



PRESCO PLC

SOCIAL IMPACT ASSESSMENT (SIA) OF PROPOSED SAKPONBA OIL PALM AND RUBBER PLANTATION DEVELOPMENT PROJECT AT ORHIOMWON LOCAL GOVERNMENT AREA, EDO STATE, NIGERIA



FINAL REPORT

MARCH, 2017

Prepared by

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EXECUTIVE SUMMARY

This is a social and economic impact assessment report of the proposed Sakponba oil palm and rubber Project of Presco Plc. This socio-economic impact assessment report is part of requirements of the RSPO principles and criteria and relevant Nigerian Acts, and subsidiary legislation. The social impact assessment report is a key component of the Environmental and Social Impact Assessment (ESIA) carried out according to the principles of public participation. The report provides the socio-economic background of the affected communities of the Sakponba project, identifies its impact and provides for their avoidance or where avoidance is not possible, their mitigation. The social management plan provides a guide covering the construction, operation and decommissioning phases of the project.

The study involved the processes of analyzing, monitoring and managing the likely and unintended, both positive and negative social consequences, of the oil palm and rubber development and the social change processes that may result from it. Its primary purpose is to bring about a more sustainable and equitable biophysical and human environment. Of the seven affected communities slated for assessment, only six (6) communities outside of the boundaries of the project land in Orhiomwon Local Government Area (OLGA) of Edo state, Nigeria were assessed.

Quantitative and qualitative data gathering were the two main methodologies adopted for the study. The quantitative method facilitated the collection of data for describing population composition or characteristics of the communities around the project area. The qualitative data helped the assessors to see the worldview of the people under study. It was designed to understand the broader psychological, social, political or economic perceptions and views on the focus of this study.

The key aims and objectives of the socio-economic impact assessment study included:

- To provide an empirical representation of the social, cultural and economic conditions of the population surrounding the Sakponba oil palm and rubber development project;
- To identify the potential positive and negative impacts of the construction, operations and decommissioning phases of the proposed project;
- To develop attainable mitigation measures to enhance positive impacts and reduce or avoid negative impacts; and
- To develop management and monitoring measures to be implemented throughout the life of the project.

From the social impact study it can be concluded that there is potential and significant impacts of the project towards social sustainability for affected communities. The immediate activities that have impact on social sustainability are the recruitment of workers for plantation development such as land clearing and development and capacity/skill development programmes for the

youths. Regarding the company's plans, the immediate impact of recruitments would be experienced by the thousands of people and hundreds of households residing in the nearby communities. At the moment the impact is not limited to employment at the nursery, established in the plantation, but includes Presco's corporate social responsibility being discharged gradually through the engagement of more than 370 persons for short term employment. The grading of community roads and engaging the people in initial contract services required for the project takes off.

The study showed that except Orogho, there is little presence of government social facilities and infrastructure. The result of baseline analysis in relation to the assessed communities can be summarized as thus: the two communities (Orogho and Owuo) are dominated by Bini speaking people with similar culture in the way of greetings, marriage, tradition and other norms, mores and values and they tend to be more bonded by the common interests they share as farmers; the remaining four communities are dominantly Urhobo speaking people.

Some of the anticipated/potential positive socio-economic benefits include creation of employment, introduction of high yielding varieties of oil palm and sustainable management of palm plantation practices, training and capacity building for employees and smallholders, revenue to local communities through royalties payment to landlord communities, tax revenue for the Edo state government and commercial opportunities for small and medium scale enterprises including petty trading.

While some of the likely negative impacts include; loss of farmlands, forest products collection areas, impacts on food security and prices of food products, influx of non-native plantation workers and potential impacts on family structures and social networks, water pollution due to agro-chemicals, pollution from hazardous substances, exposure to health risks (e.g. HIV, sexually transmitted diseases), adulteration/dislocation of indigenous cultural values, impacts of operations on infrastructure (roads, water) and potential conflicts with farmers whose farm lands have been taken over and without acceptable resettlement plan in the action plan designed for security challenges.

The potential socio-economic impacts were identified, discussed and a social risk matrix was used to determine the magnitude of each potential impact. The Social Management and Monitoring Plan was produced to address all the critical issues. It is recommended that the plan be implemented as scheduled.

Potential Socio-Economic Impacts and Mitigation during Construction and Operation phases

This section is a detailed description of the potential social and economic impacts associated with the construction, operations and decommissioning phases of the Sakponba oil palm and rubber development project.

Table 22: Assessment of Potential Socio-Economic Impacts and Mitigation/Management Measures

Potential Impact	Mitigation Measure(s)
Construction and Operational Phases:	
<p>-Economic displacement of private farmers and customary land users, affecting access to agricultural land and natural resources.</p> <p>-Economic displacement through the loss of palm oil processing opportunities, having a significant indirect impact on household income and livelihoods, especially for households in Obanakhoro.</p>	<p>-The development of alternative livelihood strategies should be the preferred mitigation measure, maximizing all possibilities for involvement in employment opportunities available. Although many of these positions will be skilled positions, the establishment of appropriate training and skills development at an early stage will allow local community members to benefit from such opportunities.</p> <p>-A Livelihood Restoration Plan and Community Development Plan should be developed to ensure households are not left worse off following displacement.</p> <p>-Establishment of grievance mechanism prior to project implementation to facilitate the resolution of affected community concerns and grievances, ensuring ongoing interaction with the community in order to build trust and maintain relationships throughout the life of the project.</p>
<p>-Creation of employment opportunities.</p> <p>-Opportunities for skills development and training.</p>	<p>-Establishment of a “local labour desk” at the Sakponba estate office to identify a local labour pool.</p> <p>-Implementation of skills development programmes to ensure support local population in obtaining employment opportunities</p>
-Impacts on water levels and water quality through possible pollutants.	Surface Water Impact Assessment and quality monitoring recommendations should be considered.
<p>-Noise and dust pollution related to nursery and plantation establishment.</p> <p>-Increased irritation especially in the directly affected communities, which may cause social distress and reaction against the project.</p>	Noise and Air Quality Impact Assessment recommendations should be considered.
Population influx through nursery and plantation workers and job seekers resulting in social tensions and an increase in sexually transmitted diseases,	<p>-Clear communication of all available employment positions to minimise population influx.</p> <p>-Implementation of health development plans</p>

notably HIV/AIDS	including upgrading facilities and awareness campaigns surrounding HIV/AIDS.
Potential for conflict through the displacement of smallholders and the livelihood base of a large proportion of the community.	A conflict prevention and management mechanism should be developed with the aim to manage conflict and bring about positive change. This will be assisted by concurrent community and stakeholder engagement process.
Increase in traffic and safety hazards to the local population and workers.	A detailed health and safety plan must be developed to mitigate the construction and operation risks of the proposed project on the surrounding communities. This plan must take cognisance of the following: -Increased risk of traffic through built-up areas; -Safety measures in relation to the storage, transportation and use of chemicals and petroleum products.
Increase in business opportunities in local services caused by increased demand for goods and services and spending power from Sakponba nursery and plantation establishment workers.	-Explore possibilities to include training opportunities for developing business opportunities in Community Development Plan. -Consider funding small business development. All these are measures to enhance and sustain the business opportunities.
Employment opportunities	-Establishment of a “local labour desk” at the Sakponba estate or possible contractor offices to identify local labour pool. -Implementation of skills development programmes to ensure support for local population to obtain employment opportunities.
Improved services and community development potential.	Develop Community Development Plan taking into account all communities within the areas of influence of the project, with the aim to long-term sustainable development.
Decommissioning Phase:	
A temporary increase in employment followed by a decrease. This likely to occur because the oil palm and rubber development will span for 30 years and skilled workers requirement will be changing from nursery to plantation then to milling.	A program of retrenchment and re-training during the operational phase, providing employees with clear, transparent information on planned activities and closure dates, offering full retrenchment packages or relocation to maintain employment at other operations sites where possible.
Change in economic benefits to subsistence agriculture cum other local livelihoods.	Community Development Plan to include skills training and development to ensure transferrable skills and options for alternative livelihood strategies

The impact significance rating was adopted in analyzing impacts evaluation matrix and the importance of the impact is categorized in Table 23; while impacts evaluation matrix is summarized in Table 24.

Table 23: Table showing impact significance rating

Category	Probability	Remarks
Low	Highly improbable (<30% chance of occurring)	Where this impact would not have a direct influence on the decision to develop in the area.
Medium	Probable (30% - 60% chance of occurring)	Where the impact could influence the decision to develop in the area unless it is effectively mitigated
High	Highly probable (>60% chance of occurring)	Where the impact must have an influence on the decision process to develop in the area

Table 24: Impacts Evaluation Matrix

Project Phase	Activity/Source of Impacts	Medium affected	Effects of the impacts	Importance of the impact	Mitigations of the impacts
Nursery Establishment	Site clearing	biodiversity	Loss of habitat (Fauna and Flora)	High	The nursery sites are very small. The animals will migrate to a close by location. Being a secondary forest, the sites do not contain endangered species.
		water	Flood incidents downstream	Medium	
		soil	Soil erosion - Loss of arable soil in the area	Medium	
	Open burning of the biomass	air	Elevated particles in the air - atmospheric pollution + Climate change	Medium	Practice zero burning.
	Construction of the base camp	Visual impact	Land use	Low	Use of local material such as wood to build the base camp.
	Traffic	air	Dust and noise	Medium	Speed limitation signals
	Degradation of the biomass	soil	Pest infestation	High	Use of pesticides and insecticides to control the infestation. Practice integrated pest management.
	Use of agrochemicals	Water and soil	Pollution of the soil and water	High	The use of agrochemicals should follow strictly the plant

	Use of petrochemicals		courses	High	requirements. Fuel dispensers have to be used by well-trained persons to prevent accidental spillage.
	Sewage from workers			Medium	Toilets with septic tank should be constructed.
	Waste from the nursery: - Domestic waste	Waste management	Soil pollution	Medium	Domestic waste should be collected and disposed of in a proper manner.
	Waste from the nursery: - Hazardous waste				All empty containers (agrochemicals or petrochemicals) have to be collected for proper disposal. The spent oil has to be stored carefully for reuse or disposal. The used polybags should be collected for proper disposal.
Plantation Development	Site clearing, construction of roads, and establishment of the base camp	Biodiversity (Habitat)	Loss of habitats/ Loss of species	High	Conserve primary forests
		Land	Loss of the villagers' farmland.	High	Farmers will be appropriately compensated, properly disengaged and assisted to re-establish their livelihoods.
		Water	Increase in surface runoff due to the reduction of infiltration and soil erosion	High	Presco should develop a Water Management Plan. Presco should establish and conserve adequate riparian buffer zones.
		Soil	Soil erosion	High	Phasing out the development. Leguminous cover crops will be used to help minimize soil erosion by reducing the pressure from raindrops and act as an impediment to surface run-off.
	Open burning of the biomass	Air	Massive atmospheric pollution with elevated ambient total suspended particulates. The release CO2 into the	Medium	Practice zero burning

			atmosphere will contribute to climate change.		
	Degradation of the biomass	soil	Biomass will provide shelter for certain pests such as rodents		
	Usage and application of agro-chemicals (fertilizers, pesticides, fungicides, insecticides, etc...)	water	High levels of chemicals can affect the quality of water, the aquatic life and even the supply of freshwater	High	Mulch from the decomposed biomass can be used as fertilizer as well as the Empty Fruit Bunch from the Palm Oil Mill. Presco will put in place an Integrated Pest Management Program. This program will use chemical, cultural, biological, and physical practices to control the infestations. Agrochemicals and fertilizer use should be minimal and strictly follow the dose only as a last resort and where absolutely necessary.
	Use of generators in the plantation for the water pump or the camp	Water and soil	Pollution by hydrocarbons by spillage	High	Put in place an oil/water separator next to the workshop drainage system. Train workers on how to handle these products. Presco has to put in place a "Spill Response Plan".
	Transportation of the Fresh Fruit Bunch (FFB) to the palm oil mills and of the oil palm to the port.	air	Dust and noise pollution	Low	The installation of traffic signage, speed limitation, and installation of speed bumps.
	Plantation development	population	Loss of land and NTFP (such as "bush meat", medicinal plants, and wood for cooking	High	There will be some buffer zones left as patches.
			Destruction of community-	High	

		based economy.		
		Exposure to health risks (Malaria, HIV AIDS, STD, etc...).	High	
		Destruction of indigenous cultural values.	High	No shrine or cultural site will be destroyed by Presco.
		Food security.	High	
		Insecurity	High	Presco should have a security patrol to control the plantations and its installations.

6.4 Cross Cutting Socioeconomic Issues and Challenges

The affected communities of the proposed Sakponba oil-palm and rubber development project have certain socioeconomic issues and challenges in common as presented in Table 25.

Table 25: Cross Cutting Socioeconomic/Social Issues and Challenges in the Communities

Rank	Major Issues and Challenges		Issues/Challenges Subset	Priority Ranking Subset	Comments
Rank 1	Socio-Economic Infrastructural Limitations	i	Electricity	Very High	<ul style="list-style-type: none"> Only Orogho and Owuo have functional electricity.
		ii.	Health	Most important	<ul style="list-style-type: none"> One health centre in Obanakhoro and one make shift clinic in Orogho. All need staffing, equipment and drugs.
		ii	Water	important	<ul style="list-style-type: none"> Ekigbe, Ugbigun and Obanakhoro depend on neighboring rivers and well for their domestic needs.
		iii	Education	Important	<ul style="list-style-type: none"> Shortage of teachers makes drop-out as high as 30% in Iwevbo Provision of desks, chairs and tables at the primary schools as well as computer with accessories. Posting of staff Renovation of deplorable

					secondary school structures.
Rank 2	Environmental Insecurity	i	Erosion and flooding	Envisaged to be high in three communities	Due to the locations of the communities (Ekigbe, Obanakhoro and Ugbigun) and limited or no drainage to channel floodwater.
Rank 3	Economic and Social Insecurity	i	Unemployment/Underemployment	Very High	Mostly among youths leading to youth restiveness and engagement in criminal acts.
		ii	Poverty	High	Attendant with its full social implication of hunger, moral decadence, violence etc.
Rank 4	Institutional Incapacities	i	Administrative	Moderate	Due to many overlaps. It was generally apparent that there is information gap between the leaders and the led especially in respect of proposed Sakponba project especially in Obagie, Ugbigun and Ekigbe.

8.0 PROPOSED SOCIAL MANAGEMENT AND MONITORING PLAN

The measures, controls and actions to reduce the negative and enhance the positive social impacts are embodied in the proposed social management and monitoring plan presented in Table 27.

Table 27: Proposed Social Management and Monitoring Plan

Main Issues/Concerns	Management Objective	Management Action	Timeline	Monitoring Measures
Perception, Knowledge and Understanding of proposed project	To resolve all the issues arising from wrong perception, lack of adequate knowledge and misunderstanding of the proposed project development and operations.	Accelerate the FPIC process to emphasize proper and adequate information sharing about the project and continual engagement of community stakeholders.	Urgently before commencement or continuation of project development	Attendance, Evidence and records of engagement
Distrusts, and polarization of communities' members into those for and against the project	Reconciliation of different interest groups to close existing gaps, obtain consensus and total support for the project	Accelerate FPIC process and iterative meetings to educate communities on the project opportunities and benefit sharing	Urgently before commencement or continuation of project development	Attendance, Minutes of meetings, FPIC process
Compensation Crises	Review the compensation process with a view to assuaging the feelings of aggrieved communities' members	Accelerate FPIC process with a view to settling any outstanding compensation. Sign FPIC Agreement	Before commencement or continuation of project development	FPIC Agreement and implementation
Restiveness, Conflicts and Factional Fights	Achievement of peace and security of lives and property in the communities	Include communities in Grievance and Conflict Resolution Mechanism;	Before commencement of project and throughout project life	Incidents, tensions, grievances

		Establish joint Presco-Community Conflict Resolution Committee		
Desecration of Shrines by agents of Presco Plc	Establish veracity or otherwise of claim with a view to assuaging the feelings of aggrieved communities	Engagement with traditional institutions with assurances of respect and protection of all religious and sacred sites in the communities	Before commencement of project and throughout project life	Incidents, violations
Protection of Social-Cultural Values	Reduce social-cultural breaches and violation of customs and traditions	Include community orientation in code of conduct for all employees	Throughout project's life	Incidents, violations, reports
Litigation between Community and Presco Plc	Achieve mutual understanding and cooperation with Obagie Community	Explore out of court settlement	First to second quarter of project development	Terms of settlement; court judgement
Restoration of Livelihoods	Assist displaced farmers to relocate and re-establish their livelihoods	Design resettlement and livelihood restoration plan	Before and early stages of project development	Implementation of plan
Community Health and Safety	Reduction of health and safety hazards in the communities	Establish and implement a robust community health and safety policy	Before and throughout project life	Illnesses; Incidents; Accidents; Fatalities
Presentation of SIA findings to an enlarged Stakeholders' Forum	Closing existing gaps and achieving stakeholders' buy-in	Review existing management plan to accommodate opinions and comments arising from the enlarged Stakeholders' Forum	After presentation of draft SIA Report, before issuing Final SIA Report	Implementation of Management Plan

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EXTRACT