



UNDERSTANDING LAND INVESTMENT DEALS IN AFRICA

MASSIVE DEFORESTATION PORTRAYED AS SUSTAINABLE DEVELOPMENT:
THE DECEIT OF HERAKLES FARMS IN CAMEROON

LAND DEAL BRIEF, SEPTEMBER 2012



From its very name, American-owned SG Sustainable Oils Cameroon, Ltd. (SGSOC) presents a pro-environment, pro-resources image. This is supported by an impressive-sounding partnership with an NGO by the name of All for Africa and as a package typifies the kind of convoluted modern-day foreign investment going on in Africa. It is sadly all too familiar to communities on the ground. They are unimpressed with promises of infrastructure and jobs, and angry about their loss of land and livelihoods. It is also part of a strategy to deceive the public into believing that there is logic to cutting down rainforests to make room for palm oil plantations.

 The Oakland Institute

in collaboration with
Greenpeace International

ACKNOWLEDGEMENTS

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This report is released along with a film, The Herakles Debacle, which features recent footage from the project area in Cameroon with the aim of providing a voice to the communities affected by the project.

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Cover photo: A bulldozer clears natural forest for the Fabe SGSOC oil palm nursery. © Jan-Joseph Stok / Greenpeace

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Overview

In 2009, SG Sustainable Oils Cameroon, Ltd. (SGSOC) signed a convention with the Cameroonian government to develop a large industrial palm oil plantation and refinery.¹ The project involves 73,086 hectares (ha) of land (180,599 acres) in the Ndian and Kupe-Manenguba Divisions of the Southwest Region of Cameroon through a 99-year land lease.²

SGSOC is 100 percent owned by the American company Herakles Farms,³ an affiliate of Herakles Capital,⁴ which is an Africa-focused private investment firm involved in the telecommunications, energy, infrastructure, mining and agro-industrial sectors.⁵ The Chairman and CEO of Herakles Farms, Bruce Wrobel, is also the Chairman and Executive Director of All for Africa, a “development” Non-Governmental Organization (NGO). Although ownership of SGSOC was transferred from Sithe Global (a Blackstone Group company) to Herakles Capital in 2009, Sithe Global – whose CEO is also Bruce Wrobel – remains closely tied to the companies undertaking the project.⁶

Herakles Farms claims that the project will contribute to socioeconomic development and environmental protection in Cameroon.⁷ It also promises that the partnership with All for Africa will bring additional sustainable development outcomes for the plantations, through the use of palm oil revenues for the funding of development projects.⁸

The company began operations with tree nurseries in 2010 despite legal flaws in the convention signed in 2009 and the lack of a Presidential Decree granting the land lease, which is required for such a project.⁹ Herakles Farms also ignored two decisions by a local court ordering the company to cease work,¹⁰ making recent activities of the US company in violation of national laws.¹¹

Beyond the legal aspects, the company claims that local communities living in the areas it is targeting approve and support the project.¹² Yet, investigation conducted on the ground by the Oakland Institute and Greenpeace International in May and June 2012, has shown that this is simply not true. As confirmed by dozens of interviews conducted among communities concerned by the project,¹³ it appears that a large and vocal group of people are against this massive project. In addition to local communities, conservation groups and NGOs are opposed to SGSOC’s plans and operations. The expected negative social and environmental impacts of the plantation are numerous, including loss of livelihoods, small returns for local communities, and massive deforestation.¹⁴ The involvement of All for Africa, ostensibly a “development” NGO, is deceptive. While partnering in the development of a plantation that will destroy existing and valuable tropical

rainforest, All For Africa’s main stated goal, to plant one million trees for sustainability, does not match up with sustainable development goals.

Despite the opposition of people living in the investment area and the illegality of the project, this investigation has found that the company has already started deforestation to establish several nurseries. With the loss of livelihoods by thousands of Cameroonians on the line and critical and unique ecosystems in peril, this project must be stopped.

The Destruction of Livelihoods for Thousands of Cameroonians

The Environmental and Social Impact Assessment (ESIA)¹⁵ conducted by the company indicates that subsistence agriculture is the primary activity conducted in the proposed lease area, inhabited by over 14,000 people. Several NGOs put forward much higher estimates of who will be impacted which could reach up to 45,000 people.¹⁶

The most common crops found in the area include millet, cocoa, cassava, oil palm, beans, rice and fruits. Hunting, fishing and collecting forest products, including wild food, and medicinal plants as well as fuel wood are common activities in the area. The ESIA conducted on behalf of the company itself indicates that the negative impact of the plantation on livelihoods will be “major” and “long-term.”¹⁷ Although SGSOC claims its project will not displace communities, the convention gives SGSOC the exclusive right to farm within the concession.¹⁸ This is likely to displace locals, who will be forced to search for alternative farmland. While the ESIA recognizes that “losses of some traditional livelihood opportunities, particularly those related to Non-Timber Forest Products and hunting” are to be expected, it states that “this loss will be offset by the employment opportunities provided by the Project.”¹⁹ However, it fails to explain how it has reached that conclusion and how and what employment will compensate such losses.

The ESIA has identified a risk to surface water and groundwater quality through the use of chemicals as fertilizers and pesticides. It indicates the risks will be minimized by maximizing the use of organic fertilizers but with no clear indication of the balance between organic inputs and chemicals. It provides no figure about the amount of chemicals to be used. As recognized by the ESIA, the massive use of chemicals typically used in such a large plantation constitutes a major threat to water sources in the area, and to the fish population as well as to the supply of safe drinking water.²⁰



Economically displacing impacted populations is considered “involuntary resettlement” by widely used international standards such as the Equator Principles, and thus requires SGSOC to compensate individuals who lose their farmland and to promote alternative livelihoods activities. Unfortunately, SGSOC’s ESIA contains no compensation plans and weak alternative livelihoods programs.²¹

The SGSOC plantation will undoubtedly have a negative impact on the local population’s food security as they lose farmland and access to non-timber forest products and wildlife.

What Returns for the People of Cameroon?

SGSOC is touting its investment as a driver for employment, infrastructure development, and social services delivery. It claims the plantation will create 7,500 jobs, generate revenue for the government, and improve roads.²² However, the convention does not provide any guarantee this number of new jobs will be generated. Furthermore, the convention allows for the company to pay employees according to “minimum wage scales fixed on the basis of productivity and efficiency criteria” and freely negotiate terms of dismissal.²³ It also states that in the event of a conflict between the convention and any law of Cameroon, “the rights, obligations and duties of a Party shall be deemed to be those set forth in this Convention.” In other words, through the convention, SGSOC has obtained the right to pay employees less than Cameroon’s minimum wage and to be exempted to respect certain national laws.

“Our project, should it proceed, will be a big project with big impacts – environmentally and socially. The big question – and the real story – is whether it ends up strongly positive or strongly negative. I couldn’t be more convinced that this will be an amazingly positive story for the people within our impact area.”

–Bruce Wrobel, CEO of Herakles Farms,
correspondence with the Oakland Institute, July 2011

The potential for economic returns for the country appears to be very limited. The rental rate set by the convention is only \$1.00 [500 FCFA] per hectare per year for developed land and \$0.50 [250 FCFA] per hectare for undeveloped land.²⁴ Such rates are incredibly low when compared to rates paid for farmland in other continents, which are around \$7,000 per hectare per year in Brazil and \$16,000 per hectare per

year in the US.²⁵ Furthermore, the convention exempts the company from paying all taxes for a 10-year period, as well as all customs and certain social security payments for the 99 years of the project. SGSOC will pay only an annual corporate tax of 15 percent or less instead of the regular 38.5 percent in use in Cameroon²⁶ and enjoy favorable accounting provisions, allowing the company to substantially reduce its tax burden by carrying forward losses from previous years “indefinitely without any limitation.”²⁷

Given that several large oil palm plantations such as PAMOL have been operating in the same area for decades without triggering economic development in the region, villagers and local officials ask what will be different with the SGSOC project.²⁸

“The low level of fiscal imposition on agricultural and forestry concessions [in Cameroon] is striking.”

–Olivier de Schutter, the UN Special Rapporteur on the Right to Food, commenting on the SGSOC deal, July 2012. ²⁹



Worker in a palm oil plantation, Cameroon. © Jan-Joseph Stok / Greenpeace



Timber left next to the Herakles Farms palm oil nursery in Fabe Village. © Jan-Joseph Stok / Greenpeace

A 2012 comprehensive study on the SGSOC deal by two Cameroonian NGOs, the Centre for Environment and Development (CED) and Réseau de Lutte contre la Faim (RELUFA),³⁰ found that “whereas the Cameroonian Government currently spends massive sums subsidizing imported food stuffs to slow inflation on the local market, this spending could be significantly reduced if the government supported local production for domestic consumption instead of agro-industrial plantations oriented towards the export market.” The report further explains that “if the Government of Cameroon were to require bread-makers to use 20% locally produced flour (derived from sweet potatoes, corn, or cassava), 96,000 farming jobs would be created using just 15,000 ha of land. This would generate 13 times more employment and significantly larger government revenue than the SGSOC project and would leave additional lands available for peasant agriculture, conservation, and use of non-timber forest products.”³¹

The Irreversible Environmental Impact on an Important Area for High Biodiversity Conservation

SGSOC’s land concession is in the midst of a “biodiversity hotspot,”³² a critical area that connects five protected areas: Korup National Park, Bakossi National Park, Banyang Mbo Wildlife Sanctuary, Nta Ali Forest Reserve and Rumpi Hills

Forest Reserve. Not only are these areas home to a high number of threatened species but the land between these protected areas serves as an essential corridor for their migration. SGSOC’s project would destroy a vast area of rainforest that serves as a vital corridor between the different protected areas.³³

Herakles Capital is a member of the Roundtable on Sustainable Palm Oil (RSPO) which is meant to set best practices for such investments.³⁴ Acknowledging the negative impact of palm oil on forest conservation, RSPO is supposed to prohibit its members from using High Conservation Value Forest (HCVF) to make way for palm plantations and also states that “plantation development should not put indirect pressure on forests through the use of all available agricultural land in an area.”³⁵

Yet, among numerous converging analyses, the German Agency for International Cooperation (GIZ) observes that “part of the concession area has to be considered as HCVF.”³⁶

When SGSOC approached a reputed British consulting firm to conduct a HCVF assessment in the plantation area, the consultancy refused stating the project clearly violates RSPO principles on HCVF among others.³⁷

SGSOC’s ESIA claims “HCVF including primary forests, vegetation on steep slopes (greater than about 30°),

and sacred sites, as well as agricultural land used by the villages within the Concession, will remain.”³⁸ However, the assessment provides no explanation of how this will be done and no map is provided to demarcate the lands that will remain.³⁹ Furthermore, an independent assessment by the High Conservation Value Resource Network Technical Panel has shown the High Conservation Value (HCV) assessment SGSOC commissioned to be deeply flawed.⁴⁰



Palm seeds after harvest. © Jan-Joseph Stok / Greenpeace

The assessment observes that “the description of the area as having “been logged at various times since 1972” and therefore constituting “fragmented and degraded landscape devoid of any large tracts of original moist evergreen lowland forest” cannot be supported by the evidence provided in the report.” The Technical Panel further suggests that what SGSOC has been calling “degraded land” includes large sections that have never been logged and constitute tropical rainforest.⁴¹ *The Herakles Debacle*⁴² provides, through aerial footage, evidence of the nature of the land concerned and shows without any doubt that the area being cleared by SGSOC contains large sections of fairly intact tropical rainforest.

The African Conservation Foundation confirms that the land targeted by the plantation is “currently covered by a mosaic of mature, dense forest, agro-forest, farmland, and human settlements.[...]This will be an environmental disaster for the rainforests in Cameroon.”⁴³ The oil palm plantation will further fragment this unique landscape, restricting the natural movements of many animal species.

The protected areas endangered by the plantation are a natural

habitat for many threatened species. Habitat destruction as well as illegal hunting could push some species to the brink of extinction.⁴⁴

SGSOC’s convention gives the company the right to use unlimited amounts of water within its land concession for free.⁴⁵ SGSOC also has the exclusive right to other resources within its land concession including timber, clay, and gravel.

Despite the potentially disastrous ecological impacts of the planned plantation, Bruce Wrobel, CEO of SGSOC’s parent company, stated that “we consider ourselves environmentalists” in a recent interview.⁴⁶

An Illegal Project

Though the company has formally denied it is the case,⁴⁷ there is ample evidence that the SGSOC project has been in violation of Cameroonian law since 2010.⁴⁸ The company has been clearing forest and developing oil palm nurseries prior to submitting an Environmental and Social Impact Assessment or obtaining the Certificate of Environmental Conformity, as required by law.⁴⁹ Furthermore, before commencing work, SGSOC should have awaited a Presidential Decree approving the concession, as required by a 1976 law governing the allocation of concessions on state lands in Cameroon.⁵⁰ The convention does not exempt SGSOC from obtaining the necessary permits before exercising land rights.⁵¹ Herakles Farms also chose to ignore two decisions by a local court ordering the company to cease work. The last court decision, taken on February 27, 2012 by the High Court of N’Dian Judicial Division,⁵² prohibited SGSOC to pursue its activities until:

1. A proper environmental impact assessment was conducted to evaluate the impact of the project on the natural and human environment and the company establish all measures to avert them;
2. The company compensates those directly affected (farms and village settlements);
3. The company compensates those whose ancestral rights to land are impacted;
4. The company reaches a clear understanding with the indigenous people by way of a Memorandum of Understanding for the project.

In April 2012, the Cameroonian Ministry of Forestry and Wildlife conducted an official assessment mission on the SGSOC project in the Nguti District. After observing various infractions and the lack of proper authorization for the clearing of 100 ha of forest, the mission seized fallen trees as well as two bulldozers that were used by SGSOC.⁵³

ESTABLISHMENT CONVENTION

DATED AS OF

17 SEPT 2009, 2009

BY AND BETWEEN

THE REPUBLIC OF CAMEROON

AND

SG SUSTAINABLE OILS CAMEROON PLC.

Section 9.3 Security. Government hereby authorizes Investor directly or under contract with other Persons of its choosing, to establish, manage and maintain its own asset and employee security and protection service for the purpose of maintaining law, order and security in the Production Area and in other areas where Investor has or maintains property and assets, subject to applicable Law. Such service shall have the power to search, apprehend, detain, exclude and evict unauthorized Persons from the Production Area, and from such other areas as may be properly restricted for economic, operational or security reasons, subject to applicable Law. Investor shall coordinate the activities of such service with the Police.

The US-owned company has therefore been operating in violation of Cameroonian law. This is true even though the SGSOC convention signed with the government⁵⁴ grants SGSOC extremely generous exemptions from the application of national laws. It states that in the event of a conflict between the convention and any law of Cameroon, “the rights, obligations and duties of a Party shall be deemed to be those set forth in this Convention.”

Article 9.3 of the convention goes even further, as the Government of Cameroon authorizes SGSOC to establish, manage, and maintain a private security force with what amounts to police powers. The force will have “the purpose of maintaining law, order and security” and enjoy “the power to search, apprehend, detain, exclude and evict unauthorized persons from the production area, and from such other areas as may be properly restricted for economic, operational or security reasons...”⁵⁵

Given the wide protections included in the convention, the villagers’ right to protest does not seem to be guaranteed. And when they did protest, in June 2012, they were arrested by the police.⁵⁶

Opposition to the Project

The investor has publicly stated that the project enjoys an “outpouring of support from communities.”⁵⁷ Yet the local opposition to the project has been growing since the signing of the deal. Many locals feel there are already too many restrictions on their land use due to existing conservation

zones in the area. Adding this massive plantation will further restrict their access to lands held by their ancestors for generations. Thousands of local people fear they will lose their land and their livelihoods to SGSOC. Many farmers in the area are concerned they will lose land for farming as well as access to critical natural resources and forest products.

In a recent attempt to stop the project, on June 6, 2012, villagers from Fabe and Toko organized a protest against the plantation during the visit of the Governor of the South West Region to these villages. These protests have been met with severe intimidation and arrests. Protesters were summoned to Mundemba police station and several villagers were held for days.

Prior to these recent protests, several communities, including Fabe, Massaka-Bima, Mbile, and Mundemba, sent complaint letters and petitions opposing the project to the government.⁵⁸



People say no to SGSOC; a protest in Toko village against SGSOC in June 2012.

© Franck Bieleu / Oakland Institute

Ministry of Territorial Administration
And of Decentralisation
South - West - Region
Ndiian Division

Office of the Clan Head of the Balangas
Ndiian Division
South West Region

Mundemba, the 09th November, 2009

THE CHAIRMAN,
LAND CONSULTATIVE BOARD,
MUNDEMBA-NDIAN
C/O THE DIVISIONAL DELEGATE,
DELEGATE OF LAND TENURE
MUNDEMBA - NDIAN.

Sir,

**SUBJECT: OPPOSITION TO GRANT OF LAND CERTIFICATE TO SITHE
GLOBAL SUSTAINABLE OILS, CAMEROON**

31st March 2012

Chief TAMBE John BITA
Traditional Ruler of EBANGA
(E-mail: tamba2002@yahoo.co.uk)

EBANGA Village
3rd Class Chiefdom
NGUTI Sub-Division
Kupe-Muanenguba Division
South-West Region

TO:
DIVISIONAL OFFICER
(NGUTI Sub-Division)

Subject: Widespread invasion of EBANGA Village
Farmlands by SG-SOC's Technical
Personnel, following instructions from
the Chief of TALANGAYE Village.

Mr. Divisional Officer,

I wish to draw your attention to the very provod
widespread and abusive invasion of EBANGA Village
Sites by the Technical Personnel of SG Sustan
(SG-SOC), following instructions from the Chief of T

Mr. Divisional Officer, I wish to clearly state her
Peace-loving people of EBANGA, are still waiting
technical team of SG-SOC, so that the said o
begin in our village. So far, SG-SOC has never he
Village.

to grant a Land
recently owned
ist in.

BEKO NGOLO VILLAGE
June 21st 2012

We the people of Beko Ngolo village - ie the youths
Women and men living within the Mundemba area,
do hereby denounce the SG SOC oil palm project
trying to gain grounds in the area.

FABE BIMA POPULATION
MUNDEMBA SUB-DIVISION
23rd JANUARY 2011

Through: The Sub Prefect, Mundemba
To: SGSOC (HERAKLES FARMS) Representative.

Subject: DEMARCATION OF NATIONAL LAND FOR SGSOC Ltd.

We, the entire population of Fabe Bima wishes to express our gratitude to SGSOC Ltd
for thinking that our village could be amongst those to be covered by this giant AMERICAN
GROUP, HERAKLES FARMS for us to enjoy the many lofty benefits said to be offered by this
company.

BUT sir, giving that good chunks of our national land have been ceded to Ikondo Kondo
for the Resettlement programme, and that Mundemba Councils Forest; we are therefore left
with little or no national forest sufficient to accommodate the present, talkless of the future
generations.

The other chunk of land we thought could be ceded to SGSOC Ltd is already under
development by Meangwe II which we are hosting, which land again, is not enough for future
expansion by the growing population of Meangwe II.

We want therefore to REGRET our inability to afford to SGSOC any Land for her project.

We remain
Yours faithfully

THE TRADITIONAL COUNCIL
KASSAKA BIMA VILLAGE
MUNDEMBA SUB-DIVISION
NDIAN DIVISION
SOUTH WEST REGION
19th JUNE 2010

TO THE DIVISIONAL OFFICER - MUNDEMBA
V SENIOR DIVISIONAL OFFICER - NDIAN
TO THE GOVERNOR, SOUTH WEST REGION

Sir,
SUBJECT: PETITION AGAINST ILLEGAL DEMARCATION
OF KASSAKA BIMA FOREST BY SITHE GLOBAL
SUSTAINABLE OILS CAMEROON

President, youths
Adviser, youths
Elder
Elder
Elder
women representative
Women representative
vice chairman, traditional council
External elite

Visa by:

HRH Chief WANGOE Philip Ekole

Sign: for, Pa Adolf Notia Nekongo

For obvious negative reasons which we have
witnessed and recorded against this project, we are
no longer prepared to welcome the project.

MEANGWE II NGOLO MUNDEMBA COUNCIL AREA
NDIAN DIVISION - SOUTH WEST REGION.

2 We MEANGWE II Population have not accepted the
project SG-SOC in our village. There is no forest
to give out to this oil palm project. The little forest
left is for our farming activities and future lives.

1 Chief Eledi Patrick Mboze
2 VICE Chairman TRADITIONAL COUNCIL
NDIAN DIVISION
3 ELDEST NDIAN - EDEKENI

REGION 13 MAY 2012

Mbong Joseph Nalunya and the
of Ikonge Village Write tender
location against SG soc oil palm
wanting to size forest land within
ited area of Kamp National park
Rumpi hills forest Reservation, our feeling
as and observation are as follows. That
they are intending to take for the
planting of oil palms in a barfawone which
was reserved to the inhabitants highbanning
parks. This is the area we kept for our farming
land for our children, children coming. The
idea of another palm plantation is not needed
again in our land. We are tired of plant
oil plantation in our land. We have seen
the movement of SG soc is not good for
our people because they still a lot of
lies. They should live on land and go
DONE At Ikonge Village today 13/may 2012

CHIEF Mbong Joseph Nalunya

Internationally, a number of environmental groups, experts and scientists have voiced their opposition to the project. In April 2012, eleven of the world's top scientists issued an open letter urging the Cameroonian government to stop the project that they say will threaten some of Africa's most important protected areas (see box below).

Abstract from the April 2012 OpenLetter of 11 Scientists on the Project⁵⁹

The project would destroy a critical forested area that currently links five national parks or protected areas in Cameroon.

These forests are vital for wildlife, including the African elephant, chimpanzee and drill, all threatened or endangered species. These animals rely on the forests that would be destroyed to survive and move among the parks.

This area is a biodiversity hotspot, some of the world's most biologically important real estate. There's no way a project like this would be allowed in most countries, because the price for biodiversity is just too high.

Those promoting this project are misleading everyone—especially the people and government of Cameroon. They claim the forests they want to clear are mostly logged and degraded, but we've shown clearly that they include lots of tall, dense forest that's vital for wildlife and nature conservation.

A Unique Sustainable Model?

On the Herakles Farms' website homepage, the company claims it is "committed to addressing the complex issues of food security through sustainable agriculture initiatives."⁶⁰

The main evidence of sustainability for the project comes from the participation of a US non-profit Non-Governmental Organization (NGO), All for Africa, which was founded and is chaired by the CEO of Herakles Farms, Bruce Wrobel. All for Africa defines itself an innovative NGO that "takes a collaborative approach to poverty reduction by working with the private sector to foster projects that generate economic and social benefits in the communities in which they are located."⁶¹

Bruce Wrobel has assembled a board for the NGO with a number of prominent personalities, including a famous actor, a renowned journalist, an international civil servant as well as bankers and fund managers tied to the Blackstone

Group.⁶² High profile personalities, including Bill Clinton, have publically voiced their support of the NGO's activities.⁶³

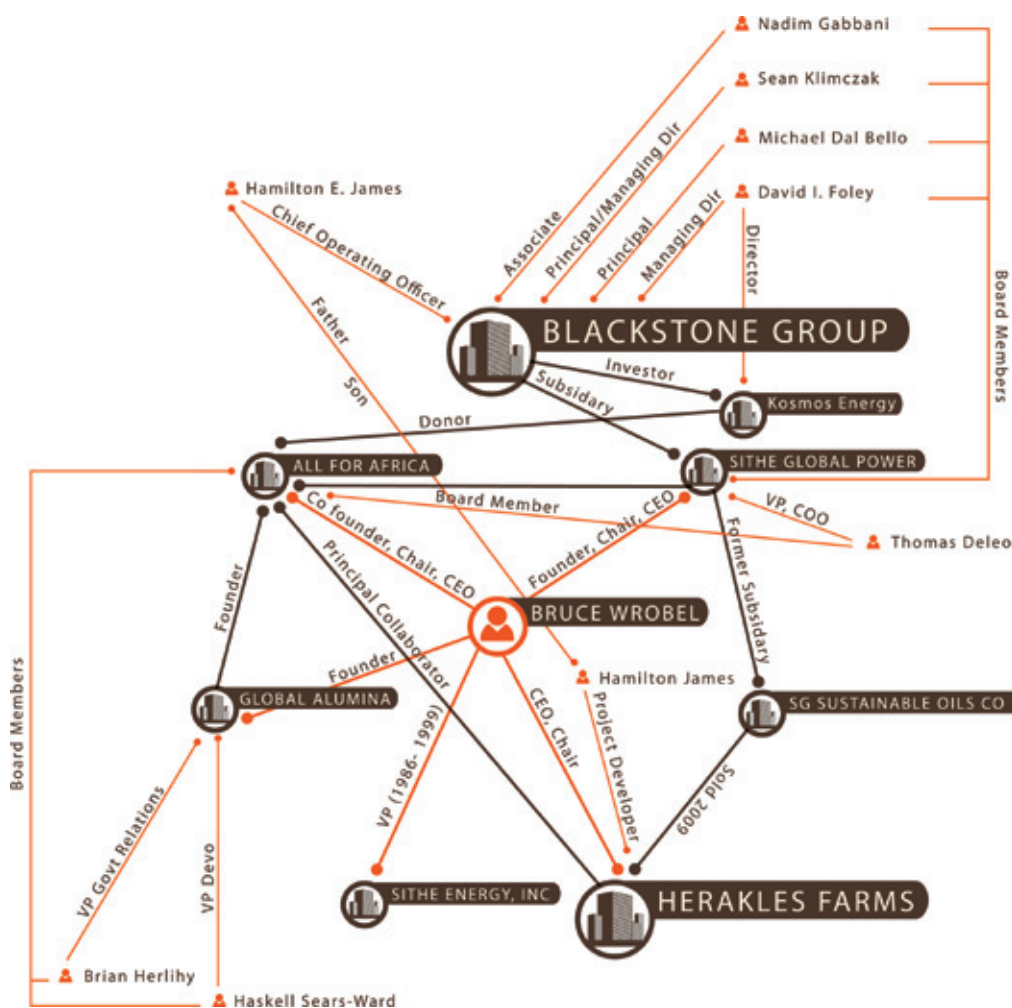
The vision developed with All for Africa may appeal to individuals who want to support lasting solutions to hunger, poverty and environmental degradation in Africa. All for Africa's main goal is the planting of one million trees in Africa, which suggests that the NGO would address two of the major global problems of today's world: deforestation and climate change.

There is actually a big difference between planting forest and planting palm oil trees, the latter is what All for Africa is actually aiming at in Cameroon. This is happening with a backdrop of silence regarding the fact that massive deforestation of tropical rainforest will be required so that palm oil trees can be planted. In 2008, it launched its "Palm Out Poverty Campaign" at an event in New York,⁶⁴ to initiate fundraising to finance the planting of one million palm trees on the Herakles Farms, as part of the 73,000 ha palm oil plantation. It claims that the one million trees will provide 750 million dollars of revenue that will in turn finance development projects on the continent.⁶⁵ The plan is to divide up the one million trees into 1,500 "oil trusts" that would then be allocated to existing NGOs working in several African countries to provide them with funding for one of their projects."⁶⁶ Wrobel claims that this business model is sustainable because it will generate long-term revenue streams to fund these NGO programs,⁶⁷ an element "missing in many development projects."⁶⁸



The Fabe nursery, run illegally by SGSOC. © Jan-Joseph Stok / Greenpeace

FIGURE 1: SGSOC / HERAKLES FARMS / ALL FOR AFRICA CONNECTIONS



Bruce Wrobel, CEO of Herakles Farms, sits at the centre of a complex web of relationships that connect SGSOC, All for Africa and New York-based private equity giant, Blackstone Group.”

Deceit and Cynicism: the Development Label of the Project

The sustainability argument used for the Herakles Farms/All for Africa scheme is weak.

While All for Africa claims its goal is to plant trees, it does not say that the development of the 73,000 ha Herakles Farms’ plantation, including its All for Africa segment, will result in major deforestation, loss of very rich biodiversity and the transformation of natural land and forests into a single monoculture crop.

By portraying its investment as a development project, Herakles Farms has received support from many prominent personalities who seem convinced of its pro-poor and pro-development objectives.⁶⁹ The promoters of the project are clearly misleading the general public, personalities and

development-minded investors for a project that will deforest and damage the environment.

While aggressively fundraising and marketing the project as a pro-development, sustainable initiative, the investor and its NGO make no mention in their communication literature or website of widespread local opposition to the project, as well as opposition from a number of environmental and wildlife conservation groups. However, many experts and locals reject this sustainable development label and have documented the massive threat to livelihoods and environment that come with this project.

While it is beneficial for Africa to reduce its import bill of vegetal oil, the critical question is whether the development of large-scale plantations is the best solution to achieve this goal.

Large-scale Plantations or Small Farms?

Beyond the sustainability argument, the investor puts forward an economic rationale for the project: Africa imports four million tons of (palm) oil a year. Therefore, it makes sense to develop palm oil production on the continent to reduce the import bill of African countries. Moreover, the CEO, Bruce Wrobel claims that “the native trees produce less than one ton per ha [whereas] we will be producing 5.5 tons per ha. [...] Therefore, the land required with modern commercial farming techniques would be more than 5 times as productive leaving significantly less land pressure.”⁷⁰ However, the facts show a different reality.



Old growth tree in the tropical rainforest Herakles Farms is planning to clear.
© Jan-Joseph Stok / Greenpeace

The high yields that Herakles Farms is promising for its plantations could be achieved with the use of a more productive variety of oil palm that is being produced by a Cameroonian public research institution, the Institut de Recherche Agricole pour le Développement (IRAD).⁷¹ A comprehensive analysis of the palm oil sector conducted jointly by the Ministry of Employment and Vocational Training and the International Labour Organization (ILO) in 2009 has shown that the lack of access to improved varieties of seeds was one of the main constraints affecting the productivity of small palm oil producers in Cameroon.⁷² Small family farms have generally less access to improved seeds and are likely to cultivate less productive trees. Recent research in Cameroon by the National Research Program on Oil Palm (Programme National de Recherche sur le Palmier à Huile – PNRPH) has allowed the development of varieties that can yield as high as 4.5 tons of oil per hectare per year.⁷³ It is therefore misleading to say that the 73,000 ha plantation will be much more productive given that higher yields could be achieved by smaller plantations and small farmers with access to improved varieties produced by IRAD.⁷⁴

The argument that industrial plantations are more productive is not without flaws. It is accurate that in Cameroon, with 50 percent of the surfaces used, industrial plantations produce about 60 percent of the domestic production.⁷⁵ However, when comparing the two models, three important elements must be considered:

1. Family farms are not, in general, managed as monocultures and instead use palm trees in combination with other crops. The calculation of productivity as ton of oil per hectare can thus be misleading.
2. Family farms make much more extensive use of the trees than large farms. Traditional uses of palm trees, which are very much part of the Cameroonian culture, include not just palm oil but also sauces, soap, wine, fertilizer (ashes), roofing (leaves), building material (trunks), and medicines (roots). An objective analysis of farm productivity must take into account these numerous benefits and sources of income for local communities.⁷⁶
3. Based on diverse and sustainable agro-systems, family farms use relatively more organic materials to maintain soil fertility and require relatively less chemical fertilizers.

Also, the aforementioned study found that small family farms and village plantations have actually the lowest cost of production for palm oil (respectively FCFA 22,000 [\$42] and FCFA 30,000 [\$57] per ton). Agro-industries have the higher production cost at about FCFA 40,000 [\$76] per ton.⁷⁷

Furthermore, beyond economic returns, small-scale plantations play an important social role as an element of land management, as palm trees are traditionally planted at the borders of parcels and thus mark farms through this vegetal boundary.⁷⁸ More generally, agro-forestry systems use the interactive benefits from combining trees and shrubs with crops and/or livestock to create more diverse, productive, profitable, healthy, and sustainable land-use systems.

In terms of direct employment, the industrial model employs relatively few workers in its plantations and processing units compared to the traditional system, which provides products and incomes to millions of people, particularly women, involved in harvesting, processing and trading the different palm products.⁷⁹ Industrial plantations, which occupy about 50 percent of the land used for palm oil production in Cameroon, employed some 19,000 people in 2009 while family plantations employed some 46,000 people.⁸⁰

Comparison Between the Traditional and Industrial Systems of Palm Oil Production⁸¹

THE TRADITIONAL SYSTEM

In the traditional system, palm trees are part of the productive landscape. In many cases, natural palm groves are the result of long-term resource management, where forest areas have been cleared for agricultural production, but leave a number of well-spaced palm trees that allow both types of production. In other cases, palm trees have been planted as community or family palm stands as part of agro-forestry systems.

The palms are collected from the trees and are later processed locally into red palm oil. In some cases the process is totally manual, while others include the use of mechanical pressing units. The palm kernels are converted manually into soap or other products, while the tree's sap is collected, both from standing or cut down trees, for the production of palm wine.

THE INDUSTRIAL SYSTEM

The industrial system is based on monoculture plantations, where the land only produces palm fruits for industry. Processing of the fruit into palm oil and other secondary products is centralized in large-scale mechanized industrial plants.

Although there are some differences between the colonial and post-colonial model, the system remains basically the same. In most if not all cases, land is taken away from local communities with little or no compensation; biodiverse ecosystems (mostly forests) are destroyed and substituted with large areas of palm monocultures. Compared to colonial times, the modern system has a higher impact on the environment because of the extensive drainage of the land and of the widespread use of agro-chemicals, both impacting local water resources.

CONCLUSION

This assessment of SGSOC's plans and activities in Cameroon raises questions on how such a project has been able to go forward given that: (a) its very existence raises important questions under Cameroon's laws; (b) it is expected to have a massive detrimental impact on the environment; (c) it is expected to take away land and livelihoods from thousands of people; and (d) it is expected to bring little economic return for the people and the country. The project is opposed by local communities as well as chiefs, members of parliament and even the Ministry of Forestry and Wildlife of Cameroon.⁸²

The SGSOC project must be stopped. If it continues it will bring long-lasting and irreversible negative impacts to the people living within and near the area and on the environment and endangered animals in Cameroon. From their own ESIA documentation, Herakles has admitted that the negative impacts will be "major" and "long-term." Moreover, this massive development inhibits alternative paths for the social and economic development of South West Cameroon.

To make investment in palm oil production a positive and productive area of development for Cameroon, it will require the following elements:

1. Focus on supporting the production of palm oil by smallholders, which has many socioeconomic and environmental advantages;
2. Prioritize transformation and improved access to markets for production outputs;
3. Involve farmers' training, research and adequate extension services;
4. Ensure that palm trees are combined with other crops and trees in order to support sustainability and resilience through agricultural diversification;
5. Protect natural forests and avoid the conversion of forested land into plantations.

A moratorium should be placed on the allocation of new agro-industrial concessions until the country has developed a new mechanism for granting of land concessions for agro-industry, that recognizes existing land rights and customary land rights and lays down guidelines for adequate land-use planning.

There is little evidence that large-scale plantations will effectively bring economic development in Cameroon. Past experiences in the country illustrate promises of development

by promoters of such plantations to be false.⁸³ Instead, large plantations have resulted in massive environmental degradation, the destruction of livelihoods, and the transformation of small farmers and indigenous populations into low-paid plantation workers. It is no surprise that the local community, NGOs and conservationists are opposed to Herakles Farms project.

ENDNOTES

- 1 Establishment Convention by and between the Republic of Cameroon and SG Sustainable Oils Cameroon PLC. September 17, 2009. Available at <http://www.oaklandinstitute.org/land-deals-africa-cameroon>.
- 2 The exact surface concerned by the project varies according to sources. This figure comes from SGSOC's Environmental and Social Impact Assessment. Available at: <http://www.oaklandinstitute.org/land-deals-africa-cameroon>. Establishment Convention By and Between the Republic of Cameroon and SG Sustainable Oils Cameroon PLC. Section 9.5 (a, b, c).
- 3 Herakles Farms' official name is Herakles Farms LLC, registered in Delaware.
- 4 Herakles Press Release. June 15, 2011. http://www.heraklescapital.com/docs/PressRelease_%206_%2015_2011.pdf.
- 5 Herakles Capital website. <http://www.heraklescapital.com/>, (accessed April 10, 2012).
- 6 Wrobel and other Herakles executives claim that since Herakles took the project over, "Blackstone has (had) no stake in Herakles Farms, contrary to what has erroneously been reported." (Herakles Farms: News release dated June 15, 2011, posted on company website). Available at heraklesfarms.com/news.html (accessed April 16, 2012). Similarly, Peter Rose, Blackstone's senior managing director for public affairs, told two reporters that Blackstone has "no connection to this [Cameroon] project, directly or indirectly." (Rhett Butler and Jeremy Hance, "A Huge Oil Palm Plantation Puts African Rainforest at Risk," CleanTech Blog (courtesy Yale Environment 360), September 13, 2011. Whether or not Blackstone has money invested in the project, via Herakles, several elements indicate close ties between all these entities: in addition to Wrobel's role as the top executive at Sithe, Herakles, and AFA, the three share common office space. In addition to Wrobel himself, executives from Sithe Global and Global Alumina (a Sithe Global subsidiary) are members of AFA's board. See <http://www.allforafrica.org/joinin/about/board/> and <http://www.sitheglobal.com/history.cfm>, (accessed August 20, 2012).
- 7 Hance, Jeremy and Butler, Rhett, "Palm oil, poverty, and conservation collide in Cameroon," September 13, 2011. http://news.mongabay.com/2011/0914-hance-butler_herakles_cameroon.html (accessed April 10, 2012).
- 8 See for instance, <http://heraklesfarms.com/sustainability.html> (accessed August 20, 2012).
- 9 Pro Wildlife – Save Wildlife Conservation Fund (2010). Rettet den regenwald, KRCS – Korup Rainforest Conservation Society. RSPO grievance against the US company Herakles Farms and its national subsidiary Sithe Global Sustainable Oils Cameroon. http://www.save-wildlife.com/downloads/save_the_forest/RSPO_Grievance.pdf.
- 10 High Court at Mundemba of 27 February 2012, suit no. HCN/03/oS/2011 (Struggle to Economise Future Environment v. SGSOC Ltd. The ruling can be downloaded at <http://www.oaklandinstitute.org/land-deals-africa-cameroon>.
- 11 The legal flaws of the project are detailed in a specific section of the report.
- 12 A Response to Inquiries Regarding the Sustainability and Intentions of the Herakles Farms SG Sustainable Oils Project in Southwest Cameroon, Herakles Farms, March 20, 2012.
- 13 Many of these interviews have been filmed and some can be seen in *The Herakles Debacle*, available at <http://www.oaklandinstitute.org/land-deals-africa-cameroon>.
- 14 See for instance, African Conservation Foundation website www.africanconservation.org/201106302271/network/stop-blackstone-deforestation-in-cameroon (accessed April 10, 2012); Hance, Jeremy and Butler, Rhett, "Palm oil, poverty, and conservation collide in Cameroon," September 13, 2011. http://news.mongabay.com/2011/0914-hance-butler_herakles_cameroon.html (accessed April 10, 2012).
- 15 SG Sustainable Oils Limited Environmental and Social Impact Assessment, page 4-122. Available at: <http://www.oaklandinstitute.org/land-deals-africa-cameroon>.
- 16 See for instance the petition launched by Save Wildlife Foundation at <http://www.thepetitionsite.com/1/stop-blackstone-deforestation/>.
- 17 SG Sustainable Oils Limited Environmental and Social Impact Assessment, page 5-188.
- 18 Establishment Convention By and Between the Republic of Cameroon and SG Sustainable Oils Cameroon, PLC. Section 9.5 (a, b, c), section 3.1(b).
- 19 SG Sustainable Oils Limited Environmental and Social Impact Assessment, page 5-154.
- 20 SG Sustainable Oils Limited Environmental and Social Impact Assessment, page 5-156.
- 21 SG Sustainable Oils Limited Environmental and Social Impact Assessment, page 7-223.
- 22 SG Sustainable Oils Limited Environmental and Social Impact Assessment, page 5-173.
- 23 Establishment Convention By and Between the Republic of Cameroon and SG Sustainable Oils Cameroon PLC. Section 9.5 (a, b, c).
- 24 \$ refers to United States Dollars. The rate is to be increased at a rate of 2% per year, Establishment Convention By and Between the Republic of Cameroon and SG Sustainable Oils Cameroon PLC. Section 13.5.
- 25 The Knight Frank Farmland Index 2010, cited in *Understanding Land Investment in Africa, The Myth of Economic Development, Land Deal Brief*, Oakland Institute, December 2011.
- 26 See <http://www.taxrates.cc/html/cameroon-tax-rates.html> (accessed August 20 2012).
- 27 Establishment Convention By and Between the Republic of Cameroon and SG Sustainable Oils Cameroon PLC. See sections 11-14.
- 28 *The Herakles Debacle*, available at <http://www.oaklandinstitute.org/land-deals-africa-cameroon>.
- 29 Mission au Cameroun du Rapporteur spécial sur le droit à l'alimentation, M. Olivier De Schutter (16-23 juillet 2012). Conclusions préliminaires, July 2012, Yaoundé, page 11. http://www.srfood.org/images/stories/pdf/officialreports/20120723-srftf20120723_cameroon_fr.pdf
- 30 Nguiffo, S., Schwartz, B., *Herakles' 13th Labour? A Study of SGSOC's Land Concession in South-West Cameroon*, Centre pour l'Environnement et le Développement (CED), February 2012.
- 31 *Ibid.*
- 32 Linder, J.M. et al, "An Open Letter about the Environmental and Social Impacts of a Massive Oil Palm Development in Cameroon," April 2012. <http://www.oaklandinstitute.org/land-deals-africa-cameroon>.
- 33 *Ibid.*
- 34 See RSPO website, <http://www.rspo.org/>.
- 35 Criterion 7.3. RSPO Principles and Criteria for Sustainable Palm Oil Production - Including Indicators and Guidance. October 2007. http://www.rspo.org/files/resource_centre/RSPO%20Principles%20&%20Criteria%20Document.pdf (accessed April 10, 2012).
- 36 *Observations on the SGSOC ESIA Report from GIZ and GFA/DFS Buea*, undated.
- 37 African Conservation Foundation website www.africanconservation.org/201106302271/network/stop-blackstone-deforestation-in-cameroon (accessed April 10, 2012).
- 38 SG Sustainable Oils Limited Environmental and Social Impact Assessment. Pages 5-191 and 5-192.
- 39 Nguiffo, S., Schwartz, B., *Herakles' 13th Labour? A Study of SGSOC's Land Concession in South-West Cameroon*. OP. Cit.
- 40 HCV Resource Network Technical Panel Peer Review of Assessment of High Conservation Value on the SGSOC Concession for Oil Palm Development in South-Western Cameroon, April 2012. http://www.hcvnetwork.org/resources/assessments/SGSOC%20review_HCV%20TP_full%20final%20public.pdf.
- 41 HCV Resource Network Technical Panel Peer Review. p. 16.
- 42 *The Herakles Debacle* is a film on the SGSOC/Herakles deal, produced by Oakland Institute and released in September 2012, it is available at <http://www.oaklandinstitute.org/land-deals-africa-cameroon>.

- 43 The African Conservation Foundation website, <http://www.africanconservation.org/201106302271/network/stop-blackstone-deforestation-in-cameroon> (accessed April 10, 2012).
- 44 *Ibid.*
- 45 Establishment Convention By and Between the Republic of Cameroon and SG Sustainable Oils Cameroon PLC. Sections 3.3 and 3.7.
- 46 Hance, Jeremy and Butler, Rhett, "Palm oil, poverty, and conservation collide in Cameroon," September 13, 2011. http://news.mongabay.com/2011/0914-hance-butler_herakles_cameroon.html (accessed April 10, 2012).
- 47 SG Sustainable Oils Cameroon Oil Palm Project Responses to Comments Received by RSPO. Comments of Samuel Nguiffo, March 13, 2012.
- 48 An analysis conducted by the CED has raised significant questions about the legality of SGSOC's establishment convention with the Cameroonian government. See Centre pour l'Environnement et le Développement, 2012. *Herakles' 13th labour – A study of SGSOC's land concession in Southwest Cameroon*, February 2012. Available at <http://www.relufa.org/partners/jhnewsletter/documents/13emetravailHeracles.pdf>.
- 49 Pro Wildlife – Save Wildlife Conservation Fund (2010), *Rettet den regenwald, KRCS – Korup Rainforest Conservation Society*. RSPO grievance against the US, company Herakles Farms and its national subsidiary Sithe Global Sustainable Oils Cameroon. http://www.save-wildlife.com/downloads/save_the_forest/RSPO_Grievance.pdf and High Court at Mundemba of February 27, 2012, suit no. HCN/03/OS/2011 (*Struggle to Economise Future Environment v. SGSOC Ltd*). The ruling can be downloaded at <http://www.oaklandinstitute.org/land-deals-africa-cameroon>.
- 50 See Article 7 of Decree No. 76-166 of 27 April 1976 setting out the arrangements for management of land, available at <http://faolex.fao.org/docs/pdf/cmr1270.pdf>. According to this provision, concessions in excess of 50ha are granted by Presidential Decree
- 51 Section 3.5 of the Convention confirms that SGSOC must obtain "all necessary permits, authorizations and land registration certificates required under applicable Law," although it is entitled to assistance from the Government in procuring these documents.
- 52 High Court at Mundemba February 27, 2012, suit no. HCN/03/OS/2011, *Struggle to Economise Future Environment v. SGSOC Ltd*. The ruling can be downloaded at <http://www.oaklandinstitute.org/land-deals-africa-cameroon>.
- 53 Rapport de Mission de Controle, Ministry of Forestry and Wildlife, Delegation for the South West, Regional Brigade for Control, April 27 2012. Available at <http://www.oaklandinstitute.org/land-deals-africa-cameroon>.
- 54 Establishment Convention By and Between the Republic of Cameroon and SG Sustainable Oils Cameroon PLC. Section 9.5 (a, b, c).
- 55 Establishment Convention By and Between the Republic of Cameroon and SG Sustainable Oils Cameroon, p 21. In their report, local NGOs CED and RELUFA observe that "to authorise individuals to arrest and to detain citizens is contrary to the Cameroon penal code (this can be considered as sequestration which is punishable under the penal code)."
- 56 Direct testimonies received by the OI research team in June 2012.
- 57 Hance, Jeremy and Butler, Rhett, "Palm oil, poverty, and conservation collide in Cameroon," September 13, 2011. http://news.mongabay.com/2011/0914-hance-butler_herakles_cameroon.html (accessed April 10, 2012).
- 58 See copies of some of the letters at <http://www.oaklandinstitute.org/land-deals-africa-cameroon>.
- 59 Press release, Scientists urge halt of massive oil palm project in Cameroon, Linder et al., <http://www.scribd.com/doc/85383092> (accessed April 6, 2012).
- 60 Herakles farms website. <http://heraklesfarms.com/> (accessed 23 august 2012).
- 61 All for Africa website. <http://www.allforafrica.org> (accessed July 2012).
- 62 All for Africa website. <http://www.allforafrica.org/about/board/> (accessed April 10, 2012).
- 63 All for Africa website. <http://www.allforafrica.org>, (accessed April 10, 2012).
- 64 Email correspondence between Oakland Institute's Senior Fellow Joan Baxter and Bruce Wrobel, July 2011.
- 65 All for Africa website. <http://www.allforafrica.org/about/missionhistory/> (accessed April 10, 2012).
- 66 Email correspondence between Oakland Institute's Senior Fellow Joan Baxter and Bruce Wrobel, July 2011.
- 67 The Story Behind All For Africa, All For Africa/p54tour Program, undated. http://www.pixod.com/afa_p54tour_documentary.pdf. (accessed April 10, 2012).
- 68 All for Africa website. <http://www.allforafrica.org/about/missionhistory/> (accessed April 10, 2012).
- 69 All for Africa website. <http://www.allforafrica.org/about/board/> (accessed April 10, 2012).
- 70 Email correspondence between Oakland Institute's Senior Fellow Joan Baxter and Bruce Wrobel, July 2011.
- 71 SG Sustainable Oils Limited Environmental and Social Impact Assessment, page 3-55.
- 72 Lebailly P. and Tentchou J., Etude sur la filiere porteuse d'emploi "palmier a huile", Ministère de l'Emploi et de la Formation Professionnelle et Organisation Internationale du Travail, November 2009, page 7.
- 73 Lebailly P. and Tentchou J., Etude sur la filiere porteuse d'emploi "palmier a huile," p.30.
- 74 Lebailly P. and Tentchou J., Etude sur la filiere porteuse d'emploi "palmier a huile," p. 34
- 75 Lebailly P. and Tentchou J., Etude sur la filiere porteuse d'emploi "palmier a huile."
- 76 Carrere, R. Oil palm in Africa: Past, Present and Future Scenarios, World Rainforest Movement, December 2010.
- 77 Lebailly P. and Tentchou J., Etude sur la filiere porteuse d'emploi "palmier a huile", Ministère de l'Emploi et de la Formation Professionnelle et Organisation Internationale du Travail, November 2009, page.7.
- 78 Lebailly P. and Tentchou J., Etude sur la filiere porteuse d'emploi "palmier a huile", Ministère de l'Emploi et de la Formation Professionnelle et Organisation Internationale du Travail, November 2009, page.7.
- 79 Carrere, R. Oil palm in Africa: Past, Present and Future Scenarios, World Rainforest Movement, December 2010, p. 6.
- 80 Total land use was estimated at 150,000 ha, Lebailly P. and Tentchou J., Etude sur la filiere porteuse d'emploi "palmier a huile", Ministère de l'Emploi et de la Formation Professionnelle et Organisation Internationale du Travail, November 2009, page 11.
- 81 Most of this box is adapted from Carrere, R. Oil palm in Africa: Past, Present and Future Scenarios, World Rainforest Movement. December 2010, page 4.
- 82 Rapport de Mission de Controle, Ministry of Forestry and Wildlife, Delegation for the South West, Regional Brigade for Control, April 27, 2012. This report is available at <http://www.oaklandinstitute.org/land-deals-africa-cameroon>.
- 83 Locals interviewed in *The Herakles Debacle* insist for instance on the example of PAMOL which has been operating in a nearby area for several decades with little development returns for the local communities. Watch the film at <http://www.oaklandinstitute.org/land-deals-africa-cameroon>.