



# Assessment of the impacts of Olam's development of oil palm plantations in Gabon and possible destruction of High Conservation Values

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# Executive summary

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SmartCert was commissioned by the Forest Stewardship Council® (FSC®) to provide a third-party assessment on the alleged violation by Olam of FSC's Policy for Association, as part of an alternative dispute resolution process. Olam manages FSC certified forest concessions through its subsidiary CIB-Olam in the Republic of Congo and has committed to comply with the FSC Policy for Association. The alleged violation is related to the development of palm oil plantations in Gabon by Olam Palm Gabon (OPG), a Joint Venture company created by the Government of Gabon and Olam Group Limited. To achieve this mandate, SmartCert assessed 1) natural forest loss and 2) impacts on HCVs caused by Olam's palm oil operations in Gabon and furthermore 3) the Free, Prior and Informed Consent (FPIC) processes followed by Olam during the development of the plantations.

Active in Gabon since 1998, Olam started developing oil palm plantations in 2011, strongly backed by the Gabonese Government's strategic plan to diversify the Republic's economy. When forestry concessions were leased to Olam, a regulatory and institutional framework for the agricultural sector was still non-existent and there was no legal status for agricultural public land in Gabon. OPG worked with the government to select concessions that were easily accessible, that had a long harvest history, a lower carbon density and that were in proximity of more densely populated areas. Since the beginning of its oil palm operations, Olam aimed to achieve RSPO certification, implemented an Environmental Impact Assessment, an HCV Assessment, and Participatory mapping, and included FPIC processes into their developing operational procedures. Today, national regulations concerning future palm oil development in Gabon are inspired by the management practices implemented by Olam in Gabon.

As the basis of the assessment, SmartCert assessed forest loss caused by Olam's oil palm development. To differentiate forest from non-forest, a 30% canopy cover threshold together with a minimum threshold of 5 m canopy height, and a threshold of  $\geq 75$  tC/ha was used. The results indicate that OPG converted 24,133 ha of natural forest into oil palm plantations within the 5-year period January 2012 to December 2016, which exceeds the FSC Policy for Association Conversion threshold of more than 10,000 ha of forests under the organization's responsibility.

To gain information about HCVs, SmartCert conducted background information research (including literature review and expert interviews), on-site visits of the concessions, meetings with affected communities, local experts and stakeholders. Olam's original HCV assessments and participatory mapping exercises served as the basis for the analysis; these original assessments were carried out by consultants hired by Olam prior to the development of the concessions. Community meetings and on-site visits were used as a verification tool. Additional data was included to support the analysis of the different categories of HCVs (i.e., Santoro Aboveground Biomass (AGB) data, IUCN red list species ranges, Great ape and Elephant habitat maps, maps of protected areas, maps for global priorities for conservation, intact forest landscapes (IFL) maps). In total 48% (39,605 ha) of the total concession area (83,184 ha<sup>1</sup>) was identified in the HCV assessments as HCVs 1 - 4 areas in Mouila Lot 1, Mouila Lot 2 and Awala. SmartCert finds that the vast majority of the HCVs 1 - 4 were not impacted (39,192 ha) but that 413 ha ( $\approx 1\%$ ) of HCV categories 1 - 4 have been converted by Olam Palm Gabon for oil palm development. During the plantation development operations OPG protected additional areas that they consider to be HCVs and that had not been mapped during the initial HCV assessments. In Mouila Lot 1, Mouila Lot 2 and Awala these areas total 5,802 ha.

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1 RSPO new planting procedure ([link](#))

In Mouila Lot 3 & extension where we have not done a field validation an additional 64 ha of forest loss in HCVs 1 - 4 was identified through our GIS exercise. In these concessions, when considering HCVs in non-forested areas, the conversion of HCVs 1 - 4 is between 900 ha and 1,823 ha. There is great uncertainty since a large portion of the Mouila Lot 3 HCVs is made up of narrow buffers and slivers of conversion were found in these buffers. A large proportion of the conversion is within the 35-meter margin of error attributable to the accuracy of the mapping data.

In Mouila Lot 1, Mouila Lot 2, Mouila Lot 3 & extension and Awala, approximately 13,264 ha of forest area within village territories has been converted. The conversion was done after the implementation of a free, prior and informed consent process conducted by Olam with the villagers affected by the establishment of the plantation. There are examples of village territories excluded from the plantation development because they did not consent to the plantation. Village territories vary in size and shape and in many cases the portion of their territory that overlaps the plantation is a small portion of their overall territory. As part of Olam's engagement process before the development of the plantation, villagers were made aware that areas of overlap between their territory and the plantation would be converted. Participatory mapping was used by Olam to assess community use areas within the concessions. There is no evidence that communities were provided the opportunity to classify use areas as being fundamental to meeting their basic needs (HCV 5) and to delineate protection buffers around them. Olam did provide evidence of consulting communities and protecting specific cultural sites (HCV 6). OPG staff believe that the communities understood and accepted the impacts on HCVs 5 - 6 as part of the consent process, while interviews with the communities suggest that they believe resources critical to meeting basic needs have been degraded or destroyed. We did not find evidence of a formal community classification of use areas as either "fundamental" (HCV 5) or non-fundamental to meeting basic needs and no definitive evidence that communities agreed to abandon all the cultural sites (potential HCV 6) destroyed during the plantation development. The lack of formal community delineation of the protection zone around HCVs 5 - 6, makes it impossible to retroactively quantify and map with precision the extent of potential impacts on HCVs 5 - 6. Consequently, we provide an analysis of the impact on community use areas based on point locations identified during Olam's participatory mapping, all of which we consider potential HCVs 5 - 6.

Within all concessions, a total of 56% of the sites inside the concession used to satisfy basic necessities (potential HCV 5) have been maintained, 32% are perceived as degraded and 12% have been converted. Also, 78% of cultural sites (potential HCV 6) have been maintained, 4% have been degraded and 18% have been converted. These ratios only account for the potential HCVs 5 - 6 overlapping with the concession legal boundaries, while these overlapping areas are only part of the entire land territory of villages. These statistics are based on an overlap of the point locations with the planted areas shapefiles and on an extrapolation of the results of our field visits. For example, we generally observed that adequate riparian buffers are maintained around streams in the plantations, and we generally did not observe deterioration of the water environment during our visits. However, the villagers we interviewed predominantly perceived the fishing sites as degraded. We classified the social value of all fishing sites as perceived as degraded.

FPIC processes carried out by Olam from the beginning of their palm oil operations until today were investigated by SmartCert to assess social impacts related to the forest loss and conversion of High Conservation Value Forests as well as positive effects related to the Olam plantation developments. Before developing the plantations, Olam conducted FPIC processes in order to meet the RSPO FPIC requirements. The processes included an environmental and social impact study, an information campaign, engagement with the local communities, participatory mapping of cultural sites, individual compensation and negotiation and development of a collective compensation agreement with affected communities (*contrat social*). In the concessions that were visited as part of the investigation (Awala, Mouila Lot 1 and Mouila Lot 2), most communities consented to the project in return for the respectively negotiated compensation.

3 villages adjacent to Mouila Lot 2, withheld their consent (i.e., Moulanfoudouala, Guidouma and Bemboudié). The territories of Moulanfoudouala and Guidouma were not developed. In the case of Bemboudié their territory has been developed without prior consent. Based on evidence provided by Olam, this was due to an operational mistake during development of the plantation which led to 430 ha of encroachment on Bemboudié territory. However, a compensation agreement was reached afterwards. The main elements of the compensation agreements are: 1) giving priority to recruiting residents of the affected communities and 2) building or repairing community infrastructure. In addition to the *contrat social*, Olam allocates budgets annually for each concession to support new community projects.

FPIC processes were implemented by Olam which obtained the prior consent of communities in exchange for compensation (except in Bemboudié). According to our sampling, Olam has fulfilled the majority (≈85%) of its compensation commitments, including hiring local workers and investing in community projects. However, at the time of our visit, many of the funded infrastructures were degraded and the work conditions offered to workers were criticized.

## DISCLAIMER

The findings detailed in this report are based on data shared by Olam, sampling documentation, site visits in Awala, Mouila Lot 1, Mouila Lot 2 and interviews with Olam employees and stakeholders. There is some level of uncertainty that is implicit to sampling and to the data used as part of this assessment.



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