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Energy

U.S. Development Agency Plans Review Of Renewable Energy Project in Liberia



By Rick Mitchell

Feb. 5 — The U.S. Overseas Private Investment Corporation (OPIC) intends to review the outcome of an OPIC-funded renewable energy project in Liberia that has led to allegations that the project caused environmental, economic and other harm to farmers, charcoal producers and workers, a spokesman for the agency told Bloomberg BNA.

A Jan. 22 letter sent to OPIC by a group of U.S., Liberian and European nongovernmental organizations urges OPIC President Elizabeth Littlefield to investigate alleged harm caused in Liberia by Buchanan Renewable Fuels (BR), a “Dutch Shell company,” which the letter said received some \$216.7 million in three loans from OPIC from 2008 to 2011.

In comments to Bloomberg BNA Jan. 31, Charlie Stadtlander, a spokesman for OPIC, disputed that amount, citing just \$90 million in loans to the company during that period, “not all of which was disbursed.”

However, he said the agency “is aware of the allegations raised regarding BR’s project and takes the allegations seriously. OPIC’s independent Office of Accountability (OA) intends to review the development impact of the project.”

According to the Liberians’ complaint letter, OPIC, the U.S. government’s development finance institution, provided the majority of financing to the BR project to build a power plant fueled by biomass from rubber trees “harvested” from area farms. According to the letter, OPIC said the project would help Liberia’s development, reviving family farms while providing sustainable energy for the war-ravaged country.

Instead, the company’s operations caused water contamination on farms and nearby deforestation, while the company’s “sudden” abandonment of the project in early 2013 left hundreds of smallholder farmers, whose rubber trees had been cut down, deprived of income they needed to survive, it said.

Because the power plant harvested rubber trees from farms, charcoal producers lost their main supply of primary materials. “As a result, OPIC’s allegedly climate friendly investment drove charcoal producers to degrade nearby natural forests, causing negative climate impacts,” it said.

The letter also alleges labor and human rights abuses in Liberian communities due to the project.

Due Diligence

The NGOs said due diligence should have revealed that BR’s project would strip self-sustaining farmers and charcoal producers of their livelihood. “Timber harvesting operations, like this one, raise foreseeable environmental and worker safety concerns that BR and OPIC should have readily

BNA Snapshot

Review of Renewable Energy Project in Liberia

Key Development: A group of U.S, Liberian and European nongovernmental organizations is demanding that the U.S. Overseas Private Investment Corporation investigate allegations that one of the projects it has funded has caused environmental and economic harm to Liberian farmers, as well as human rights abuses.

What’s Next: The agency says its independent accountability office will review the project.

anticipated and mitigated," the letter said.

Sarah Singh, director of strategic support at San Francisco-based Accountability Counsel, which bills itself as an NGO of lawyers for people harmed by internationally financed projects, told Bloomberg BNA that during the period in which most of the abuses occurred, Buchanan Renewables was owned by Luxembourg-based Pamoja Capital, the investment arm of the McCall MacBain Foundation, a Swiss company.

Pamjoa and McCall MacBain didn't respond to requests for comment.

Tim Steinweg, of the Dutch NGO Centre for Research on Multinational Corporations (SOMO), told Bloomberg BNA Feb. 4 that the holding company BR sold off all its assets in early 2013, but it still exists and is based in Amsterdam.

According to filings at the local chamber of commerce, the Liberia assets are now owned by Gulf Renewables, based in Curacao. Gulf Renewables is, in turn, linked to a Sierra Leonean company called Herbert Farms Venture, Steinweg said.

Stadtlander said BR repaid the outstanding balance of its loan to OPIC in mid-2012. "OPIC's connection and support to the project ended in early 2013," he said.

Stadtlander said, "Regarding due diligence, we monitor OPIC-supported projects to ensure that appropriate protections are in place to support this positive development impact. While Liberia is a post-conflict country with a challenging social and economic operating environment, BR's project was subject to these same protections."

Regrets Expressed

"We regret that BR's project was not able to reach sustainability in Liberia," Stadtlander said. "One of OPIC's driving principles is positive development impact. This mission underpins every project we support."

Nevertheless, the NGOs' letter, signed by several Liberian complainants, said that, given its "key" funding and responsibility for oversight of the project, "OPIC now has the responsibility to investigate, address and provide remedy for harm" caused to the plaintiffs.

The NGOs' letter said the Liberians decided to take their complaints public after months of failed efforts to seek remedies from BR, Pamoja Capital and McCall MacBain, and most recently, in November 2013, from OPIC.

Singh said the Liberians are seeking "broad remedies from OPIC that could include financial compensation, cleanup of polluted water supplies and other remedies, or a mix of those and other solutions. They want acknowledgement of the serious harm that this project has caused."

Their letter calls for "a formal process for addressing harm cause by BR's operations and an independent investigation."

Stadtlander said findings from the review by OPIC's independent Office of Accountability may allow OPIC to adapt its "internal processes for future supported projects in Liberia as well as other post-conflict countries or countries with similarly challenging operating environments."

U.S. Sen. Claire McCaskill, who in December 2013 called for greater oversight of OPIC, didn't respond to requests for comment.

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For More Information

The Liberians' complaint letter, sent to OPIC by the NGOs, is available at <http://bit.ly/1fZ3n1U>.

Contact us at <http://www.bna.com/contact/index.html> or call 1-800-372-1033

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