

interfere with GVL's operations. **These independent farmers CANNOT sell their produce commercially.**<sup>20</sup>

### Golden Veroleum Liberia's rights over natural resources on its concession land

- *Carbon credits.* GVL has the right to use and sell Carbon Rights connected to its concession area.<sup>21</sup>
- *Timber.* GVL can plant and cut timber and other vegetation on its concession area to the extent that it deems necessary for constructing infrastructure and performing its operations. This is completely at GVL's discretion, with no government oversight. Excess timber CAN be sold commercially. Profits from such sales are to be shared equally between GVL and the government.<sup>22</sup>
- *Earth.* GVL can take free of charge as much earth and stones that have no significant commercial mineral value other than as construction material as they may consider useful for conducting their operations. This can be sold commercially, though unlike timber there must be written government approval for this. Profits from such sales are to be shared equally between GVL and the government.<sup>23</sup>
- *Water.* GVL can sink boreholes, dam streams, build reservoirs, and use water within the concession area free of charge. However, this must not result in any environmental damage. Before damming any body of water, they must get approval from the government, but not affected communities. GVL cannot deprive any settlements of the water supply that they have customarily used. GVL is also prohibited from damming water in such a way as to harm any farming activities being conducted on the effective date of the contract (August 16, 2010). There is no requirement that they refrain from harming settlements or farming activities, which come into existence *after* the beginning of the contract.<sup>24</sup>

### Public mobility/access issues

- The public is allowed to continue to freely use the roads across the Concession Area that they have always used, including for commercial purposes. UNLESS: (1) this use unreasonably interferes with GVL's operations; (2) GVL and the government come to a mutual agreement to stop this use.<sup>25</sup>
- GVL may also deny or restrict public access over these roads (with prior notice to the government) if they think it threatens the security of their opera-

tions or employees. This may include the installation of security gates on public roads, subject to government approval. In the case of an emergency, GVL can close these roads and trails without asking the government first, provided that they immediately notify the Ministry of Agriculture.<sup>26</sup>

### Community Development Promises

- *Outgrowers' Program.* This will give 40,000 of the Gross Concession Area to be farmed by Liberian oil palm farmers cooperatives selected by GVL and the government. GVL commits to purchase their produce, and to provide them with training and non-financial support in obtaining farming materials. Funding will be sought from the World Bank and other international development funds. If funding is not obtained, the program will not go through and the land will revert to government.<sup>27</sup>
- *Support for Qualified Liberian Farmers.* GVL may provide advice, technology, training and spare farm supplies to other Liberian oil palm farmers as part of the government's Qualified Liberian Farmers program, but this is purely at GVL's discretion – unlike Firestone they are under no legal obligation.<sup>28</sup>
- *Community Development Contribution.* GVL will contribute US\$5 annually per ha of land within developed areas to a community development fund.<sup>29</sup>
- A management team of not more than 10 members will administer this fund. GVL will get to choose half of the management team; there are no similarly ring-fenced positions for representatives from the community (or government) in the remaining half. The management team's budget shall be determined in consultation between the management team and the government.<sup>30</sup>
- Funds can only be disbursed for (a) direct delivery of services and community infrastructure improvements, and NOT for the general work programs of administrative offices; and (b) for the benefit of the communities in the affected counties.<sup>31</sup>
- Transparency requirements: the fund will be audited by an internationally-recognized auditing firm. Its financial records will be publicly available. Information about the audits, the committee members, and the programs paid for by the funding will be published on a website maintained by GVL.<sup>32</sup>

## Golden Veroleum Liberia

# What does the contract say?



#### Footnotes

1	Section 4.1(d)	7	Section 4.3(a)	13	Section 8.6(b)	19	Section 8.11	25	Section 4.4(a)	31	Section 19.7
2	Section 3.1	8	Section 4.3(d)	14	Section 15.3	20	Section 8.11	26	Section 4.4(a)	32	Section 19.7
3	Section 4.3(a)	9	Section 4.1(d)	15	Section 26.2	21	Section 4.1(a)	27	Section 15.3		
4	Section 4.3(e)	10	Section 4.8	16	Section 27	22	Section 4.4(d)	28	Section 15.2		
5	Section 4.3(c)	11	Section 8.6	17	Section 3.2(a)	23	Section 4.4(e)	29	Section 19.7		
6	Section 4.3(a)	12	Section 8.7(a)	18	Section 8.9	24	Section 4.4(e)	30	Section 19.7		

## Disclaimer

The content is this brief is based on an analysis of the Concession Agreement between the Government of Liberia and Golden Veroleum Liberia (GVL), dated August 16, 2010. This brief highlights key areas of concern related to community rights, and has been developed and printed by the Sustainable Development Institute (SDI) for educational purposes only. SDI bears no responsibility for use by any third party. For legal interpretations please refer to the original agreement.

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## The Golden Veroleum Liberia contract

### Geographical Scope of Concession & Timescale of Expansion

- The size of the Golden Veroleum Liberia (GVL) concession area is 350,000 hectares. This will include 220,000 in which the company itself will operate, and 40,000 for an Outgrower's Program.
- GVL has 24 months from August 16, 2010 to identify an area of that size within the Maryland, Grand Kru, Sinoe, River Cess and River Gee Counties. There is no requirement at this stage to inform residents of the area that their land has been selected for the concession.<sup>1</sup>
- The term of the contract, as it stands, is for 65 years from August 16, 2010.<sup>2</sup> Expansion of the operations area to its full size will take place over the next 24 years.

### Resettlement & displacement

- The resettlement of communities living on the land selected for GVL's concession area will occur at GVL's initiative and at an ad hoc, ongoing basis throughout the term of the contract.
- GVL may request the government to relocate certain settlements if it convinces the government that these settlements would impede the development of the concession area and interfere with GVL's operations.
- There is a default presumption that the government accepts GVL's request to have a settlement moved, if the government does not respond within 90 days. There is no requirement that the affected communities be informed of or be invited to participate in this decision.<sup>3</sup>
- There will be a resettlement committee, to supervise the process of resettling communities that GVL and the government have decided to move. The committee must include "leaders or their appointees from the settlers or local community"; This is not defined any further. The government is responsible for conducting all resettlement negotiations with settlers and local communities.<sup>4</sup>
- The resettlement provisions in the contract set out two principles which should guide resettlement decisions, with a view to minimizing "operational, security, and management difficulties":
  - (1) Minimize the existence of any non-developed enclaves between areas planted with oil palms.<sup>5</sup>
  - (2) Minimize the number of enclaves within which residents are permitted to remain.<sup>6</sup>
- GVL will assist the government in carrying out the resettlement, but the government bears the sole responsibility for resettlement, including carrying it out and paying for all the expenses of it. However, the government may request GVL to contribute a maximum of \$200 per hectare requiring resettlement, but not exceeding US\$3 million in total during the entire term. 100% of these expenses can be taken off the taxes that GVL owes the government.<sup>7</sup>
- Compensation for those affected by resettlement will be awarded according to a scale determined by the Government, as subject to GVL's approval.<sup>8</sup> There is no community consultation at this stage.
- Displacement may also affect people living outside the boundaries of the Gross Concession Area initially chosen by GVL and the government.
- There are two ways that GVL could acquire control to land outside of the Gross Concession Area. The first is if part of the initial Gross Concession Area is not suitable for GVL's palm oil operations. In this case, the government must help them find land nearby to replace the unusable portion of land. This could occur at any point during the first 25 years of the contract, and does not require the notification of affected inhabitants of the

### Options for government to reclaim the concession land

- First, failure by GVL to meet its Minimum Development Obligations, requiring planting in stages that will end with 100% of the concession area planted by August 2035.<sup>11</sup> This entitles the government to reclaim any undeveloped portion of the concession area.<sup>12</sup>
  - Second, failure by GVL to meet its end of cycle replanting obligations. A piece of land's End of Cycle is the point at which the land has become too exhausted for production to be commercially viable any more. Once a piece of land's End of Cycle has come, GVL has 12 months to begin replanting it. If it does not, or if it informs the government that it will no longer replant it and has no plans to use the land for its other production activities, the government has the option to repossess that piece of land. In order for land to be reclaimed in this way, the government must be aware of the situation and decide to intervene and exercise its right to reclaim the land.<sup>13</sup>
  - Third, failure to find funding for the Outgrowers' Program (see below). If this happens, the 40,000 ha designated for the Outgrowers' Program will cease to be part of the Gross Concession Area and will revert to government ownership.<sup>14</sup>
  - Fourth, termination of the contract by either GVL or the government. This happens if GVL chooses to terminate the contract, or if the government terminates it
- replanting land.<sup>9</sup> The second way is if they lose some of their land to government infrastructure construction or the activity of third-party mineral or petroleum concession-holders. This could occur at any point during the 65-year term and any extensions beyond, and again does not require that affected inhabitants be notified or consulted.<sup>10</sup>
- Fifth, the contract expires without being renewed. If GVL's plantation develops according to plan, this cannot happen for at least 98 years. Though the initial term of the contract is 65 years, the government is required to extend it for a further 33 years, with no option for negotiation, if GVL meets certain Key Performance Indicators, set out in Appendix VII of the contract.<sup>17</sup>
- ### Non-palm-oil farming allowed on Golden Veroleum Liberia's land:
- By GVL & its employees<sup>18</sup>: GVL may consider growing, or allowing its employees to grow, rice, livestock, or other products on its concession land, but only if it is in areas that are not suitable for palm oil production or carried out in a way that will not negatively affect annual expenses on this type of agriculture. GVL or its employees CAN sell their products commercially.
  - By independent farmers<sup>19</sup>: GVL must allow independent farmers in areas that are not suitable for production. GVL can make the decision as to which areas are and are not suitable for production. The government can review this determination, but the government must take the initiative of challenging it. The independent farmers who are allowed to work on these areas of land must have lived within the concession area before it was granted to GVL or before they were resettled. They must also seek GVL's permission before starting farming activities, which may be withheld if GVL believes the farming would pose a security risk or

