



UNDERSTANDING LAND INVESTMENT DEALS IN AFRICA

QUIFEL INTERNATIONAL HOLDINGS IN SIERRA LEONE

LAND DEAL BRIEF | JUNE 2011

What is Quifel International Holdings?

Quifel International Holdings (QIH) is the Lisbon-based personal holding of businessman Eng. Miguel Pais do Amaral, a Portuguese aristocrat,¹ businessman and former majority owner of the Media Capital Group. QIH invests in a diverse set of companies: Leya, an educational book publisher based in Portugal; Reditus, an IT company in Portugal; Teg, a real estate operator; Quifel Natural Resources (QNR), a natural resources and renewable energy company; Gryphon Holding, a financial services company based in London; and Companhia Das Quintas, a wine production company based in Portugal.

QIH began an agribusiness initiative through QNR. The initiative was a multi-regional operation, which started with a palm project in Bahia, Brazil and is now active in Angola, Mozambique, and Sierra Leone, as well as Portugal and Spain.²

Quifel in Sierra Leone

Quifel Agribusiness Ltd. (SL) was incorporated in Sierra Leone in 2008. Quifel Agribusiness (SL) is the largest foreign agricultural operator in Sierra Leone with land investments totaling nearly 130,000 hectares (ha) in three different chiefdoms in the Port Loko District.³ The land deals, under a 49-year lease with the possibility of extension to 70 years, include 25,000 ha in the Masimera Chiefdom, 27,000 ha in the Koya Chiefdom, and 74,000 ha across all 14 sections of the Loko Massama Chiefdom.⁴ While it initially focused on growing oilseed, Quifel has recently planted pilot food and fruit crops including pineapple, rice, and cassava. It also intends to test mango, palm, and sugarcane. All crops are intended for export.

Why Sierra Leone⁵

- Given the palm tree is a traditional crop in Sierra Leone, Quifel's main motivation initially was to focus on palm oil and deploy a low cost oilseed project in the country.

- Good quality of land.

- Water is highly accessible – Sierra Leone has one of the highest precipitation levels in the world and several rivers run through the country.

Quifel has been or is working on several partnerships in Sierra Leone including:

- Partnership with the Blair Initiative (Tony Blair's Africa Governance Initiative which is mainly focused on private sector investment and reform in African countries);
- A Memorandum of Understanding with Africa Felix Juice, the first tenant of the special economic zone (SEZ) in Sierra Leone, set up by FIRST STEP, a subsidiary of World Hope International (WHI);
- The possibility of supplying raw materials to or jointly investing with a Soros Foundation industrial project in Sierra Leone. Mr. Soros currently has plans to invest in agriculture and fisheries in Sierra Leone. Specific projects include investing in cocoa, rice, and banana production, and establishing rice mills.⁶
- The possibility of a Memorandum of Understanding with Addax Bioenergy, part of the privately-owned Swiss Addax & Oryx Group. Quifel would provide cassava and sugarcane for conversion into ethanol for European markets.

"Land is the only thing these people have."

— Head of Finance and Institutional Affairs,
Quifel Agribusiness (SL) Ltd.

Ground Reality

Livelihoods: Greenfield operations such as Quifel are upheld as a way to generate livelihood opportunities in African nations. In direct communication with the Oakland Institute, (OI) Quifel states:

"For the time being, while we're planting test areas, we've employed between 70 to more than 100 local workers (depending



on the time of the year; example: preparing the land demands a different amount of workers than harvesting), some of which qualified.”

The OI research team in Sierra Leone discovered that employment opportunities through Quifel have been limited and poorly compensated – manual land clearing at USD 1.65 per day, and for the duration of only one month. In addition, within Quifel’s three lease areas, there are roughly 72,000 inhabitants that comprise 367 villages.⁷ Many of these people will be directly affected by Quifel projects, in addition to those whose land has already been cleared for Quifel trial plots.

Pa Santigie Sankoh, the chief of Royema in Masimera, is the owner of a 6-ha plot that previously supported 400 oil-producing palm trees. All of the trees were felled for Quifel’s trials of cassava and pineapple. Chief Sankoh invited OI researchers to witness what he referred to as the “destruction” that Quifel wrought on his land. Previously, the oil palms provided him with a good income: he could process 5 drums of palm oil each year from the palm nuts the 400 trees produced. The value of this palm oil was 4.5 million Leones (USD 1,071) at local prices. The rent that Quifel is paying him – USD 2.00 per ha per year – for the land will not compensate that loss.

Food Security: All three chiefdoms are inhabited by smallholder farmers, who cultivate a wide variety of crops including rice, palm oil, cassava, sweet potatoes, pineapple, cocoyams, beans, maize, mango, banana, plantain, papaya, coconut, orange, lemon, and grapefruit among others. They produce enough food to feed themselves and also to sell.⁸ Interviews with the local communities reveal widespread concern that valuable food-producing lands are being used by Quifel to produce food for export – as opposed to local consumption. In an email a Quifel representative stated that the main intent behind their Sierra Leone investment is profit from export.

“In terms of fruits, Quifel may create the largest plantation in the country and one of the biggest in Africa (mainly for export

markets, in particular, Europe).... Taking into consideration the worldwide agribusiness dynamics, we’ve chosen as our goal to become a relevant player for export markets. That has determined our decisions regarding:

Which crops?: On one hand, we chose oilseeds since it’s a highly sizable and tradable agricultural class (true commodities where the production cost and access to markets are the most relevant), and, on the other hand, we chose specialty crops since they are high value added products (in our case the main motivation was the European markets increasing demand for fresh fruits, pulp and ready to eat salads).

Where?: Coastal east African countries for oilseeds thus avoiding transshipment within the continent and by being closer to Asian markets, and West African countries for fruits given the “five hour plane radius” allowing for just in time concept.”⁹

The current farming system in Sierra Leone involves the use of bush fallows, where the land is left fallow for five to ten years. During that time, the communities profit from what the bush fallows provide – firewood, wood for construction and tools, bush yams, bush meat, medicine and varieties of wild fruit such as Sierra Leone tamarind.

The villagers are not well-informed about the terms of the leases or their extent. They are under the impression that they have plenty of “excess” land to share with Quifel, particularly that land now covered by bush fallows. Quifel however has not yet shared a plan for the land, or expressed what areas it will need and for what crops or trees, making it impossible to guess what the future may bring for the people of the chiefdoms. That is particularly crucial in the Chiefdom of Loko Massama, which has leased all of its 14 sections to Quifel. This means that roughly 72,000 people in 367 villages¹⁰ may find themselves with very limited land for farming, in restricted buffer zones around the communities.

Procedural, Governance, and Compensation Issues: In information to prospective investors, Quifel claims “... from day one we’re keen on proactively involving the Ministry of Agriculture. In our lease agreements there are contemplated both yearly rent payments as well as social contributions and local population employment.”

The reality is quite the opposite. Quifel has chosen to deal directly with chiefs and landowners instead of establishing a formal agreement with the government. No Environmental, Social and Health Impact Assessment (ESHIA) was conducted for the project, freeing the company from accountability for violating established environmental and social protections.

To convince local community members to lease their land, Quifel told landowners and chiefs that leases would support development. Their outreach efforts led community members in the Masimera and Loko Massama chiefdoms to believe that the company was an “NGO.”¹¹ The company also promised local communities a “social project” focusing on health and education – as of early 2011, this promise has yet to be honored.

According to the impacted community, Quifel’s promises of employment and other development opportunities were the main reasons landowners and chiefs agreed to the leases. But there have been no reported statements or documents indicating how many jobs will be created or whether those jobs can compensate for lost income and decreased food supplies. Quifel’s lack of transparency, lack of consultation with the community at large, and failure to deliver on its promises thus far, have instead triggered conflict among community members.¹²

In addition, there are serious questions about government-level involvement in the land deals. The law firm of Franklyn Bai Kargbo represented Quifel for its land leases.¹³ The head of the firm is the current Attorney General and the Minister of Justice. Land leases are supposed to be developed jointly by the Attorney General and the company’s lawyer¹⁴ as a way of ensuring both national and foreign interests are represented in the dealing. This represents a serious conflict of interest,

whereby the company stands to gain concessions at the expense of the national people’s interest. In addition, the Attorney General’s office is also in charge of the Law Reform Commission that is working on land tenure reforms intended to simplify land acquisitions for large-scale agricultural investment.

Ignoring Guidelines on Lease Payments: National guidelines stipulate that the land rental fees should go through the Ministry of Agriculture for distribution to landowners, district councils, and chiefdom councils. Quifel, however, will pay land rent only to “Paramount Chiefs,”¹⁵ who are responsible for its subsequent distribution. This goes against the policy guidelines and has served to aggravate local tensions in Loko Massama, where there has been no Paramount Chief because of a 2009 election dispute. Quifel is withholding the land rent until a Paramount Chief is in place, and those who have given up their land have not received any money – yet are no longer able to work those plots of land

Inadequate Lease Payments: According to a Quifel representative in Sierra Leone, lease payments will start at USD 5 per ha per year (though field work revealed instances of people actually being paid USD 2 per ha), increasing by one dollar each year for three years at which point they will lease at a flat USD 8 per ha. This is less than the USD 12 per ha recommended by Sierra Leone’s Ministry of Agriculture, Forestry, and Food Security.

The views and conclusions expressed in this publication are opinions of the Oakland Institute alone.

ENDNOTES

- 1 Amaral family has the title of Count of Anadia. He is also a Knight of Honour and Devotion of the Sovereign Military Order of Malta and was granted the title of 2nd Count of Alferrarede by Alvará of the Conselho de Nobreza.
- 2 Pedro Marques dos Santos, Principal Responsible for Corporate Strategy and Business Development, Quifel Natural Resources, direct communication, Geneva, 2010.
- 3 Ibid.
- 4 Former Quifel consultant, direct communication, November 2010.
- 5 Based on email responses by Pedro Marques dos Santos.
- 6 President Koroma’s meeting with Billionaire George Soros in New York, Cocorioko News, 1 October 2010. <http://www.cocorioko.net/?p=2993> (accessed March 2011).
- 7 The estimate is provided by the Chairman Council of Section Chiefs for Loko Masama.
- 8 Community members, chiefs and landowners in the lease area, direct communication, 11,14, 15 November 2010.
- 9 Pedro Marques dos Santos, email in response to a questionnaire from the OI, 21 November 2010.
- 10 The estimate is provided by the Chairman Council of Section Chiefs for Loko Masama.
- 11 Reported to the OI research team by the local community.
- 12 Ibid.
- 13 Former Quifel consultant, direct communication, 9 November 2010.
- 14 Ministry of Agriculture, Forestry and Food Security (MAFFS), “Investment policies and Incentives for private sector promotion in agriculture in Sierra Leone,” January 2009.
- 15 Head of Finance and Institutional Affairs, Quifel Agribusiness (SL) Ltd., direct communication, 24 November, 2010.