



Impacts and implications of oil palm on landscapes and livelihoods in Uganda's Lake Victoria islands – an overview of recent research

Introduction

The Government of Uganda had the best intentions when oil palm was established. The aim was to reduce poverty among the Lake Victoria island populations of Kalangala and Buvuma districts, and contribute to import substitution through domestic production of palm oil. The project established plantations in Kalangala in 2002 with crude palm oil production starting in 2010, and plantations will begin to be established in Buvuma from 2019. The benefits are readily reported by the main donor IFAD and the sole company BIDCO, part of Oil Palm Uganda Ltd. partly owned by Wilmar. However, the project implementation strategy fell short on a number of aspects, leading to multiple negative impacts on the intended project beneficiaries as well as on the environment. It is thus crucial to acknowledge and better understand these impacts, mitigate them, and prevent their reoccurrence in the other suggested oil palm expansion hubs. This policy brief summarizes detailed interdisciplinary research undertaken in 2017 and 2018 (Ssemmanda and Opige 2018, 2019) on the negative impacts of oil palm development, and makes solid recommendation to the government and its implementing partners, based on the findings and lessons learned. The five research papers that this policy brief is based on are included in full in Ssemmanda and Opige (2019), and are each summarized in separate policy briefs (Biginwa et al., 2019; Kakungula-Mayambala and Tibugwisa., 2019; Masiga et al., 2019; Mwima et al., 2019; Nangendo et al., 2019).

Negative impacts of oil palm development

From the time oil palm harvests started in 2010, experiences showed that increased production of oil palm benefited the national economy through import substitution and associated foreign exchange savings, with many associated local economic benefits. However, another side of the story also became apparent, of negative impacts, that must also be told. Cognisant of the requirements of land and the nature of oil palm plantations, it is important to note that social conflicts, issues of local land ownership and negative impacts on the local ecology have occurred. Overall, the results of these research studies bring out the following negative impacts, organised into eight areas, below.

Poverty and food insecurity

The project set out to bring sustainable poverty reduction by raising rural incomes, but is far from achieving its goal. The establishment of oil palm plantations puts pressure on other land uses including food crop production. Two sectors negatively impacted are agriculture and fisheries which were (in Kalangala) or still are (in Buvuma) the backbone of rural livelihoods. This has had serious implications on local communities and conse-



quences for sensitive ecosystems, and resulting in food insecurity, for example in Kalangala where food is now imported from the mainland. If Buvuma is to meet the projected land requirements, the current area under agriculture will be reduced by 50%. The half that will remain includes rocky outcrops, marginal grassland, wetlands and protected forests with hardly any land left for food production. Negative indirect impacts on fisheries by unintended pollution from fertilizer run-off and sedimentation of the lake further compound the problem of food insecurity.

Deforestation and land degradation

Rapid land use changes accelerate biodiversity loss and negative impacts of associated ecosystem services, leave the very communities who are the intended project beneficiaries vulnerable to the effects of environmental stresses. On Bugala island in Kalangala, the area of fully stocked tropical high forests declined from 58% to 20% since the year 2000, while oil palm increased from 0% to 28% over the same period. In Buvuma the situation is different, with mainly subsistence farmland acquired for oil palm plantations. Furthermore, the Ministry of Water and Environment 2003 statutory instrument requires a 200 metre buffer strip between such plantations and major water bodies. However, in this oil palm project, this regulatory requirement was either compromised or disregarded entirely. About 32% of the required Lake Victoria buffer zone in Kalangala is either oil palm or subsistence farmland, while in Buvuma, 54% is already subsistence farmland.

Land rights and tenure inequalities

The process of implementation associated with such large investments has a high risk of social injustice from the outset, such as from inadequate land acquisition pro-

cesses. At least 80% of landlords in Kalangala who sold their land did not do so under conditions of free, prior and informed consent, while in Buvuma, the Uganda Land Commission skipped some required processes in land acquisition, and compensated squatters on public land without first taking the necessary steps. Generally, discussions about the pros and cons of the project were not rigorous enough and mostly too positive, with some stakeholders missing out completely, either by commission or omission. In addition, some of those who sold their land only did so at the end of the process when almost all relevant decisions had already been made, and so had not received important information for making such decisions.

Migration

While some movement of people is expected in development initiatives, large agrarian projects are characterised by high levels of migration in a search of new employment opportunities. In the case of the oil palm project in Kalangala, the mis-match between the provision of social services such as health, water and sanitation and the increasing population became obvious. Furthermore, migration of mainly men between the islands and the mainland and increased income, and the parallel increase in prostitution, are increasing the levels of and hampering efforts to manage HIV/AIDS, compounding its impacts. In Buvuma there have already been major changes in the population due to land acquisition, even before any plantations have been established. Half of the island's subsistence farming land is to be replaced by oil palm, and large out-migrations have already happened, while newcomers arrive in search of new opportunities, in total contrast to the project's objective of improving the livelihood of local people.

From VODP to NOPP

Kalangala and Buvuma districts are comprised entirely of islands in Lake Victoria, and were formerly (before 2000) covered largely by a mosaic of tropical high forest and grassland. Developing oil palm to help meet national demand became part of the Government of Uganda's Vision 2030 strategy. Through the Ministry of Agriculture Animal Industry and Fisheries (MAAIF) and with support from the International Fund for Agricultural Development (IFAD), the Vegetable Oil Development Project (VODP) aims to contribute to sustainable poverty reduction in the project area by increasing domestic production of vegetable oil and by-products, raising rural incomes for smallholder producers and ensuring the supply of vegetable oil products to Ugandan consumers

and neighboring regional markets. The first phase in Kalangala developed domestic oil palm production and expanded smallholder production, and closed in June 2012. The second phase of VODP built upon this and was approved by IFAD's Executive Board in April 2010 and by the Ugandan parliament in September 2010 with a completion date of December 2018. As a follow-up, the National Oil Palm Project (NOPP) under the Ministry of Agriculture, Animal Industries and Fisheries (MAAIF) was designed to consolidate investments under VODP, and support oil palm producing communities with activities complementary to oil palm investments. NOPP is a 10-year project that started in January 2019, with the goal to 'create inclusive rural transformation through oil palm investment'.

Indigenous peoples and gender inequalities

The project design targeted local poor and vulnerable communities and the participation of women and youth in all activities as key beneficiaries. However, many in these groups were actually displaced by the project during land acquisition, or were further marginalised during implementation. Currently, Oil Palm Uganda Limited (OPUL) employs about 1300 staff (35% female) in Kalangala but only 7% are natives to the district, and of the registered 1,810 oil palm outgrowers, only 37% are female and they have smaller landholdings compared to men.

Selective financing priorities

Local communities complain about low prices for fresh fruit bunches due to the lack of alternative players in the market needed for healthy competition. So contrary to what the project promotes, oil palm is not always the best or only option to improve household incomes for the majority of farmers. Gross margin analysis for crop enterprises showed that cassava, beans, sweet potatoes, rice and coffee would also be viable alternatives in Buvuma, while in Kalangala, oil palm competes with passion fruit, tomato and coffee as high value alternatives. Additionally, the provision of government finance through short term loans makes smallholder farmers more vulnerable to the sole private sector player.

Skewed communication and education

Given the skewed positive impressions presented regarding the benefits of oil palm as shared by project proponents, the adoption of oil palm by smallholder

farmers has happened swiftly, and the project promoters have not given enough time for proper planning, learning and decision making at both community and household levels. The risks of associated social and economic disparities caused during implementation are therefore not communicated. However, despite the positive 'news', this research shows that only 30% of the Buvuma population are optimistic about the project while 70% had mixed feelings about its benefits.

Limited livelihood options

The National Oil Palm Project (NOPP) aims to ensure that benefits of oil palm are shared by the communities in which investments take place, to be realized by empowering community members to also seize emerging economic opportunities by developing non-oil palm farming and non-farming livelihood activities as well as those presented by oil palm development. However, the current outgrower model does not allow for alternative food crops and intercropping, making it difficult to diversify farming options.

Future forecasting

Economic forecasts show that oil palm is profitable to both the single company and the smallholder, but only in the short term. Projections in the medium and long-term reveal declines in economic returns to smallholder farmers as ecosystem services are lost, alongside growing demands to ensure food security as the area of land available for growing food crops becomes limiting.



Key recommendations

1. Strict adherence to Environmental and Social Impact Assessment (ESIA) recommendations, to avert negative impacts

The ESIA clearly brings out anticipated project impacts on social and environmental issues within and around the project area as well as residual impacts. The project should therefore ensure that mitigation measures are applied and strictly implement the Environmental and Social Management and Monitoring Plan (ESMMP) prior to any further developments. Clear evaluation indicators should be embedded in respective district evaluation frameworks and supported by publicly available audit and monitoring reports to achieve desired outcomes.

2. Implement effective land use plans

Interventions should reciprocate major impacts such as those on food security, deforestation and land rights in equal measure as an offset, by prioritizing support to actions that ensure improved protection of remaining forests, and effective land use plans that enhance food production and resettlement of persons affected by the project. Furthermore, in anticipation of the expected population influx, the project should make prior arrangements with the government to ensure that local health, education and water services can meet the expected demand.

3. Implement financing investment options that emphasize diversity of alternatives

With agro-commodities, financing investment options that emphasize a diversity of alternative food crops alongside the intended agro-commodity should be prioritized. Interested farming communities should be supported by such projects to maintain livelihood diversification, curb food insecurity and increase the resilience of local communities. To supplement these options, competition among private sector players is healthy, leading (hopefully) to increased prices for the communities supplying

raw materials. The government therefore needs to consider breaking the BIDCO/OPUL monopsony by inviting other private sector players to the new hubs.

4. Ensure legal representation to those living on the land, and prompt issuance of certificates of occupancy by relevant government agencies

The rights to legal representation of communities should be observed at all time and be made mandatory to abate conflict. Certificate issuance will solve major issues arising due to confusion in land ownership. Subsequently, land should then only be acquired on a 'willing buyer' and 'willing seller' basis and proceed according to nationally and internationally recognized best practices like Free Prior and Informed Consent (FPIC). This will help reduce conflict over land which is the most precious resource when dealing with such large agro-commodity projects

5. Implement an effective communication strategy

To effect balanced communication about the project and its intentions to stakeholders, an effective and unbiased communication, strategy must support the communication of both positive and negative impacts of projects using appropriate channels so that the communities can make informed decisions. It should also ensure that communication of project activities, outcomes and outputs are made in a timely and effective manner, and for this, support and partnerships are always very well appreciated.

6. Conducting a comprehensive Gender Impact Assessment

A Gender Impact Assessment (GIA) is undertaken in anticipation of gender disequilibrium that often arise in labour-intensive projects, especially regarding issues of child labour and women disparities. The inadequacies in gender under the current oil palm project are visible, even with the lack of GIA baseline data. Any further expansion of oil palm should therefore prioritize undertaking a Gender Impact Assessment.

Conclusions

The project implementation plan envisaged a reduction in forest resources, human migration and reduced land available for food production as major impacts. However, to ensure that oil palm activities meet global standards of sustainability and inclusiveness, and with donors increasingly aware and critical of bad practices in commodity production and trade with a need for environmental and social protection, it is important for

the government and its partners to consider recommendations from independent research.

In the 17 years since inception, the experience from the various projects now allows this independent assessment, evaluation, analysis, and subsequent recommendations. The Government of Uganda had the best intentions when oil palm was established in Kalangala in 2002, with an aim to reduce poverty among the Lake Victoria island populations and contribute to import sub-

stitution through domestic production of palm oil. Crude palm oil production started in 2010, and plantations will begin to be established in Buvuma from 2019, with benefits readily reported by the main donor IFAD and the sole company BIDCO, part of Oil Palm Uganda Ltd. partly owned by Wilmar.

However, project implementation fell short on a number of aspects, leading to multiple negative impacts on the intended project beneficiaries as well as on the environment. It is thus crucial to acknowledge and better

understand these impacts, mitigate them, and prevent or at least reduce their reoccurrence in other suggested oil palm expansion hubs. This policy brief summarizes detailed interdisciplinary research undertaken in 2017 and 2018 (Ssemmanda and Opige 2018, 2019), and makes solid recommendations to the government and its implementing partners (see box), based on the findings and lessons learned.

Research methodology

This research was commissioned by Ecological Trends Alliance in collaboration with Tropenbos International, as part of research initiatives undertaken through the Green Livelihood Alliance (GLA) programme (see box below). In Uganda, work focuses on assessing the impacts of oil palm plantations in the landscapes of Kalangala and Buvuma districts. The research reported here aimed to build knowledge and provide an increased understanding regarding the impacts of oil palm expansion on the environment and local livelihoods, and from this, draw out the implications and offer recommendations for future developments. Eight desk studies were undertaken in 2017 (Ssemmanda and Opige, 2018), followed by a coherent and comprehensive set of five follow up studies in 2018 that involved detailed field work in the landscapes. Research methods included descriptive and quantitative assessments including questionnaires, interviews and GPS and satellite imagery to obtain information at household and community level. Land cover analyses

used 2015 Landsat images as the base maps with land use/cover maps for 1990, 2000, 2005 and 2010 obtained from the National Forestry Authority, supported by stratified purposive sampling. Parallel research targeted oil palm farmers and business stakeholders with more than seven years of sector experience for in-depth interviews. Focus group discussions were conducted with representatives of subsistence farmers, oil palm producers, fishing and business communities. Employment opportunities were segregated by gender and whether the person was a native of the islands or not. Research analyzed land ownership and land deals related to the National Oil Palm Project, with a detailed assessment of land ownership, mapping of land contracts, conditions, compensation, and application of free, prior and informed consent (FPIC) in decision making. Finally, the study considered ex-ante factors of future prospects of livelihoods and socio-economic and environmental factors related to oil palm production with projections to 2030.

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This policy brief has been produced under the framework of the Green Livelihoods Alliance - Milieudefensie, IUCN NL and Tropenbos International - funded under the 'Dialogue and Dissent' strategic partnership with the Ministry of Foreign Affairs of the Netherlands. The opinions and views expressed in this publication are the sole responsibility of the authors and do not necessarily reflect the opinions and views of Tropenbos International or its partners.

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¹Ssemmanda R. and ²M. Opige. 2019. Impacts and implications of oil palm on landscapes and livelihoods in Uganda's Lake Victoria islands – an overview of recent research. Policy Brief. Tropenbos International, Wageningen, the Netherlands and Ecological Trends Alliance, Kampala, Uganda.

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The Green Livelihoods Alliance

The Green Livelihoods Alliance (GLA) 'Forested landscapes for equity; a strong civil society for inclusive and sustainable development' programme seeks to strengthen the abilities and effectiveness of Southern civil society organizations (CSOs) to influence related policies and practices to achieve inclusive and sustainable governance of forested landscapes. The core of the Alliance's strategy is to (i) join CSOs in lobbying for and advocating inclusive and sustainable governance of forested landscapes, and (ii) strengthen capacities of partner CSOs to technically, politically and economically empower and represent local communities. The global 2016-2020 programme is implemented in nine countries around the world.

The GLA is a Strategic Partnership funded by the Netherlands Ministry of Foreign Affairs within their Dialogue and Dissent Programme, with three Dutch partners, Milieudefensie (partner of Friends of the Earth), IUCN NL, and Tropenbos International (TBI). The Ugandan-based NGO, the National Association of Professional Environmentalists (NAPE), is the GLA partner of Milieudefensie and acts as the national focus point. Ecological Trends Alliance (ETA) is the Ugandan partner of TBI and leads the contact for this research. TBI applies an approach that combines

action research and capacity building towards effective and informed dialogue related to the priorities and outcomes in Uganda. TBI applies its approach to address complex problems in multi-actor and multi-sector landscapes. The absence of 'simple' technical solutions requires collaboration between stakeholders to discuss, negotiate and agree on acceptable ways forward. In such contexts, it is important to bring independent, validated knowledge into the dialogue.

TBI's starting point is the recognition that, to improve the governance of forest and tree resources, public, private and civic actors will need to make their decisions based on reliable knowledge. TBI understands that, although knowledge may be available, it does not automatically lead to change. To address this, TBI functions as a knowledge broker at the interface of local, national and international policies and practices. Together with other GLA partners, TBI facilitates and informs multi-stakeholder dialogues, supported with underlying and evidence-based research. The landscape approach, a central concept in the GLA, deals with the interaction between forests, trees, agriculture and external drivers at a landscape scale.