

A cultural basis for land and livelihood security: The Guadalcanal Plains Palm Oil Limited, Landowners Association & Company, Solomon Islands

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Guadalcanal Plains Palm Oil Plantations Limited (GPPOL) took over from the Solomon Islands Plantations Limited (SIPL) in 2005. It was a national project touted as a way to bring back peace, security and economic recovery following five years of 'tensions' from 1998 to 2003. New Britain Palm Oil Limited (NBPOL) signed a Memorandum of Understanding (MOU) with the landowner's association, the Guadalcanal Plains Resource Development Association (GPRDA) that led to the incorporation of an association called the Guadalcanal Plains Resource Development Company Limited (GPRDCL). NBPOL also signed two separate MOUs with the national government and Guadalcanal Province to reopen the oil palm plantation on Guadalcanal in 2005. The establishment of GPRDA and GPRDCL not only provided safeguards and security for landowners but also allowed them to benefit more from their land. GPPOL encouraged the smallholder outgrower scheme (SOGS) on customary land as a way of engaging with farmers planting oil palm on customary land. The establishment of the landowner association and company plus the SOGS provides an 'alternative development' that sees the local Lengo (Guadalcanal Plains) social and cultural relations as pillars and drivers of oil palm development on Guadalcanal. Such a development approach guarantees security for land, safeguards livelihoods, and encourages business growth and wellbeing.

Overview of Guadalcanal land tenure and social structure

To understand the oil palm industry and the relationships among landowners, the state, and the investor, it is important to have an appreciation of the socio-cultural underpinnings of the Lengo area of Guadalcanal where the oil palm plantation is located. The Lengo area, also known as the Guadalcanal Plains, covers the national constituencies of North and North East Guadalcanal, East Central Guadalcanal and parts of Central Guadalcanal. It is home to five tribal groups, or *kema*: Ghaobata, Lathi, Nekama, Thimbo and Thongo within which there are various landowning *mamata* (clans) which are the custodians of customary land in Lengo. It ensures that people in the community are safe from external threats to engage in livelihood activities on land as long as the activities do not disturb the peace, security and livelihood of others.

Rights over family food gardening areas (*ghatuba*) are highly regarded rights in the Lengo culture as they are sources of security and livelihoods for specific groups of people and families (Nanau, 2017). A *ghatuba* is the gardening place that was first cultivated by people who moved to a new piece of land (Lasaqa, 1972). In the past, when population densities were low, there were vast areas of

unoccupied land and new arrivals were welcomed and allowed to build houses and their sacrificial altars and to communicate with their gods. As they settled in, the hosts normally identified certain areas on their land for the new arrivals to plant their food, fruit trees, and sometimes their homes over which they had rights.

Security of livelihoods: These rights are safeguarded by the two ethical requirements of respect (*kukini*) and reverence (*kikinima*). The gardening areas are overseen by those who work on them. As such, fruit trees or wild root crops, building materials, vines, and other materials within and around those areas are out of bounds unless permission is sought from the garden owners (Nanau 2017). Even members of the landowning *mamata* must get permission from those who own gardens to collect anything from there or its surroundings. In order to maintain community and social norms, it is therefore imperative for a developer of land to get the consent of both the *mamata* and those in control of the *ghatuba*. The entire community shares in the good fortunes of the harvest in the gardens or the fruit trees. For instance, with corn, sweet potato, yam or breadfruit harvest, all living in the same community, whether relatives or not, will share the harvest. In the same vein, events and problems that befall a family in the village become everyone's problems and require collective effort and contribution. Security of the individual members of the community and security of lifestyle and food supply are ensured through the spirit of respect and reverence.

An important aspect of daily work in Lengo and much of Guadacanal is that people do not usually concentrate on a single activity for the entire day but allocate time to food gardening, fishing, church work, school or other meetings. Development activities would do well to take this into consideration.

Solomon Islanders feel safe when their land, resources and livelihood are undertaken within the parameters of their social norms and worldviews. Their interaction with the global economic system through early explorers, labour recruiters, traders, planters, missionaries and colonial administrators left a negative impression on many locals. As a result, Solomon Islanders often view with scepticism any development that involves their customary land.

One way to address this scepticism is to establish development projects that understand and accommodate local customs. Under the NBPOL/GPPOL MOUs, the smallholder out growers scheme operates on customary land. Since the introduction of SOGS, about 2000 hectares of oil palm plantations have been planted on customary land and is likely to increase in the future. The SOGS suit the casual lifestyle of Solomon Islanders who have many other livelihood

activities to attend to in a day. SOGS farmers also benefit more from their own plantations as GPPOL pays them the farm gate price after withholding tax.

The security of social networks: Research on the social dimensions of economic activity has demonstrated the importance of social networks in building trust for business success at local, national and international levels (see Amin and Thrift 1995; Yeung 2009; Sidaway 2007). Gibson-Graham (1996), for instance, emphasises that diverse economies bring to attention the non-capitalist practices and relations that are often ignored in mainstream discourses dominated by capitalist market logic. Such non-capitalist practices include relational traditions and reciprocity such as gifting and exchanges (McKay 2009). Those concerned with market logic will consider social embeddedness of economies purely from their capacity to generate income and profit. However, it is also important to recognise that social embeddedness of economies also generates non-economic benefits; those that are less tangible but provide emotional wellbeing and life satisfaction for communities and households. These include scholarships, assistance with church commitments and school activities, construction of water supplies and similar activities.

The insecurity of past palm oil projects: Palm oil development on Guadalcanal was part of the colonial government's efforts to develop a plantation economy for the needs of the British Solomon Islands Protectorate. As the colonial government prepared the islands for political independence, the government signed agreements with a number of multinational companies to plant oil palm, grow rice, cut timber, and prospect for minerals to reduce dependence on British aid (Larmour 1984:90). Following oil palm trial plantings in 1965, the colonial government successfully reached an agreement with the Commonwealth Development Corporation (CDC) in 1970 to establish 8000 acres of land between the Ngalibiu and Mbaraande rivers. The CDC was also to provide SI\$6 million¹ and recruit 800 initial workers to work in the plantation (Moore, 2017). The Solomon Islands Plantations Limited (SIPL) was established in 1971 on an initial 1478 hectares of land between Ngalibiu and Metapono rivers (ibid). It was originally modelled on a nucleus estate linked to smallholder out-growers. However, the smallholder component was never realised and SIPL operated entirely as an estate until its closure in July 1999 during the Guadalcanal conflict (Fraenkel, Allen & Brock 2010).

The oil palm estate was a shareholder arrangement with CDC/SIPL owning 68 per cent of shares, the government 30 per cent, and landowners two per cent (Thompson, Wan et al. 2004: 4). It is very likely that members of landowning *mamata* were new to such negotiations and had very limited information on the worth of such ventures. These agreements benefitted the foreign investors, buyers, and the government with little consideration for landowning *mamata*. The shareholding arrangements were considered by members of landowning *mamata* as 'unfair', but such agreements dictated the operations of SIPL until its closure at the height of the tensions (Nanau 2008: 162).

By 1990, SIPL had acquired a total land area of 6,300 hectares for its oil palm operation. The acquisition of land was conducted under a 'lease and leaseback' arrangement where formerly alienated lands were granted back to original landowning *mamata* with 99-year leases issued to government and 75-year subleases to SIPL/CDC.² Rent was paid to landowning *mamata* through their trustees as per provisions of the Land and Titles Act. Furthermore, a total of 58 parcels of customary land were leased to government for 99 years and then subleased to SIPL. Some customary lands were compulsorily acquired by the government for the oil palm development during the early years (Allen 2012a; Fraenkel et al., 2010). Some however, were registered and then sub-leased to the company.³

Since the establishment of SIPL in 1971, palm oil has been the country's most valuable agricultural export commodity, employing about 1800 workers with an additional estimated 8–10,000 dependents. Past studies about labour composition in SIPL revealed that 65 per cent of labourers including dependents were from Malaita Province (Fraenkel et al., 2010). During SIPL days, fewer indigenous people from Lengo were engaged in the oil palm industry as manual labourers – an occupation regarded as a low-level job. Frustrations by local residents had stemmed from their inability to control what people, and the island from which they came, were employed on the plantation that was on their land.

Adding to local frustration was the growing conflict that began in 1998 when a group of militant youths from Guadalcanal attacked settlements in Malaita over the government's failure to address important issues such as non-payment of compensation for indigenous people killed by settlers, and restrictions on land ownership in Guadalcanal. Between 1998 and 2000, Lengo, where SIPL (now GPPOL) is located, became the epicentre of the conflict and an estimated 25,000 people were displaced from areas of north Guadalcanal causing the oil palm company to halt operations and subsequently close down in 1999 (Allen 2012b; Fraenkel et al., 2010).

Security for the future

The closure of SIPL paved the way for increased engagement with landowners and led to a much more favourable shareholding arrangement of 20 per cent equity share compared to only two per cent previously. Priority of employment is now given to landowners of Lengo followed by people from other parts of Guadalcanal. People from other provinces in Solomon Islands are recruited when landowners and others from Guadalcanal can no longer fill remaining positions in the company (Fraenkel et al., 2010) or when the jobs require specialised expertise.

In 1999, leaders of the landowning *mamata*, SIPL, the Solomon Islands Government and Guadalcanal Provincial Government all signed a Memorandum of Understanding providing the framework for engaging nearby communities in contract/manual work, renegotiating the increase in land premiums and rentals leased to SIPL, and dictating that 50 per cent of all revenues generated by government and paid

to Guadalcanal Province be transferred to the trust account of the landowner's association.⁴ The MOU also decreed that alienated lands with oil palm trees would be transferred to landowners as compensation for biological diversity loss.

Following international intervention by the Regional Assistance Mission to Solomon Islands (RAMSI) in 2003 to restore peace in the country, intensive negotiations to resume oil palm production commenced. Discussions occurred between the New Britain Palm Oil Limited (NBPOL), owned by the Malaysian company Kulim, the Solomon Islands Government, the Guadalcanal Provincial Government, and the landowning *mamata* of the five tribal groups of Lengo. Consequently, in 2005, NBPOL commenced operations and started exporting palm oil by mid-2006 (Allen 2012a; Fraenkel et al., 2010). The landowners saw this as an opportunity to improve their livelihoods and negotiated much better terms with the new oil palm company such as signing the NBPOL/GPRDA MOU (Sol-Law 2004a) that allowed them to lease their *mamata* land and enjoy royalties and higher land rentals than previously earned under SIPL. In addition, members of the landowning *mamata* benefit from the SOGS that are now a major feature of the GPPOL.

Examining the GPPOL development model

National security, land security for landowning *mamata* and *kema*, and investor security were paramount considerations in the discussions that gave way to the establishment of GPPOL. But what made the GPPOL development model attractive to landowners? How does the model encourage community relationships, security and goodwill among stakeholders? Does it respect the rights of *ghatuba* owners who may have lost their livelihood rights because of palm oil development? The answer may lie in the reciprocal nature of relationships that exist between various stakeholders or parties in this development project. To start with, the landowning *mamata* formed an association under the Charitable Trusts Act, called the Guadalcanal Plains Resource Development Association (GPRDA) which then formed the Guadalcanal Plains Resource Development Company Limited (GPRDCL) under the Companies Act.

Three separate MOUs were signed: the first MOU was signed between NBPOL and the Solomon Islands Government; the second was between NBPOL and the Guadalcanal Provincial Government (Sol-Law, 2004b); and the third between NBPOL and GPRDA. As indicated earlier, GPPOL offered better terms of incorporation for landowners. According to the MOU, the GPPOL owns 80 per cent of shares while the landowning *mamata* now own 20 per cent equity share in the company. The Solomon Islands Government does not own shares in GPPOL. The company use arrangements under CDC/SIPL and NBPOL/GPPOL are compared in Table 1.

Before commencing operation, NBPOL/GPPOL ensured that all land leases were standardised with lease expiry dates renewed and extended for 50 years until 2076. Under the NBPO/GPPOL agreement, rents increased from \$65 per hectare to \$100 per hectare per year. This was paid

quarterly, with \$40 paid in the first quarter and \$20 each in the latter three quarters of each year (ibid). Land rentals for leases are paid to individual lessors who are members of GPRDA.

Table 1. Comparison between the company use arrangement under Commonwealth Development Corporation/Solomon Islands Plantations Ltd and New Britain Palm Oil Ltd/Guadalcanal Plains Palm Oil Plantations Ltd

Criteria	CDC/SIPL	NBPOL/GPPOL
Landowner equity	2 per cent	20 per cent
Rent for land leased to the company	SBD\$65/ha/yr. increased to SBD\$100/ha/yr. in the late 1990s. Company subleased land from government.	SBD\$100/ha/yr. Company leases land directly from landowners
Royalties on production	0 per cent	10 per cent of farm gate price
Employment	Manual labourers mostly from other provinces (65 per cent from Malaita)	Preference to Lengo landowners and Guadalcanal people before others.
Solomon Islands Government Share	30 per cent	0 per cent
Smallholder out-grower scheme	No	Yes

Source: Adapted from Sol-Law, 2004a; Nanau, 2008; Allen 2012a.

There is provision to revalue the land under oil palm after the first seven years of operation and after that every five years (Sol-Law, 2004a). This standardisation process was made possible by the cooperation of the Solomon Islands Government, the Solomon Islands Plantations Ltd, Commissioner of Lands, the Guadalcanal Provincial Government, and the landowning *mamata*. Royalties are calculated on the basis of the farm gate price and are paid into two parts: 50 per cent is payable to landowners monthly and the other 50 per cent is paid in an investment fund. There are also dividends paid annually depending on GPPOL's level of profitability, 20 per cent of which is invested in the landowners' business arm, the GPRDCL, for community projects including construction of water supplies and classrooms, road improvement, provision of scholarships, and related activities.

The GPRDCL currently invests in a refuelling station at Point Cruz in the Honiara CBD, a shop in Ranadi in the Eastern end of Honiara and the Royal Plains Motel at Kola'a Ridge in Honiara, and provides employment for mostly young women and men. In a presentation during the *Guadalcanal Land Summit* held at the Honiara Hotel on 20 March 2018, the then Chair of GPRDA John Rose and his team told the gathering that annual land rental plus royalty for 2018 was SBD\$7.247 million (Rose 2018). Evidence

indicates that this has been a profitable venture with considerable levels of cash going into the local economy since 2013 as a result of the development model used at GPPOL.

Discussion

GPPOL contributes around 24 per cent to the GDP. While the benefits under the GPPOL development model are notable, there are concerns, especially on the need for more transparency. This is particularly true in terms of land records, agreements and communication channels between GPPOL, GPRDA, *mamata* trustees, and ordinary members of *mamata*. It is evident that the nature of the trusteeship arrangement under the Land and Titles Act is very elitist. In most instances, only *mamata* trustees have access to important information, especially those that relate to land records and transactions. Even some very senior trustees of certain *mamata* do not have access to lease records of their leased lands. For instance, in an interview with a trustee of *na mamata a Pga* (not a real name), he stated:

I have no copy of the Lease Agreements we signed with GPPOL. When we ask [for] them, they did not want to give us copies of these document[s] and claimed that copies are with their lawyers. So till now, I do not have a copy of the lease agreement that we signed (Personal interview, June 6, 2016).

Likewise, a member of *na mamata a Lka* (not a real name), expressed similar sentiments stating,

I have no idea how we as members of *Lka Mamata* are incorporated into GPRDA. That is because there was no wide consultation amongst us. Only our trustees and the elderly people discussed this. We were still small and young when discussions regarding the inclusion of our tribe into GPRDA were convened. We are now adults but still some of us members never see the lease agreements and even agreements that made us part of GPRDA (Personal interview, June 20, 2016).

Lack of information and partial information or misinformation are concerns in the current scheme of things and have future implications for peace and security. In the interest of sustaining cordial relationships, more effort should be made to ensure that communication of information and records between GPPOL, GPRDA, trustees and ordinary members of *kema* and *mamata* are addressed.

Closely related to this but even more serious is the need to closely monitor the process of replacing land trustees who have passed on. It is evident in the list of trustees of different *mamata* parcels listed at the back of the GPRDA and NBPOL MOU (Sol-Law 2004a: 28–42) that many of the land trustees listed there are deceased. Many have not been replaced while others may have been replaced through non-transparent processes contrary to the requirements of replacing trustees under the Land and Titles Act. This has wider security implications as far as the *mamata* members are concerned. With the non-transparent and often times, secretive way deceased land trustees were replaced, the security of *mamata* land and the benefits that come with it may end up in the wrong hands. In the interest of long-term

security and peace the landowning *mamata*, GPRDA, GPPOL, Commissioner of Lands, and the state should initiate a process whereby the replacement of deceased trustees on the current leased lands to GPPOL are done transparently and updated. This could be a model for future development efforts on customary land in the country.

Finally, the potential for the expansion of oil palm plantations into frontier communities is relatively high. Nevertheless, there must also be due consideration for food security when considering expansion. With the high population growth rate and population density in Lengo, consideration must be given to food security. The Guadalcanal Plains are the main source of vegetables and other food supplies for the Honiara markets. The potential to expand into more customary land may have dire consequences on food security and livelihood activities in the future. It is important that GPRDA and the Solomon Islands Government carry out assessments and feasibility studies before allowing further expansion of palm oil into frontier communities as gardening areas for subsistence and other livelihood activities may dwindle giving rise to unforeseen security challenges.

Conclusion

For development projects like oil palm plantations to succeed in customary land settings and to receive local support, they must be socially embedded in the cultural contexts and worldviews of host communities. Moreover, development projects must realise that relationships are important and must be strengthened through properly discussed agreements. The needs of the wider community ought to be accommodated rather than focussing narrowly on the needs of landowning *mamata*.

In order to ensure future security, peace and sustainable development, enabling land and resource owners to be shareholders in important national projects would benefit the nation. In GPPOL's case, the Solomon Islands Government and Guadalcanal Province allowed the GPRDA and landowning *mamata* to be shareholders in the company rather than mere rent recipients. Dividends and royalty payments received enabled the landowners' business arm, GPRDCL, to invest in livelihood as well as capital projects and businesses. This is a development model that can be replicated in other parts of the Solomon Islands and the wider Pacific if governments are genuinely interested in empowering their citizens and promoting sustainable development.

Notes

- ¹ Aus\$1 = SI\$6.
- ² Since independence in 1978, all land leases were automatically reduced to a maximum of 75 years.
- ³ For a comprehensive discussion on how customary land is acquired, registered, leased and sub-leased in Solomon Islands, see Larmour (1984: 68–96).
- ⁴ Even at this stage, one could already see that the willingness of the Solomon Islands Government to give up some of its shares to the landowning *mamata* and provincial government in the interest of national peace and long term security.

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