## NC

Text: Developing countries should prioritize resource extraction but include comprehensive engagement with local communities at the beginning of resource concessions. I reserve the right to clarify.

The counter-plan solves poverty and growth.

**Caerus no date** writes[[1]](#footnote-1)

**Resource extraction is** a **central** pillar **in reducing poverty and spurring** economic **growth** for countries recovering from conflict. **In** post-conflict **Liberia,** the **extraction** of minerals, rubber and timber **has led to significant GDP growth and** created **an increasingly favorable investment environment**. However, the **resource concessions that underpin extractive activities are often complicated by disagreements over land rights** between central governments, companies and local communities. **Comprehensive engagement with local stakeholders at** the **commencement of a concession** process **can reduce community friction**, improve the working environment, insure the legitimacy of contracts and contribute to long-term profitability. Liberia has experienced considerable economic growth since 2003, when a Comprehensive Peace Agreement brought Liberia’s second civil war to a close. Despite the lingering effects of the global economic downturn, Liberia posted a 7% GDP increase in 2011, with higher growth expected for 2012. This growth is largely driven by extraction of natural resources such as minerals, rubber, palm oil and timber. Even though resource extraction is key to economic growth, it often relies on sub-optimal concessionary practices. Concessionary agreements made with the Liberian government in Monrovia are based on formal land ownership models and often conflict with local-level communal land use traditions. Corporations engaging in resource extraction generally comply with societal and environmental regulations and perform significant Corporate Social Responsibility (CSR) activities. Some companies even go beyond CSR to provide social services at levels above those available from the central government. However, **involving communities in** social **agreements over land is often addressed too late** in the process. Firms secure legal rights to land with the government and only then engage communities to ascertain the terms of local compensation and service provision. Terms of the agreement are crafted through an unwieldy process of negotiation where **citizen demands are expressed through ad hoc community consultations**, and corporate calculations of community contribution are made separately. This model of **post hoc negotiation** often **leads to conflict and undermines profitability. Communities**, suddenly faced with restrictions on mobility or the use of land as a result of agreements they felt rushed to execute, **may seek to disrupt extractive operations**. These activities may also lead to complete displacement of the population. In some instances these disruptions lead to complete displacement . In 2007, the General Manager of the Liberian Agricultural Corporation (LAC), a rubber plantation holding of the Belgian Societe Financiere Des Caoutchoucs (SocFin) portfolio, was assassinated by a member of the community who was upset by the firm’s plans to expand extraction on lands within its leasehold. Extraction from the firm’s full concession area remains a challenge to date. Global major Sime Darby, which holds one of Liberia’s largest agricultural concessions, has also faced challenges recently. In December, Caerus Principal Matt McNabb travelled to Liberia to explore this trend and examine opportunities for creating more stable growth. While there, he met with corporate and rural community stakeholders in Montserrado, River Cesse and Grand Bassa counties with interests in ongoing agricultural, rubber and timber extraction. Matt’s takeaway was this: **when a firm engages with the community** as a system **it becomes possible to better appreciate land value and** the scope and **potential for local disruptions. Mapping** these **communal systems at the point of concession**, rather than as part of a post-concession communal contract process, **will enable the investor to better identify the volume of extractable resources**, reduce risk **and improve long-term growth** prospects. The challenge of reconciling growth with communal land rights is by no means unique to Liberia. The volume of worldwide resource concessions has exploded in the past decade. According to some estimates, agricultural land concessions alone grew from an estimated 4 million hectares in 2008 to 60 million hectares (approximately the size of France) in 2009. The trend towards growth by concession is on the rise, particularly in post-conflict settings. For places like Liberia, community-level tensions may have effects well beyond the risk profile of any one investment. **In a conflict-affected environment, the need for careful attention to communal perceptions** and the responsiveness of government to citizens demands **is crucial –particularly where** land **resources** themselves **have historically been used to fuel conflict**. Rule of law and perceived legitimacy of government are critical factors in successfully transitioning from fragility. This transition is critical not only as a matter of policy, but also as a matter of political risk for the investor.

1. Caerus Associates (strategy and design firm, helps clients work in complex and conflict-ridden environments). “Profiting from Engagement: A View From Liberia.” No date. http://caerusassociates.com/ideas/profiting-from-engagement-a-view-from-liberia/ [↑](#footnote-ref-1)