

Assessment of short term gains from oil palm plantations in Kalangala, against long term benefits of forest conservation



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Summary

In Kalangala district, jobs have been created by oil palm and infrastructure has improved, but it is debatable whether the wellbeing of rural people has benefitted, and impacts on the national economy are uncertain. Most well-paying jobs are taken up by people from outside the district, and menial jobs are paid below the going rates. Outgrowers claim to be taking home less than they had expected and fishing is considered more lucrative. Regarding food security, private land owners may have willingly sold land for oil palm development, but some had tenants who were evicted without fair compensation or resettlement. It is also increasingly difficult to find grazing land for domestic livestock or

farming land to cultivate food crops. Access to fuelwood and construction materials is also becoming a problem, with running battles with National Forestry Authority officials as unauthorized harvesting escalates in forest reserves. Forest cover is reduced. Fish breeding grounds are polluted by deposition of eroded soil on shore land. The sanctity of lakeshores and natural forests has been violated as government officials looked on, or even looked away. This suggests that there is a need for an independent monitoring programme of long term environmental and social impacts, and that governmental commitments to resolve and enforce its own environmental laws are tested.

Introduction

The Government of Uganda aims to transform the agricultural sector from subsistence farming to commercial agriculture, and create employment especially for youth and women, increasing household incomes and ensuring food security (MAAIF, 2016). But in contrast, agricultural expansion has a main driver of forest loss with cover reduced from 4.9 to 1.8 million hectares between 1990 and 2015, or an average annual forest loss of about 122,000 hectares (Government of Uganda, 2011). Forests on private land have been most affected, as owners have tended to see more benefits from converting forests to farmland rather than retaining them for long-term conservation values (MWE, 2016). In Masindi and Hoima districts, forests have been converted to sugarcane plantations, while in Kalangala and Buvuma districts, forests are being converted mainly to oil palm plantations. The objective of this study was to consolidate information about the short and long term benefits of expansion of oil palm plantations in Kalangala district, to effectively support lobbying and advocacy work regarding sustainable land use options to improve local wellbeing. The study assessed benefits and drew lessons on the impacts of forest conversion and commercial oil palm growing, and suggests approaches that enable equitable oil palm development, while respecting the rights and aspirations of local people.

Positive and negative impacts

The start of commercial oil palm production in Kalangala in 2006 heralded hopes of job opportunities and increased household incomes. The decision to invest in oil palm in the Bugala island landscape was based on an IFAD study showing that Malaysia's oil palm plantations directly employ large numbers of people, compared to only few who generate any income from natural forests (MWE, 2011). On the other hand, there were those who prophesied doom if large expanses of natural forests were converted to commercial agriculture. This study provides insights into social-economic impacts of oil palm in Kalangala based on a review of documents from government departments and agencies such as MAAIF, the National Forestry Authority, Kalangala district local government and local CSOs, with additional information obtained from key informant interviews, and provides lessons for improving practices in Buvuma district where oil palm growing will soon begin.

Diversification of economic activities

According to IFAD (2011), 60% of the population in Kalangala was employed in fishing and related activities, although there has been a decline due to over-fishing. However, since the start of oil palm production at the

nucleus estate in 2004, and on smallholder farms in 2006, oil palm has been adopted as a new economic activity. Shops and other small businesses have emerged in growing urban centres, with workers coming in search of jobs, more trade, tourism and other income-generating opportunities that have accompanied the increasing population. As such, oil palm demonstrated its potential to improve local incomes and wellbeing. Initially, people would process oil from the palm kernels for sale, and by 2008, the number of small traditional mills in rural centres had grown from 6 to 33. Anecdotal information from oil palm growers indicates that a farmer who produces about 160 litres of oil per day can earn UGX 240,000-320,000 (US\$ 100-130) per month, a substantial contribution to household income (Kiyini, 2014, pers. Comm.). Household incomes are also enhanced through sale of palm kernels to OPUL and outgrowers can earn UGX 200,000 to 1 million (\$80-400) per month depending on the size of their plantation, the yield, and deductible costs for inputs obtained on loan from OPUL (Ashaba, 2014, pers. comm.). OPUL also directly employ about 1,800 workers (FoE, 2015), including local women for tending nurseries and weeding. However, most plantation workers come from other parts of Uganda, as local people still prefer fishing to working in oil palm plantations.

Diversification of agricultural crops and expansion of land for food crop production

The establishment of commercial oil palm plantations enabled communities to open up large areas of forest, which promoted cultivation of other agricultural crops such as cassava, potatoes and bananas, especially by intercropping between oil palm lines, facilitated through funds provided by OPUL. Since the 1960's, farming was only carried out on a small scale, covering less than 5% of the total land area of the island (Abonyo et al., 2006), and poor productivity meant that communities depended on food imported from the mainland. However, this practice of clearing more land for food production is not sustainable in the medium and long term.

Development of infrastructure

Commercial oil palm plantation growing has promoted the development of infrastructure. Kalangala Infrastructure Services Company was established to develop the road network and solar power. A 1.5 MW thermal power plant burning oil palm bagasse and oil has been built and electricity now lights up Kalangala town. The company has constructed a road from Bugoma where the ferry from Bukakata on the mainland docks, and five feeder roads since 2004 linking the district capital to sub-counties in the hinterland. New roads have greatly improved access to rural areas in Bugala, but these developments have not yet extended to the more remote areas of the district. For example, feeder roads in smaller islands are still few and in poor condition, hampering market access and service

delivery. Support from OPUL has also contributed to the reconstruction and maintenance of some schools and health centres.

Land conflicts

Kalangala district local government gave 3,500 ha of former public land for commercial oil palm growing which affected local communities who lived and depended on such land. Furthermore, private mailo land owners sold off their land for oil palm development on a willing buyer–willing seller basis, but such land had tenants who depended on it for their wellbeing. Many people were therefore evicted from both public land and private mailo land without fair compensation or resettlement, and became landless. Consequently, there have been numerous land conflicts between OPUL and people who were evicted (NAPE, 2011). About 90 people who used to live and work on land acquired for oil palm plantations testified that they had been displaced with no compensation or alternative livelihood options (FoE, 2016), and some community members filed a lawsuit claiming restitution for their grabbed land and fair compensation for damages (FoE, 2015). Other forms of land conflicts arise from land speculation, encroachment and community conflicts, as wealthy landlords from the mainland have tried to acquire more land on the island without regard for prior land tenure arrangements.

Poor working conditions

Commercial oil palm highlights employment creation for local communities as one of the benefits. However, jobs created pay poorly, leaving workers with barely anything for subsistence, and are therefore unattractive to local people who prefer fishing. A fisherman may earn UGX 50,000-70,000 (US\$20-30) a day, for example, cannot opt to work as a casual worker for OPUL who earns a basic wage of UGX 2500 (US\$1) per day including UGX 500 (US\$0.20) for lunch. Since food is expensive in Kalangala, workers must spend part of their daily wage to buy lunch, reducing the wage rate even further. An external project evaluation also confirmed that wages paid by OPUL are below the going rate of UGX 3000 (US\$1.20) on the island for unskilled labour (IFAD, 2011). And yet, the evaluation report stated that the wage rate was above UGX 2000 (US\$0.80) paid on sugar plantations and some mainland factories but this cannot justify the OPUL rates. Local fishermen tended to despise OPUL jobs from the outset, and as a result, over 90% of OPUL workers come from other parts of the country (FoE, 2015). Poor remuneration also explains high employee turn-over, even with migrant labour.

Food insecurity

As nearly 60% of farm land has been converted to oil palm plantations, this has clear impacts for food security in the long term. Intercropping was initially received by

farmers with excitement and satisfaction, but they later realised that this was a very temporary intervention since it was only possible within the first 4-5 years when the palm trees are still young. The lifespan of palm trees is 25-30 years, which means that for over 20-25 years, land cannot be used for food production. Some outgrowers planted most of their land to oil palm and so now suffer food insecurity. In addition, food prices increased rapidly following the introduction of oil palm due to the rapid population growth (KADINGO, 2009. Increasingly cases of theft from gardens are reported (Kiyini Kibi Kisitu, 2014, pers. comm.) and due to food scarcity, many households often have only one meal a day. Food availability was expected to increase in households earning an income from oil palm activities, but there is limited evidence to show that the extra incomes are used for purchasing food or enhancing food production.

Social issues

Commercial oil palm plantations have attracted a large influx of immigrants looking for jobs even sometimes outside from Uganda. Associated with the increased population are increased concerns of anti-social behaviour in villages and landing sites near the nucleus estate associated with alcohol, prostitution and theft (IFAD, 2011). It has also been reported that HIV/AIDS is spreading in the nucleus estate labour force and farming communities. In addition, even where the cash income has temporarily increased, married women have suffered, especially when the money earned from oil palm is diverted from procuring household essentials and food security to satisfying the personal interests of their husbands in reckless and luxurious living, leading to family conflicts and marital breakdown. In some cases, children are involved in palm oil production and this prevents them from going to school whereas child labour is prohibited by national and international law.

Increased pressure on reserves and remaining private forests

With public and private forests cleared for oil palm growing, there is increasing pressure convert remaining forests to cultivate crops. National Forestry Authority staff in Bugala have reported violent encounters with people illegally harvesting timber, firewood and making charcoal, especially for fish smoking. Similar problems are reported by private forest owners under the Ssesse Islands Nature Conservation and Tourism Association.

Effects on wetlands

Wetlands in Kalangala act as buffers protecting the lake, play important roles as breeding grounds for fish, and act as water reservoirs and water purification sinks among other ecosystem functions. Most were largely undisturbed in 2005 (KDLG, 2005), but when establishing oil palm plantations, OPUL did not always observe Section 30(1)

of the National Environment (Wetlands, Riverbanks and Lake Shore Management) Regulations, 2000, that states that “All shores of lakes specified in the seventh schedule to these regulations shall have a protection zone of two hundred metres measured from the low water mark”. Instead, the government allowed OPUL to acquire an additional 606 ha by reducing the protection zone to only 100 metres, and in practice, cultivation and especially private plantations, go right up to the lake shore. Coastal forests used to serve as a windbreak against violent winds coming from the open waters of Lake Victoria, and clearance of these has therefore made the island more prone to cyclone damage.

Lessons learnt

Commercial oil palm plantations have the potential of contributing to socio-economic development of local economies. This is particularly visible in Kalangala, given that infrastructure had to be developed to efficiently run the business. Also, commercial ventures now tend to come with ‘community projects’ not directly related to production but aimed at satisfying the conditions for financiers and the choices of consumers. Therein lies the essence of corporate social responsibility, which in Kalangala, focused on infrastructure, especially roads and electricity. Projects packaged on the basis of perceived contributions to the national economy do not always lead to improved wellbeing at local level, and can negatively affect livelihoods. This certainly seems to be the case for rural people in Kalangala where many promised benefits have not yet come, where many who live next to plantations cannot afford to buy the oil which is produced on their doorstep. Large-scale land acquisitions have increased land-related conflicts as communities have lost access to land and other natural resources, aggravated by inadequate support development of alternatives in terms of diet, income and health care.

Oil palm like all commercial crop plantations, exposes smallholders to food insecurity if certain issues are not effectively addressed during project planning and implementation. In Kalangala, commercial oil palm development does not appear to have encouraged smallholders and outgrowers to put aside sufficient land for food crop production. Many community members sold most of their land, found out only later that they did not retain enough land to produce food for basic household needs and could not fall back on public land because it had been given away for oil palm plantations. It is therefore essential that food security issues are properly anchored in commercial oil palm expansion programmes. There must also be adequate focus on social and environment considerations in the planning of rural projects designed primarily for economic development. “With hindsight, the importance of adequate opportunities

for securing land, effective environmental management, and addressing farmers’ incentives and constraints should be incorporated into the design of the second phase. This should include a full social and environmental impact assessment, a new environmental management plan with emphasis on communications, and activities to promote livelihood enhancement in the oil palm communities” (IFAD, 2011).

Squaring the circle

When the oil palm project was conceived, there were high hopes that it would benefit the national economy and local communities. Infrastructure has been improved, especially roads and electricity, and jobs have been created, but the extent to which this has positively impacted on the national economy is, to say the least, uncertain. and the extent to which the wellbeing of the rural people has improved is debatable. Most of the well-paying jobs are taken by people coming from outside the district, unskilled labourers are being paid below the going rates, while fishing is still pays better than jobs at OPUL. Those who grow oil palm are taking home much less than they had expected and impacts of infrastructure are not yet being felt in more remote rural areas. On the social side, the project seems to be struggling with its relations with people living next to OPUL plantations. The people used to depend on this land for their wellbeing and yet there is no concrete support for them to adapt, posing a danger for food security. Access to forest foods, herbal medicines, fuelwood and construction materials has become problematic, leading to running battles with National Forestry Authority officials as unauthorized harvesting in forest reserves escalates.

Pursuit of economic goals can seriously compromise long-term environmental benefits, and oil palm development has seriously tested the government’s commitment and resolve to enforce its own environmental laws. The sanctity of lakeshores and natural forests was violated as government monitoring systems failed. As noted by IFAD (2011), “the project should have explored the implications of the nucleus estate expansion earlier and in greater depth, anticipated potential land shortages and concerns by environmentalists, and proactively addressed these problems... [and] the importance of adequate opportunities for securing land, effective environmental management and addressing farmers’ incentives and constraints should be incorporated into the design of the second phase. This should include a full social and environmental impact assessment, a new environmental management plan with emphasis on communications, and activities to promote livelihood enhancement in the oil palm communities.”

The limited current information needs to be augmented by research for better planning and implementation. Three broad objectives for oil palm research in the next few years were defined by IFAD (2015), being: (i) to develop improved agronomic management practices for oil palm production in different ecological zones; (ii) continue planting trial plots in suitable areas for oil palm; and (iii) develop management options for non-uniform ripening; to identify and develop integrated pest management packages for key insect pests and diseases.

Questions remain as to why those who promote oil palm do not effectively mitigate negative social and environmental impacts? Was it not possible to prepare local people for these possible eventualities, since the impacts are not limited to oil palm growing only? The Social and Environment Impact Assessment should have anticipated them, and the Environment Monitoring Plan should have been designed to monitor them, with the Project Managers taking steps to mitigate any unforeseen impacts as they emerge. Indeed, the impacts are similar to those of growing any other tree plantation crop, and therefore the strategies used in forest plantation stewardship could easily be adapted.

Recommendations

1. Generation of empirical data for informed decision making

Is oil palm increasing household incomes and community wellbeing? Is oil palm altering the environment in this island ecosystem? Long-term research to answer such questions would be best done through partnerships between Ugandan and external universities. And for research findings to be translated into action on the ground, key stakeholders must be actively involved, including OPUL, Kalangala Oil Palm Growers Trust, Kalangala Oil Palm Growers Association, Kalangala district local government, the National Forestry Authority, private land owners, the labour force, and the rural local communities.

2. Impact assessment

The government and OPUL should immediately initiate talks with private owners of remaining natural forests to support their restoration and effective management. In the past, effective monitoring of implementation of environment management plans that should have come with EIA processes was not possible because the monitoring committee was composed of government officials at central and local government levels. As such, conflict of interest became rife. An independent organisation should be invited by financing agencies to monitor implementation of the

environment management plan, prepared along ISO standards.

3. Community wellbeing

Criteria and indicators must be developed and used to monitor whether oil palm expansion is enhancing the wellbeing of local communities as part of national development. These should be developed together with the affected and interested parties, including investors, CSOs, local communities and government, among others, and monitored by an independent auditor. It is also in the interests of OPUL and the government to finance the development and implementation of such criteria and indicators, with international CSOs mobilising technical support. If developed soon, a decision can be included in the government's 2018/19 annual work plan. In areas where oil palm is expanding, the government should ensure that alternative arrangements for compensation are discussed and agreed with affected families to minimise the dangers of men receiving cash and abandoning their families, or spending cash on pleasure to the detriment of their families. OPUL and the government must consult widely with affected people and stakeholders, and incorporate activities that enable affected people to adapt to new realities where forest products are less available.

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