



Analysis of oil palm projects in Uganda – impacts and implications for future development

Different players and stakeholders have sometimes opposing views on the impacts of the palm oil industry that began in Kalangala district in 2002, currently being expanded to Buvuma. However, they have yet to agree on a comprehensive, inclusive and integrated approach and that should be applied prior to further oil palm development to strike a balance in addressing the clear social and environmental issues.

This policy brief summarizes detailed research undertaken in 2018, and makes solid recommendation to the main players, based on the findings and lessons learned.

Recommendations

Oil palm has been produced in Kalangala for over 12 years, with many lessons learned. But to ensure mistakes are not repeated in Buvuma where planting is yet to begin, actions are needed by the government, donors and BIDCO.

1. The government should include instruments in the National Oil Palm Project (NOPP) that oblige BIDCO to support smallholder inclusivity in oil palm production, e.g. Creating Shared Value (CSV), allowing OPUL to maximize revenues whilst offering benefits that improve the livelihoods of local communities.
2. The national regulators – the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) and the National Environment Management Authority (NEMA), should strengthen environmental and social compliance, including residual and cumulative impacts, through regular and publicly-available audits and monitoring reports.
3. BIDCO/OPUL should better support outgrowers to help in their compliance with environmental considerations such as respecting buffer zones and wetlands.
4. IFAD and the central government should support local governments to include environmental and social monitoring and evaluation indicators of oil palm projects in District evaluation frameworks.
5. IFAD and the central government should establish socio-economic and environmental benchmarks to better assess future reporting, and they should also ensure reporting formats remain consistent.

Main findings

The Vegetable Oil Development Project (VODP) oil palm sub-project was promoted by Oil Palm Uganda Ltd. (OPUL) through a public-private partnership with BIDCO Uganda Ltd. Arrangements were made to build a new industry, establishing a nucleus estate of 6500 ha with 3500 ha for outgrowers in Kalangala district. Since the inception of the VODP project through to the end of its second phase, focus and emphasis was on achieving the set objectives of the project in Kalangala and Buvuma districts. IFAD supervision reports show that this has been achieved considerably but with reports skewed towards; (land) acquisition, acreage of oil palm planting, achievements in operations of OPUL and Kalangala Oil Palm Growers Trust (KOPGT), agronomy and agrochemicals, price of fresh fruit bunches and infrastructure development. These socio-economic aspects are important to enhance community buy in, hence the necessary support for scaling up the new interventions.

While delving into project achievements, there is need to evaluate other primary and secondary impacts of oil palm introduction in these hubs, and provide a clear path to have them improved. Court cases regarding unclear land acquisition in Kalangala that had the involvement of the Compliance Ombudsman Advisor should have served as benchmarks prior to commencing land acquisition in Buvuma, but rather, complaints of skewed and inadequate community sensitization, inadequate and delayed compensation are rife.

In addition, environmental and social impact assessments (ESIAs) undertaken concentrated on immediate project impacts within and around the project area, without including a comprehensive mix of other development factors beyond the main island of Kalangala, Bugala. Issues of health, particularly HIV prevalence, pollution of lake waters, migration, environmental issues, and food and fuel security among others, all stretch beyond the project area. Migrations between the islands

and the mainland are also hampering efforts to manage HIV/AIDS, compounding the impacts. Furthermore, no by-laws on food production were enacted as recommended in the ESIAs, with now, the food consumed on Bugala island imported from the mainland.

The effects of oil palm on cumulative pollution of Lake Victoria also have far reaching impacts, adding to that from fish factories, industry and urban areas. This requires water management and catchment area protection plans, including comprehensive pesticide management, preservation of lakeshore vegetation, and conservation of key habitats to enhance wildlife conservation and ecosystem services. Also, a planned phased approach to mitigate loss of natural forest was not implemented due to time constraints as stated by the company. Now, pressure on protected areas and remaining forests and the resources they provide to communities is inevitable, as populations grow. In short, benefits of oil palm projects are highlighted while negative impacts must also be presented to stakeholders.

Methodology

This assessment undertaken in July-August 2018 involved a review of available documentations, key informant interviews and focus group discussions in project sites, with supplemental field observations. It contributes to our understanding of the socio-economic and environmental impacts of oil palm development in Kalangala, and in particular on local livelihoods. It also provides insights on whether these experiences and lessons learned are being used to reduce risks of negative impacts in the new hubs to be opened for oil palm expansion, specifically in Buvuma district. Subsequently, the report serves to provide recommendation for the proposed implementation of the ten-year National Oil Palm Project (NOPP).

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