#### ***4. Organizational arrangements for resettlement implementation***

The overall organizational arrangements for implementing resettlement issues would be overseen by a Project Resettlement Unit (PRU) within MOPP management. The PRU would comprise a dedicated unit dealing with all issues related to resettlement.

It will be necessary for the PRU to put in place processes and mechanisms identified by this RPF, prepare a RAP and strengthen the capacity of local implementing agencies (Land Commission, Ministry of Agriculture, Ministry of Works, etc.) and the affected communities themselves to achieve resettlement objectives in an efficient and sustainable manner.

SIFCA will need to appoint and resource a Resettlement Officer and Socio-economist to provide core expertise to PRU. They would have the primary responsibility to prepare the detailed RAPs that are required for each phase of the project. The appointees would be SIFCA's point of contact for all resettlement and social management issues related to the MOPP project. They will be required to ensure that the concession is developed as far as possible according to the requirements of the existing Financial Plan 2011-2015 while conforming to the Bank's Involuntary Resettlement Policy, international resettlement best practice, and Liberian law and social norms.

To improve transparency and skills base, the MOPP PRU should be supported by inputs from the Environmental Protection Agency (EPA) and an environmentally and socially focused NGO which should have technical knowledge of the land tenure system in Liberia.

It is also recommended that MOPP and the Government of Liberia (GoL) set up a joint Social Management Committee to review policies and procedures and generally guide the planning and implementation of the RAP. The committee should have the power to co-opt other members with any additional technical and social knowledge that may be required.

#### ***5. Community participation***

Stakeholders consultations will be central in the development of RAPs for each of the phases of the project. Affected individual and households will be invited to become involved in design activities for each RAP. MOPP plans to develop a Stakeholder Engagement Plan, which will integrate the promotion of a resettlement strategy and activities. Such a plan could have a larger remit and broader objectives, to establish a force for change in the way both the Liberian government and concessionaires handle land concessions in respect of gaining the support and contribution of local communities affected by tenure changes.

The stakeholder engagement activities that will be part of the RAPs will include specific modalities for engaging project affected persons (PAPs) and other stakeholders in the design, implementation, and monitoring activities associated with each detailed RAP. Options for compensation and/or resettlement assistance will be presented and discussed with the aim of seeking consensus and improving the design of the resettlement process. Procedures for redressing grievances will be shared. Various consultative forums will be established to ensure continuous consultations on

resettlement aspects of the project as a means for ensuring social acceptance and sustainability. Consultations will target PAPs as well as host communities, where physical displacement may require relocation to new resettlement sites and integration with host communities.

## ***6. Socio-economic study***

It has emerged from the Population and Assets Survey that the project will affect a relatively homogenous group of about 187 households with about 1,400 household members living within the concession area. In addition, there are about 200 households living in four "towns" or communities surrounding the nucleus plantation that will lose all their land because they cultivate inside the MOPP concession. There are also about 50 - 60 households living in the future extension in the north or in the west of the concession area which will also lose all their land.

Assistance to vulnerable groups should be considered beyond the compensation stage for lost assets in the preparation of detailed RAPs for each phase. Vulnerable people include orphans, people with disabilities, elderly persons, HIV/AIDS affected/or infected, widows, widowers, and people suffering from serious illnesses. Chronically food insecure households, particularly female headed households, and extreme destitute population, including the landless, should be added to this category. The highest education level attained by a household member explained difference in annual income per capita of the household, but this is to be expected. More cause for concern was the very high proportion (62%) of PAP in the under 20 age group. This group may require special livelihood assistance through a youth employment development programme.

The Population and Assets Survey collected information on the demography, education, occupations and household budgets of 158 households within the MOPP concession area of about 8,000 ha. The survey also collected information on land assets that respondents (128 of the 158 interviewed) claimed had been destroyed by MOPP land clearance and the compensation payments they had received.

The demographic statistics show that households in the area are young, large and nuclear. They are well established in the area with the great majority of household heads having been born in the area of enumeration. Out-migration is probably greater than in-migration. Customary land rights of families would therefore be expected to be strong. Households are mostly headed by males. Female headed households do exist but do not appear to be relatively disadvantaged in terms of labour resources. The birth rate is very high in the area and the education level is very low. According to the census data, occupational activity revolves around agricultural activities on self-owned land. However, the lack of livelihood opportunities often requires that about 30% of the labour force moving outside the area for short or long periods. The impact of land reservation for estate agriculture on this population will be severe: underemployment will increase substantially as land is annexed. Most of the population is not sufficiently educated to find work other than the most menial work in estate agriculture.

Farming accounts for about 53% of the total annual income. Natural resource based activities as a whole (including rubber tapping, forest products etc.) accounts for about 70% of the total value of the population's economic activities. Agriculture accounts for 61% of annual income of PAP but only 48% for non-PAP. The total annual income per household is significantly different between PAPs and non-PAPs, with PAP households having overall only about 20% of the income of non-PAP households. The number of economically active household members is greater than in non-PAP households and more income is obtained from business and occupational wages. Once their land resources are taken over by project activities, most households would be required to find an alternative income from non-agricultural sources of about US\$ 200 - 300 per capita per annum to meet the current level of basic household expenditure. Any resettlement or alternative livelihoods programme, which is integrated into the detailed RAPs that will be prepared, needs to provide the resources to enable this to be achieved.

The household budget data were also examined to identify possible sub-divisions within the PAP groups, e.g. disadvantaged households. Education level is an important independent variable in determining household income per capita, but there is no significant difference in household income per capita between members of different tribal groups or household heads of different sex. However, the data strongly suggests that those households who have reportedly lost land assets now have to spend more on food, resulting in a lower household incomes, the mean of which is now negative. There was sufficient evidence to show that the compensation process in place will in fact have a long term impoverishing effect on affected households.

An analysis of data related to lost assets showed that rubber was the main crop lost by farmers and accounts for 95% of the total value (using compensation rates) of nearly US\$ 600,000. The amount of compensation said to be received by farmers was only about US\$ 138,000. Assets remaining (i.e. not yet destroyed by MOPP clearance activities) were also enumerated and found to be about US\$ 209,000, or 26% of what was in farmers' control before clearance. Comparing farmers' claims with MOPP payments, farmers say they have received only about half of what MOPP says it has paid out. Further, lost assets by August 2012, according to the farmers, amounted to about US\$ 624,000. MOPP payment up to March 2012 was only half of this, US\$ 302,000. And, according to farmers, at the time of the survey only about half of farmers had received the compensation due to them. The confused situation resulting from MOPP beginning land clearance without an inventory of farmers' land assets has resulted in tension.

## ***7. Legal and Institutional framework for resettlement***

The legal framework for resettlement consists of Liberian Law, AfDB's Involuntary Resettlement Policy, World Bank OP 4.12, and IFC's Performance Standard 5.

Article 24 of the 1986 Liberia Constitution provides the basis for compensation for acquired land. For the expropriation to be successful the following issues need to be addressed:

- Prompt payment of just compensation;
- That such expropriation or the compensation offered may be challenged freely by the owner of the property in a court of law with no penalty for having brought such action.

The African Development Bank Involuntary Resettlement Policy has been developed to cover involuntary displacement and resettlement of people caused by a Bank-financed project and it applies when a project results in relocation or loss of shelter by the persons residing in the project area, assets being lost or livelihoods being affected.

The objective of the Bank's policy is to ensure that the disruption to people's livelihood in the project's area is minimized, ensuring that the displaced persons receive resettlement assistance so as to improve their living standards, provide explicit guidance to Bank staff and to borrowers, and set up a mechanism for monitoring the performance of the resettlement programs. The policy emphasizes the fact that the resettlement plan should be conceived and executed as part of a development program. Compensation at the full replacement cost for loss of lands and other assets should be paid prior to projects implementation with the view to improving on former living standards, income earning capacity and production levels of the affected population. The improvement of these living standards should also apply to host communities. The full costs of resettlement activities necessary to achieve the objectives of the project should be included in the total costs of the project. At the preparation phase, feasibility criteria and strategy for the plan are discussed and agreed upon with the executing agency.

The World Bank OP 4.12 on Involuntary Resettlement is applicable to all projects with direct or indirect resettlement impacts. OP 4.12 recommends:

- i. All viable project designs shall be explored to avoid or minimize the need for resettlement and when it cannot be avoided, to minimize the scale and impacts of resettlement;
- ii. Resettlement measures should be taken so as to provide sufficient resources to give the person displaced the chance to improve former production levels, income earning capacity, and living standards or at least restore them to levels they would have been without the projects;
- iii. Displaced persons will be:
  - Compensated at full replacement cost prior to the actual move;
  - Assisted with relocation; and
  - Assisted and supported during the transition period.
- iv. Adequate attention will be given to vulnerable groups;
- v. PAPs and communities in different levels will be given opportunities to participate in planning, implementing and monitoring their resettlement;
- vi. Resettlement will be linked to the main project implementation schedule, so that PAPs should be resettled and compensated before being affected by the construction or sector activities;
- vii. There should be adequate measures of monitoring and evaluating replacement land; and
- viii. Compensation for land/assets will be encouraged and cash compensation may be appropriate when resident land holdings are economically viable.

IFC's Performance Standard 5 covers issues related to involuntary resettlement. Under PS 5, the client has to compensate displaced communities and persons at full replacement cost and to provide other assistance to help them restore or improve their standards of living or livelihoods. PS 5 also provides guidelines for stakeholder engagement, consultations and grievance mechanisms. According to IFC, displaced persons include persons with legal rights to the land or assets, persons with no legal rights but with a claim that is recognized or recognizable under national law, and persons with no legal rights to the land or assets they occupy or use. PS 5 provides guidelines for compensation as well as for implementation of resettlement activities.

## ***8. Grievance Redress and Consultation Mechanisms***

MOPP have already established a Grievance Committee to deal with issues and disputes arising from compensation. MOPP is maintaining an observer status on the Grievance Committee. However, there is need to include the representation of the Land Commission in this committee; remedies to address this are being presented.

The crop owner or his/her representative will be co-opted onto the Grievance Committee for the purpose of hearing the dispute. The protocol of the committee is count crops, verify figures and beneficiaries, pay beneficiaries and clear farms. If the Grievance Committee cannot resolve a dispute, it is passed to the MOPP Management for resolution. A recommendation has been presented that for future grievances, MOPP does not take sole responsibility for unsolved grievances but rather a cross-section of different actors share this responsibility.



The grievance procedure will be simple and administered at the local level. It should be flexible and open to various forms of evidence and claim support, recognizing that many claimants may be illiterate. The findings of the Grievance Committee should be quick, transparent and fair.

If a complaint is too complex or contentious for the first level Grievance Committee, then it will be forwarded to the Regional level committee. There may be need for additional investigations and/or consultation by the Regional Committee.

## 9. Eligibility

Project affected persons are considered to be persons affected by land acquisition, relocation, loss of incomes associated with the acquisition of land and/or other assets, and restriction of access to legally designated sites and protected areas. Detailed eligibility criteria are presented in the following table. The detailed RAPs must consider the first 3 categories of PAPs in determining their respective eligibility criterion.

	Category of Affected Persons	Assets	Type of Compensation
1	Persons with formal legal rights to land.	Physical and non-physical assets such as residential structures, productive lands, farm lands, cultural sites commercial/business properties, tenancy, income earning opportunities, and social and cultural networks and activities	To be provided compensation for land lost and other assistance
2	Persons without formal legal rights to land at time of notification but have claims to property recognized by community leaders		To be provided compensation for land lost and other assistance
3	Persons with no recognizable legal right or claim to land they are occupying, e.g. squatters		To be provided resettlement assistance in lieu of compensation for land occupied
4	Persons encroaching on land after the notification period (after the eligibility cut-off date has been established)		Not eligible for compensation or any form of resettlement assistance

## 10. Methods of valuing affected assets

Detailed general guidelines and methods for assets valuation is outlined in the following table. Specific asset valuation methodologies will need to be designed for each detailed RAP in line with the guidelines provided below:

Item	Types	Method
Building and structures	Cement, roofing sheets, doors, wood, paint, sand, stones etc.	Replacement cost method would be used to determine market value and will be based on: <ul style="list-style-type: none"> <li>i. land in comparable site;</li> </ul>

Businesses	Kiosks, containers, workshops, communication centres, chop bars, saloons	<ul style="list-style-type: none"> <li>ii. drawings of buildings, related structures and support services;</li> <li>iii. average replacement costs of different types of buildings based on information on quantities and types of materials for construction;</li> <li>iv. prices of items on the local market; and</li> <li>v. Costs of transportation, estimates for construction of new buildings.</li> </ul>
Farm crops	Crops and fruit trees (oil palm, cassava, etc.)	Market value as at the time of replacement.
Standing trees	Coconut trees, etc.	Follow EPA requirement. Pay cash for every tree felled and in addition plant two more at location similar to where the other was felled.
Forests	Dedicated community forest areas, sacred groves, cemeteries, shrines	Replacement cost method would be used and should be done in consultation with and acceptable to the traditional authorities or community leaders.
Losses of income and livelihood	Farming, Fishing, etc.	Estimation of net monthly profit for business based on records; application of net monthly profit to the period when business is not operating.
Disturbance allowance	-	10% of total compensation

As highlighted by AfDB's and World Bank's Involuntary Resettlement Policies, it is essential that a sustained stakeholder consultation process be carried out so that the actual costs and rates for compensation are agreed upon by all stakeholders, thus ensuring their acceptability. Consultations must be held with PAPs within the context of the detailed RAPs to obtain their consent on the compensation rates and/or resettlement assistance options being offered.

## **11. Resettlement costing and funding**

The detailed costs of implementing RAP and compensation under the MOPP project shall be determined at RAP preparation stage. Even though some cost items are rather open-ended they are not expected to exceed a total of US\$ 1.6 million.

Funding for resettlement can be made available from a "Social Fund" linked to concession benefits. Plantation net benefits are estimated in the Financial Plan to be positive in 2016 rising to US\$ 6.2 million in 2018. A social charge of about 3% on net benefit could yield a useful source of funds for PAPs development, but it is of course too late to be useful, as most resettlement costs are incurred now. For this reason it is important to explore alternative financing for resettlement, stressing the accommodations made to avoid physical resettlement, to provide livelihood replacement and a model for addressing resettlement issues in other concessions.

## **12. Implementation Arrangements**

The project will be implemented in phases. The most rapid development phases over large areas are planned for 2014 – 2016. As such, detailed RAPs will need to be prepared prior to the commencement of project activities for each of those phases. The RAPs will need to be submitted to the Bank and other lenders for their approval beforehand.

### 13. *Monitoring and evaluation arrangements*

Modalities and mechanisms must be established and integrated within each detailed RAP. These would serve to monitoring and evaluate the impact of the resettlement processes. The following parameters and verifiable indicators will be used to measure the performance of each RAP:

- Questionnaire data will be entered into a database for comparative analysis at the PRU;
- Each individual will have a compensation dossier recording his or her initial situation, all subsequent use of project assets/improvements and compensation agreed upon and received;
- The project will maintain a complete database on every individual impacted by the project including relocation and resettlement, land impacts or damages;
- Percentage of individuals selecting cash or a combination of cash and in-kind compensation;
- Proposed use of payments;
- The number of contention cases out of the total cases;
- The number of grievances and time and quality of resolution;
- Ability of individuals and families to re-establish land and crops or other alternative incomes;
- Agricultural productivity of new lands;
- Number of impacted locals in the workforce;
- Seasonal or inter-annual fluctuation on payment for key foodstuffs; and
- General relations in the local communities.

The following indicators will be used to monitor and evaluate the implementation of the detailed RAPs. Additional indicators can be elaborated upon depending on the nature of the socio-economic circumstances for the respective phase of the project for which the detailed RAP is required:

Monitoring	Evaluation
Outstanding compensation or resettlement contracts (for physical and economic resettlement) not completed before next agricultural season.	Outstanding individual compensation or resettlement contracts.
Communities unable to set village level compensation after two years.	Outstanding village compensation contracts.
Grievances recognized as legitimate out of all complaints lodged.	All legitimate grievances rectified.
Pre-project production and income year before land used versus present production and income of re-settlers, off-farm-income trainees, and users of improved agricultural techniques.	Affected individuals and households compensated or resettled in first year that have maintained their previous standard of living at final evaluation.
Pre-project production versus present production (crop for crop, land/land for	Equal or improved production per household.

land/land).	
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In addition to the above M&E measures, it is recommended that a completion audit of the Resettlement Action Plan be carried out when the resettlement process is over. This completion audit will be carried out by an independent entity and will display and analyze the final values of M&E indicators, check them against pre-project values, identify and explain possible shortfalls in the resettlement process and provide recommendations for the post-resettlement phase.