

Research Article

Countering Recommendation from CICR on Social Impact of FDI in Liberia: Strategies for Sime Darby to Overcome the Problems

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Abstract: Liberia has initiated a paradigm shift to develop its agriculture sector through Foreign Direct Investment (FDI). An investment from Sime Darby Plantations has created social impact towards the local, culture and land use. Center for International Conflict Resolution or CICR has seen these problems as a threat to social development in Liberia. Eleven recommendations have been delivered to Sime Darby as a solution to cater all problems that should conserve the local, culture and the land use. In order to assist Sime Darby, this study aims to highlight a strategy for Sime Darby to counter all recommendations from CICR. This study was conducted over a period of three months with several documents and files being investigated. Documents from CICR and Sime Darby have been analyzed thoroughly in order to propose a promising resolution. Three factors have been seen as solutions to Sime Darby to overcome the problems whilst it will assist them on their investment in Liberia. Sime Darby has to execute all strategies that will promise a long run investment in Liberia whilst building their own image as a people-friendly company.

Keywords: CICR, Foreign Direct Investment (FDI), Liberia, Sime Darby

INTRODUCTION

Liberia is Africa's oldest republic, but it became better known in the 1990s for its long-running, ruinous civil war and its role in a rebellion in neighboring Sierra Leone. Although founded by freed American and Caribbean slaves, Liberia is mostly inhabited by indigenous Africans, with the slaves' descendants comprising 5% of the population. Liberia officially the Republic of Liberia, is a country in West Africa. It is bordered by Sierra Leone on the west, Guinea on the north and Côte d'Ivoire on the east.

Liberia is rich in timber, gold, diamonds, iron ore and has extensive rubber plantations. In the past, the economy flourished on the basis of these resources. During the civil war a corrupt and predatory economy developed, devastating Liberia's infrastructure and economy and leaving the country with little in the way of a public administration or official records. The economy is now growing due to grow in exports (especially rubber) and donor funding. UN sanctions on timber were lifted in June 2006 and sanctions on the export of diamonds were lifted in April 2007. The iron ore works at Yekepa in northern Liberia, closed down at the beginning of the civil war, have been restarted.

The oil, mining and agriculture sectors all look set to expand rapidly over the next few years. Liberia's economy as a whole is growing at over 7% per annum.

Agriculture is the leading sector of the economy. About half the land area is suitable for cultivation, though a small percentage is actually cultivated. Commercial farms are often operated by foreigners. Traditional farms, which comprise the largest number, are usually cultivated by slash-and-burn methods. Since the war ended in August 2003, Liberia's lucrative mineral and agricultural sectors have been transformed through various effort and development. At the same time, the country has instituted a policy intended to attract long-term Foreign Direct Investment (FDI). The President of Liberia, Ellen Johnson-Sirleaf, has instituted legal reforms and policies that promote the transparent management of natural resource revenues, professional investment negotiation practices and socially responsible development initiatives. Multinational companies such as ArcelorMittal Liberia, Putu Iron Ore Mining, Sime Darby and Golden Veroleum Liberia are 4 companies which have been invested through the Foreign Direct Investment.

Sime Darby Plantation through its fully owned subsidiary, Sime Darby Plantation (Liberia) Inc has a

concession area of 220,000 ha of land, spread out across the Grand Capt Mount, Bomi, Bong and Gbarpolu counties, to be developed into oil palm and rubber plantations in Liberia. With experience for almost 35 years, Sime Darby has contributed so much effort for transforming Liberia into production and manufacturing of oil palm products. However, while Sime Darby in Liberia promises economic growth and prosperity it still contributes to the social impact of Liberia. This issue actually revolves when the local who stay around the area has been neglected by the development. The government presence is weak and local people especially indigenous tend to react against all of the companies. Columbia University's through its Center for International Conflict Resolution (CICR) has conducted three months study of the social impact of FDI in Liberia. The research was conducted in two phases; a ten-day scoping mission was carried out in the spring of 2011, followed by a return visit by three researchers in summer 2011. CICR has documented a special report which includes all problems and recommendation to Sime Darby presence in Liberia. To cater the problems properly, this study aims to highlight strategies for Sime Darby to counter all recommendations from CICR. All strategies will be presented in a very deep understanding and it does look after all aspects of local culture and custom. But the needs to look at other studies from other researcher are very crucial. Information gathered from previous studies will at least assist us to understand the nature of Liberian and its local culture.

Besides using the CICR documentation, this study has explored four works from researcher who has been studied Liberia recently. For instance, Wesseh and Zoumara (2012) has investigates causal interdependence between energy consumption and economic growth in Liberia and proposes application of a bootstrap methodology. They have demonstrated evidence of distinct bidirectional Granger causality between energy consumption and economic growth (Wesseh and Zoumara, 2012). With empirical results, they finally concluded that the government of Liberia has done with such a good methods to balance the energy consumption and economic growth (Wesseh and Zoumara, 2012). McAuslan (2011) has discussed the need for a fundamental rethinking of urban planning in Liberia. He has look into all important aspects of development in Monrovia including the social impact and culture wise. With all the data that has been analyzed including the report from van der Walt's approach, McAuslan (2011) has outlined an Urban Transformation Act to solve all issues related to people in Monrovia. Lori and Boyle (2011) have studied the childbirth and maternal illness and death in Liberia through the lens of women, families and communities. They have identified three factors that cause the matter:

- Secrecy surrounding pregnancy and childbirth

- Power and authority
- Distrust of the health care system (Lori and Boyle, 2011)

Through these factors, their findings provide a more complete understanding of the contextual factors that impact on the intractable problem of maternal mortality in Liberia. All of these studies has brought up a clear picture to us in order to understand Liberia and all aspects of its social development. In short, this study aims to highlight strategies for Sime Darby to counter all recommendations from CICR. Strategies which will be explained will not even include all important aspects of social life, but it will enhance the cooperation between Sime Darby, the government of Liberia and its people.

MATERIALS AND METHODS

Investment of oil palm plantation in Liberia has created social impacts comprises by four factors. These have been adopted by CICR documentation through their studies in these particular issues.

Social-economic development: According to Ministry of Lands, Mines and Energy, agricultural concessions do not include provisions for Social Development. However, the Sime Darby contract mandates the creation of three funds; Oil Palm Development Fund, Rubber Development Fund and Community Development Contribution. But CICR claimed this fund will only benefit to its employees and not to the local and indigenous.

Livelihood: According to CICR, this the greatest impact because it relates to the issue of land used. Local residents who own the land has loss their traditional farmlands. Then Sime Darby setting up new rules which prohibits local from slash-and-burn framing practices. This has created other problems to Sime Darby and local residents. Traditional farming techniques will damage the palm trees while it limits the production of an oil palm.

Environment: Report from ESIA (Environemntal and Social Impact Assesment) has found damages to the environment such as reduce the majority of forest (secondary to tertiary), low content of high conservation value flora and fauna and soil erosion, water contamination, destruction of wildlife.

Community engagement: Sime Darby did not engaged in any meaningful consultative process with the local indigenous representatives or members of PAC (Project Affected Communities) civil society. They do not offerthose communities the opportunity to negotiate adequate compensation for the loss of their traditional lands.

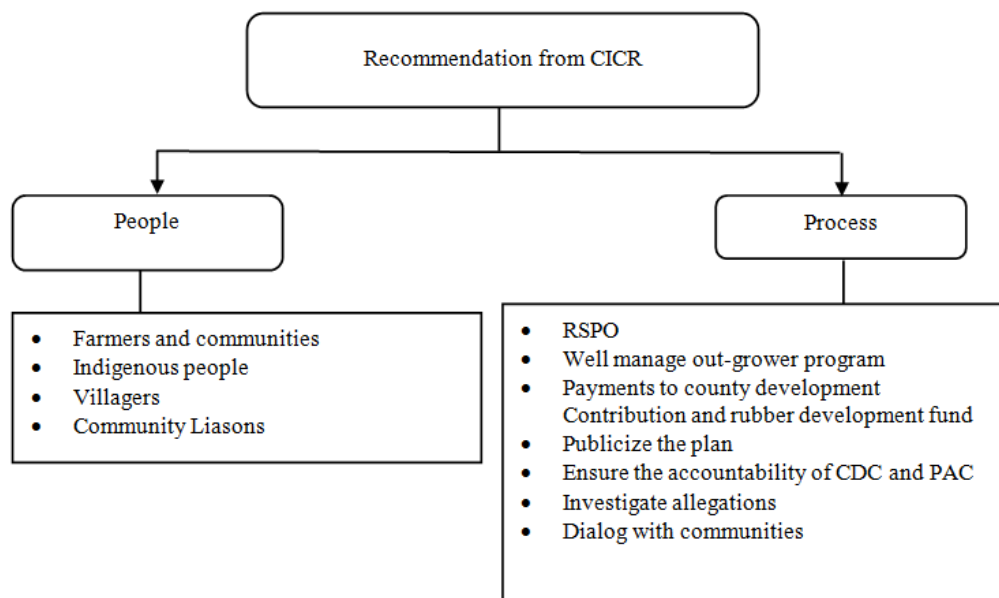


Fig. 1: Recommendation from CICR

To counter all of the problems, CICR has stated clearly the 11 recommendations need to execute efficiently in order to counter all problems. Every recommendation from CICR has stressed all of issues related to the social impact in Liberia. If we examine particularly, CICR has conceptualize its recommendations into two major sections as shown in Fig. 1. First they refer to a group of people who has been victimized and second they focused more on organizing such operations like allocating resources, RSPO, etc.

RESULTS AND DISCUSSION

According to Fig. 1, there exists a deep interest for us to design our own plan and not to follow exactly like CICR has provided in report. This is to capture and configure every patches and batches of recommendations from CICR particularly. Besides that we are also keen to come out with our own framework of solution and execute the plan wisely. The diagram at least give us a framework to conceptualize the whole operations which will be executed in order to help Sime Darby Liberia for its investment thus turn the company as an institution of plantation production and people-friendly. As shown in Fig. 2, we divided our plan into three phases; ground studies, preparation for report, setting up unit, operation and logistics and execution.

Ground studies: This phase is our first step to broaden and deepen understanding towards Liberia, the people and management. We will around three to four months to start the ground studies. At this stage, we intend to start our study through three elements.

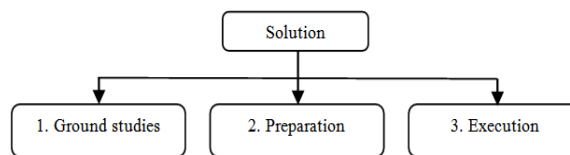


Fig. 2: Recommendation to Sime Darby

Liberia: It involves the study of its land. The land will absolutely refer to the one that Sime Darby has leased for 63 years. At the same time, we will examine all facilities, infrastructure and logistics that Liberia has and Sime Darby has built. We will take a deep observation through this entire element as it can construct our plan towards a very broad understanding of Sime Darby in Liberia.

People: We refer to the 4 groups in Diagram 5.0 which is farmers, indigenous, villagers and community liaisons. Our observation will examine thoroughly all these 4 groups. We will look at the language of their communication, culture, identity, sensitivity, behavior and lifestyle. We will come out with our own report for these 4 groups. At the same time, we will try to approach local who can build the bridge of communication between us and these 4 groups. We would like to hear their own voice, opinion and feeling towards Sime Darby and its activities. Then to widen our scope of people, we would attack 4 other groups of people; NGOs, government servant, politician and working class group. We assumed to get other relevant information through these 4 groups. Last but not least, we will try to engage with local academician and other parties who involved in the study of Liberia including

our friends at CICR, Columbia University. This is our big effort to build the bridge between Liberian, third parties and Sime Darby Liberia.

Management: This phase will focus more on documentation of Sime Darby, the Government of Liberia and other reports from CICR, NGOs and also any articles related to the social impact of FDI in Liberia. We will concentrate on Sime Darby problems since the tension of local started and CICR reports will assist us for these particular problems. From Diagram 5.0, it is clear enough for us to examine particularly seven processes which have been recommended by CICR as a solution for Sime Darby to look after. We have to check each of recommendation thoroughly because there is one issue claimed from CICR which are still not relevant to be executed. For example, issue of RSPO has been solved by Sime Darby Liberia. On the Sime Darby Plantation website, they have made a very crystal clear explanation towards RSPO. But we assume there must be something wrong somewhere or communication breakdown. Nevertheless, our study on this factor will include all of documentation from Sime Darby, its operations and also the governance matter. We aware of any confidential documents which cannot be accessed to our study. But as we are going to go deeper and deeper, we will try to get it as we plan to do it. Then we will look at potential to implement the ISO for each and every document that Sime Darby had in Liberia. This is to increase the level of accountability, transparency and trusty. Documents such as minutes of meeting, agreement, technical report and even simple note would be very crucial to us to investigate all of information's in order to catch CICR attention towards its recommendation.

Preparation: This phase will follow after we get all of data and information from the first phase. It might take around one to 2 months. We divide our preparation into 3 sub-categories. First is report, setting up unit at Sime Darby Liberia and designing possible operation and logistics.

Report: Our report preparation will be based on the ground studies. We will include all information's according to three elements that we have stressed out in the ground studies phase; Liberia land, its people and management. We will make sure all reports will be documented in a very precise and concise style as it can help us and most important part is to Sime Darby to look at it very seriously. This is to guarantee all relevant and irrelevant issues, either it is from CICR or any third parties would be taken into consideration.

Setting up unit at Sime Darby Liberia: We suggest to Sime Darby Liberia to setting up one unit to handle all of this problems. It will be named as Social Impact Unit

or could be Unit of Social Awareness. This unit will take a role as an active part in Sime Darby for taking care of all matters related to the local people, indigenous, farmers, villagers, environment and any other issues raised by NGOs, third parties or research from any academic institutions from local university of foreign university. This unit in the future will be used as a template for Sime Darby to comprehend with their foreign investment in any other countries. Several people from Sime Darby who owns a degree in Anthropology, Sociology, Culture or Linguistics would run this unit. This unit will need 2 other persons from academic institution and government. With expertise from 3 groups of person in this unit, we are confident that FDI for Sime Darby in the future would be much easier and well organize.

Operation and logistics: Operation and logistics wise are related to facilities and infrastructure to prepare for the studies of Liberia and its people. With experienced of 35 years in Liberia, Sime Darby would help us to locate any possible operations and logistics matter. It would take sometimes to locate the operation and determine other circumstances for executing our plan. We will use all the strength, capabilities and information to prepare for operation which will not meet CICR recommendation either, but to take care of Sime Darby for another 50 years in Liberia.

Execution: Once the first and second phase done, we will continue with execution phase. This is the final phase which is very crucial to Sime Darby. To execute our entire plan, we plan to do it as quick as possible. We need a good support from Sime Darby Holdings and Sime Darby Liberia. Execution phase might need contribution from Liberian especially, the government servant, NGOs, farmers, villagers and any volunteers in Liberia. Execution process would be based on Diagram 5.0, where, we attack people first and process will coming out later. With this, we divide this phase into two sub-categories.

People: Liberian, Malaysian and any other citizens in the world have the feeling of belonging. Patriotism will be the first elements to any of people who live in the country. Then understanding of civilization through its cosmology and spirituality, intellectual tradition and social order will determine of the knowledge of settlers. Then it will be much easier to engage and mix with the community. In order to execute this, we need involvement from Sime Darby Officer in Liberia (Mr Azmi Jaafar) to lead the meeting, dialogue and discussion with four groups of people. At the same time, representative from local government, NGOs, CICR and our side as well would be very important. We are very confident that with this strategy, the local needs, tension and requirement can easily be captured.

It will make Sime Darby more relieve and release. Then Sime Darby should record every meeting with local. The use of devices such as video camera, recorder and camera are needed for each meeting that will be organized.

Process: To capture CICR recommendation on process, Sime Darby has to be creative and innovative. It means there is an effort needed to work wisely on the preparation of report, meeting, press conference session and a very effective strategy is the cyberspace. Report writing must be done on each and every meeting, dialogue and discussion with local people. It must present quickly in black and white form. For example, when report is done, Sime Darby Liberia should send it to all parts of Liberia including CICR as well. This is to show our serious effort towards their recommendation. Then press conference should be conducted very quickly. Actually press conference would only catch people who love to read and buy the newspaper. But at least the press conference can be widely aim to let other people either from Liberia, Europe, America or Asia read or watch the latest news about Sime Darby in Liberia. Then the most effective strategy is to use the blog. At this moment, Sime Darby Plantation has its own page. But that page really confusing and needs more effort from user to make three to four clicks before entering the news and events about Sime Darby in Liberia. Sime Darby Liberia should have their own blogs. Once the blog is ready, it can be used as one stop center for individuals, researcher, government servant or anybody to get all data and information. The blog in the future will give a platform to anybody to write their own comments, feelings or criticize what have been or haven't been done. Some of information on the blog might useful for Sime Darby to assist them in any

difficulties or solving problems related to the social impact of FDI in Liberia.

CONCLUSION

Report from CICR has indicated important issues related to social impact of foreign direct investment in Liberia. They have clearly stated the four problems and recommended 11 solutions. Even some of the solution may be irrelevant, but CICR has shown a right channel for handling social impact. Now the time has come to Sime Darby to look this matter seriously. Investment in Liberia may promise a huge profit but impact to social life must be taken as a serious issue. As a neutral body, we have designed such planning in three phases. Each of phases is based on data and information from all resources including the CICR report. We are expecting a very good result from this solution. We are confident once each and every strategy is perfectly designed for transforming Sime Darby into people-friendly company. Then after that it will promise a long run investment for Sime Darby in Liberia.

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