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## Palm oil concessions for logging: the case of Herakles Farms in Cameroon

*With palm oil consumption predicted to triple by 2050 – and with current production mostly concentrated in Indonesia and Malaysia -, foreign capital seeking land for expanding industrial oil palm plantations is looking into the Congo Basin region. Oil palm plantation companies are targeting forests also to generate profits from the timber they can sell to mills and to the pulp and paper industry, further threatening tropical forests and forest-dependant populations. In Cameroon, the financial company Herakles Farms has been under the spotlight of increasing local and international opposition for its intention to establish oil palm plantations in forests and inhabited territories.*

An important reason for many palm oil operators to get concessions in forested areas is to profit from logging, with timber often sold illegally. Profits usually subsidize further palm oil development and expansion. In this context, the US investment firm Herakles Farms, with its local subsidiary SG Sustainable Oils Cameroon (SGSOC), signed a contract in 2009 with the Cameroonian Ministry of Economy to develop an oil palm plantation in the Mundemba and Toko concession, located astride the Korup National Park and Rumpi Hills Forest Reserve. The latter being a complex watershed formation with all the freshwater from it draining into the Korup National Park. The oil palm project has been surrounded with controversy from the beginning.

Despite public statements from Herakles Farms claiming that it did not intend to benefit from the sale of any wood cut on its concession, it is now evident that this was from the beginning an integral part of its business plan. In order to be able to sell wood, Herakles Farms needed a “front company” since it is not registered as a timber company in Cameroon. In March 2013, its local subsidiary SGSOC Cameroon acquired Unic Province, a company that began transporting illegal wood from the Herakles Farms oil palm nurseries to the port in Douala. Almost the entire timber stock was felled illegally between 2010 and 2013 by SGSOC. A substantial part of this timber was to be exported to China (1).

### ***A story of imposition and deceit***

In April 2015, the people and chief of Mokange village in the Mundemba subdivision of Cameroon spotted unidentified persons conducting land demarcations of their forest and detected some 30 persons working for Herakles Farms in the Talangaye area. The villagers contacted the Divisional Officer for Mundemba, who said his office was not aware of the demarcation activities. As tensions heightened, the company dispatched its Community Relations Manager, Daniel Agoons, to appease the concerned villages. He visited four villages - Mokange, Lipenja II, Kuma and Esoki Bima - and apologized on behalf of Herakles Farms for demarcating their lands without consulting or informing the people. He also disclosed that Herakles Farms is almost on the brink of collapse following the withdrawal of investors and the lack of new investors for their oil palm project. He added that Herakles Farms has only survived thanks to its partnership with Unic Province, the timber exploitation

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company. But he did not inform the people that Unic Province is solely owned by Herakles for the purpose of exploiting and exporting timber to raise money for its oil palm project.

Agoons, together with Herakles' employee Mbange Lovett, carried eight crates of beer to each village, which they dispersed among the people before speaking to them. Agoons told the villagers that Herakles Farms will assist them to develop at least 5 hectares of oil palm plantations, and that the felling of trees for those plantations would be done by Unic Province. Herakles Farms, he said, would supply them with the palm seedlings and that the payment for the seedlings would be loans that can be paid after six years from the time of planting. Herakles Farms had previously promised to pay the villagers 50,000 francs per month (around US\$ 86), starting in 2010, but no payment has been made. Agoons told the villagers that this amount would be paid as arrears but did not specify when.

Agoons nonetheless surprised the villagers by saying that Herakles Farms have started paying money into the bank accounts of each village in the concession area since January 2015. He then handed an ECObank cheque booklet to the chief of Esoki village saying that there are 150.000 francs in the account, based on the payments of 50,000 francs for January, February and March 2015. However, the villagers questioned the authenticity of the bank accounts since they had never met with Herakles officials to discuss this. Besides, villagers also wondered who the signatories to these bank accounts were and they were concerned that the signatures might have been falsified. They also mistrusted that Herakles would only provide payments now that they want to extract timber and after the villagers' protests. The fact that the cheque booklets were given only to the four villages where exploitation of timber by Heracles Farms has further heightened concerns and many consider it to be an act of bribery.

The villagers in Esoki mobilised and stopped Herakles Farms workers from advancing with the demarcation exercise. They were angry that the workers were unidentified and that the land being demarcated was close to the village and went beyond the area of land that had previously been allocated to the company. On April 16 however, Herakles workers went back to continue with the demarcation but were stopped by angry villagers who said they had no knowledge of Unic Province or Herakles and needed time to better know these companies' activities, which will negatively impact their wellbeing. *"Since the Herakles people started coming to our village they have never giving prior information to us of any meeting. It seems their plan is to hold unannounced meetings so that we can make foolish decisions to their advantage. Despite several appeals to them to notify the village of any meeting and its agenda at least a month before the meeting so that we can consult experts to advise us but they have refused to yield to our appeals"*, lamented a youth of Esoki village. He added that they will continue defending their land and livelihoods despite the odds.

On April 20, the chief of Esoki Village visited the office of the NGO SEFE (Struggle to Economise Future Environment) following the tension with Herakles' workers who were carrying out the demarcation of land. He told SEFE that Herakles was now asking for 3000 hectares of land, beyond the 620 hectares that were given to them through the presidential decrees in 2013. The company claims that the 620 hectares are not enough since they have to remove waterways and hills and that the 3000 hectares, excluding high value conservation areas, hills and waterways, will provide them with sufficient land. The chief was very surprised that Herakles was asking for more land and had even gone to his village without notifying him and was already demarcating large expanses of land. He said that he now realizes that Herakles' plantation project was never in the interest of the people but only for its own profits and that there is no way the company will get the 3000 hectares they are seeking.

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It is worth noting that the 2013 presidential decrees attributing land to Herakles clearly stated that the company cannot renegotiate for land beyond the limit of what was allocated to them. The chief acknowledged that the village does not have the capacity to negotiate with the personnel of Herakles and therefore asked for assistance from SEFE. He also requested help from SEFE for creating a map of the Esoki village.

Besides, the Ndiba village also confronts problems with Herakles. The chief Divine Moto (once a Herakles supporter) told SEFE that there is tension over Herakles current concessions because the company has encroached onto land belonging to other villages not established in the decrees of 2013. He told SEFE there was a need to identify the limits of each village in order to avoid a crisis. He expressed dismay with Herakles' attitude in its unilateral demarcation activities without consulting concerned villages.

The people of the Lipenja II village currently do not have a chief and are in the process of getting a new one after the death of Chief Masumbe three years ago. Meanwhile, a Herakles supporter is dealing with the company. However, the village considers the handing of the ECObank cheque booklet and any negotiations between Herakles and him as not legitimate and risky.

One person told SEFE that the people of Lipenja II village have realised that the person signing documents on their behalf is an impostor and that Herakles Farms was creating confusion by backing and fortifying him in the on-going chieftaincy succession process. The decision to give land or not to give land is collective and Herakles has not formally approached the village for negotiation. A woman from this village told SEFE that they are angry because Herakles Farms is going beyond the land previously allocated to the company and is moving towards farmlands and forests where they gather non-timber resources. She said that women are excluded from the talks with Herakles and therefore women only know that Herakles wants to grow palm oil plantations here, which, she added, will ultimately destroy their livelihoods.

It is noteworthy to mention that Herakles has since the beginning vehemently refused to conduct the Free, Prior and Informed Consent (FPIC) process. Chiefs who spoke with SEFE said that during a Land Consultative Board Meeting held in Mundemba in June 2013, they were deceived into signing a report and maps produced by Herakles Farms in order to enable the company to get the land leases first and then come back for more negotiations. They are surprised that the company just started demarcating the land without providing prior information to the villagers. Some chiefs have realised that opening village bank accounts was a trick used by Herakles during the so-called Land Consultative Board Meeting to lure them into having their signatures on the report and maps that enable Herakles to apply for land leases.

Finally on May 2015, Herakles Farms announced that it abandoned all operations in the Mundemba and Toko Subdivisions and in the Ndian Division. The workers said the reason given for suspending operations was to enable Herakles to intensify planting of palms in the Nguti area before returning to the Mundemba and Toko concessions in 2017 or 2018. The company's spokesperson blamed current management for prioritising timber extraction over planting of palms.

*This article is based on two publications of Nasako Besingi from the NGO Struggle to Economise Future Environment (SEFE), Cameroon:*

*\* SEFE, Unilateral Boundary Demarcation by Herakles Farms Causes Tensions in Mundemba Subdivision, Cameroon, April 22, 2015*

*\* SEFE, Herakles abandons all operations in mundemba and toko concessions area, May 31, 2015*

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(1) <http://www.greenpeace.org/international/Global/international/publications/forests/2014/Licence-to-Launder.pdf>