Dekel Oil’s false promises lure villagers into dangerous oil palm growing contracts in Cote d’Ivoire

Land owners in Cote d'Ivoire are trapped in contracts with Dekel Oil, a company that made false promises arguing villagers would become rich by signing contracts to let oil palm monocultures on their land. Villagers are struggling to cancel the contracts and have started to alert other villagers on the risks of signing such contracts.

Land owners find themselves trapped in contracts with Dekel Oil, a company in Cote d'Ivoire that made false promises arguing they would become rich by signing contracts to let Dekel Oil plant oil palm monocultures on their land. Villagers are struggling to get out of the contracts and have started to alert other villagers on the risks of signing such contracts.

Where oil palm plantation companies need to show community support for their plans to set up industrial plantations on community land, they use sophisticated tactics to make it appear as if communities or individual land owners agreed to the company plantations. This is particularly so where the company plans to grow oil palm on land that is not controlled by the state but where communities or individuals hold ownership of the land.

One such tactic is to make promises that community members or individual land owners find hard to reject. For example, company representatives may promise that they will build schools and health dispensaries, maintain roads, provide diesel generators, etc. to communities if they hand over their land to the growing of oil palm by the company. And that there will be many local jobs in the plantations. They may also claim that the company will only take a small portion of the land while in the end, most of the community land ends up under control of the oil palm company.

When companies try to entice individual land owners, they often claim that by signing up to the company's oil palm production scheme, the land owner will become very rich. By using lies and false promises, villagers are seduced to sign contracts that trap them in long-term agreements with the company.

But once the contract is signed or the company can pretend to have community support, the promises are forgotten. No matter how sincere and convincing these promises sound when they are first made, companies will ignore them as soon as they have what they want: control over community or individual farmers' land.

By using these false promises, companies often obtain control over hundreds, if not thousands, of hectares of land.

The case of Dekel Oil in Cote d'Ivoire is one such example where land owners find themselves trapped in contracts with the company that promised farmers "You will become very rich", if they signed contracts to produce palm oil for Dekel Oil. Far from getting rich, they are now in a legal struggle to see the contracts cancelled and make sure they do not risk losing their land to the company altogether.

Dekel Oil is an agroindustrial company based in Cote d'Ivoire. The company produces palm oil for export; it started operations in 2007. Dekel Oil was set up by the Siva group and an Israeli conglomerate. (1) Siva Group is registered in Belgium and is owned by Indian billionaire Sivasankaran. The Group is involved in land grabbing of millions of hectares of land worldwide.

In the region of Aboisso, in the east of Cote d'Ivoire, Dekel Oil has secured control over a total of 28,886 hectares of land around the village of Ayanouan, which the company now uses to grow industrial oil palm plantations. Of this area, only 1,886 hectares are covered with oil palm plantations on land that the company directly controls through a land lease. The vast majority of the industrial plantations are grown on land owned by families who entered into smallholder contracts with Dekel Oil. In 2015, the company received a World Bank loan to further expand and take control of another 10,000 hectares of land for industrial oil palm plantations in Ayanouan region. (2)

Moreover, for the installation of its processing plant in 2014, the company also benefited with funds from the West African Development Bank and the EBID (Bank for Investment and Development of *ECOWAS - Economic Community* of *West African States*) (3)

Dekel Oil is also starting to take control of land for industrial oil palm plantations in the Guitry region, in the southern part of Cote d'Ivoire, as well as in the neighbouring country, Ghana. In Guitry, the company claims to have secured “rights” over 24,000 hectares of land.

The experience of the villagers from Ayenouan

Around 2010-2011, Dekel Oil technical staff started appearing in the villages in the Aboisso region, enticing villagers who owned land to sign contracts with the company. They proposed two types of contracts:

- One contract option involved the land owner handing over control of the land so Dekel Oil could set up industrial oil palm plantations under a so-called co-management agreement: Setting up of the plantations, management and the harvest from the plantations would be shared between the land owner and Dekel Oil. 1/3 of the profit would go to Dekel Oil to cover the maintenance costs; 1/3 would go as profit to Dekel Oil and the land owner would also receive 1/3 of the profit.

- The other contract option was a long-term lease of the land: Dekel Oil pays 38 euros (25,000CFA) per hectare per year, plus 12 per cent of the production which the owner can use as he wishes.

In both cases, the contract is initially for 20 to 40 years.

At the beginning, Dekel Oil assured villagers who signed the co-management contracts that they would have full control of the plantations during maintenance and harvest times. However, once they signed the contract, the company ignored this promise and cut out villagers from the business. Contrary to the promises, villagers are not informed when the company schedules the harvest. They are also not given documentation of the weight of the fruit bunches at harvest, and sometimes Dekel Oil picks up the fruit bunches from several villagers at the same time. When they are loaded on the same truck without the villagers present because they were not informed about the fruit bunches being picked up at this time, villagers depend entirely on company estimates about how much of the total production corresponds to their own production. Villagers also report that Dekel Oil decides how much to pay each villager without adequately informing or providing documentation to villagers about the weight of their harvest.

Company payments to villagers are also made with long delays. The company trucks pick up fruit bunches every fortnight. According to the contracts, Dekel Oil should pay on a monthly, or in some contracts, on a trimonthly basis. Land owners, however, report to be often waiting for six or even 12 months before receiving their payments.

False promises made by Dekel Oil

Like other oil palm plantation companies, Dekel Oil made big promises to tempt land owners into signing contracts with the company. Dekel Oil promised that it would help villagers willing to sign a contract to provide them with a credit so they could build a house for themselves Villagers said however that the houses ended up being more expensive than what the company had said and therefore they are not able to pay back.

They also exaggerated the production figures when presenting their contract deals to the villagers. When Dekel Oil technical staff arrived in the villages with their offers, they claimed that the plantations could be expected to produce around 12-18 tons per hectare and month. A recent report from the company (1) shows that the current annual yield from smallholders is between 6-10 tons per hectare and month - far below the 12-18 tons per hectare and month that the company initially promised to the villagers.

The false promise "You will become very rich", with which Dekel Oil tempted villagers into signing the contracts was nurtured with these exaggerated growth projections. They promised that villagers would receive €13 (thirteen euros) per hectare each month - without making any effort. The message: 'You can get rich just staying at home!'

But Dekel Oil did not present the full picture. They never said how expensive it was to set up and maintain these plantations. Once the contracts were signed and the palm trees planted, the situation changed. Villagers received very little money in return for handing over control of their land to Dekel Oil.

Some villagers even received nothing. In the Ehia village, in the sub prefecture of Krinjabo in Aboisso, villagers signed contracts totalizing 86 hectares of land with Dekel Oil. The company has already set up plantations and is harvesting oil palm nuts on 50 hectares, yet the villagers have not received any payment in return.

In light of the unfair situation and the impacts that villagers are suffering, a group of oil palm growers who had signed contracts with Dekel Oil decided to organize themselves. They created the “Collectif des planteurs de palmiers à huile” (Collective of oil palm producers) which aims to defend the rights of its members against Dekel Oil. The Collective also has begun to alert communities and villagers elsewhere where Dekel Oil is approaching farmers to sign contracts with the company on what happens after they had signed the contracts with Dekel Oil.

Dangerous contract clauses

One of the biggest concerns that the Collective is raising with villagers and local authorities is about some of the clauses included in the contracts. Article 6 of the Dekel Oil contract states that 6 months before the (20-40 year) contract ends, the company can request renewal of the agreement. If the villager does not object during a short period of time after being informed of the company's request, the contract is automatically renewed.

It is important to remember that the contracts run for 20 to 40 years and that some villagers don’t know how to read or write. In this context, such a clause can easily lead to the company securing control over the land for much longer than the 20 or 40 years that the contracts initially last.

The Collective is alerting communities not to sign any contract with the company if they are not able to fully understand its consequences. Communities in Guitry, where Dekel Oil claims to already have secured 24,000 hectares but where to our knowledge, no contracts have yet been signed, should be on alert about the false promises that Dekel Oil will make to them and about the dire consequences of signing the contracts.

Article based on the presentation made by the Collectif des planteurs de palmiers à huile in Cote d'Ivoire during an international meeting in August 2018.

1 - https://www.grain.org/article/entries/5048-feeding-the-one-percent
2 - Latest Dekel Oil Investor Presentation. 18 September 2018.
3 - https://www.agenceecofin.com/palme/2308-22289-cote-d-ivoire-dekel-oil-lance-une-usine-de-transformation-d-huile-de-palme-a-ayenouan