





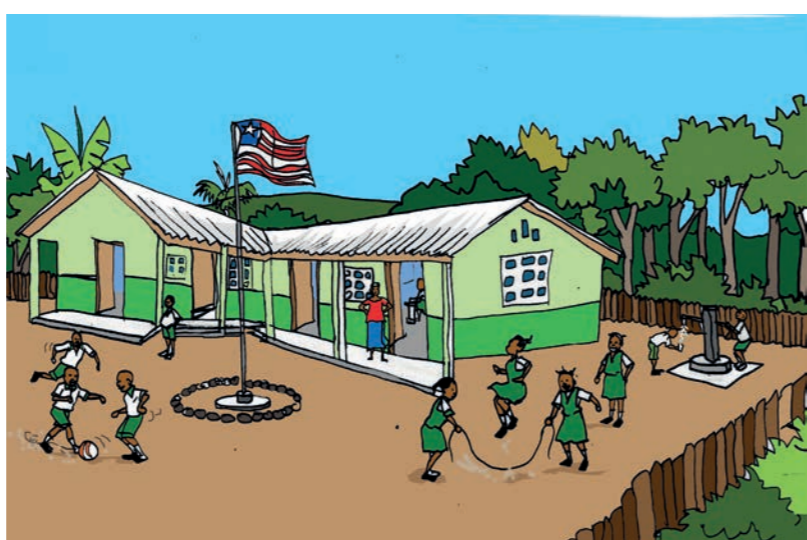


# Getting a fair deal between communities and companies



Some examples of the kinds of payments and benefits a community could demand in exchange for the use of their land by a company:

-  **Rent**, a monthly payment of money to the community for every hectare of land used by the company, and is an important legal signal that the land remains the property of the community.
-  **Royalties**, typically a percentage of profits made by the company, which would go up or down depending on the company's success, but could include a lower limit.
-  **Social benefits**, e.g. contributions to a community development fund, or roads, bridges, schools, healthcare, etc.
-  **Employment and training**
-  **Shareholder payments**, where the community becomes a shareholder in the company and receives a share of the company's profits.
-  **Small-holder or 'out-grower' schemes**, where the community is supported to grow crops on its own land.



## Know your customary and legal rights before signing an agreement

- If a community wants a company to use their land, it is important for the community to negotiate and agree a full and final **legally binding Community Land Lease Agreement with the company, in writing, before** any company activity starts, and *before* the community receives any benefits and payments from the company. This is because in Liberia, communities have the right to own the customary lands they have used, possessed or acquired, whether they have a paper (deed) or not.
- It is important that as soon as possible, and before the community signs *any* legally binding agreement, the community has received the advice of a **qualified lawyer** to make sure the Community Land Lease Agreement is fair and legally binding under Liberian law. **NGOs can also help** make sure that the community gets all the information and advice that it needs; find a lawyer for the community; and serve as an eye for the community during the negotiation process and implementation of the contract.
- **Everyone in the community will need to know what their customary and legal rights are;** exactly what the company's planned activities are; and what the possible bad and good things that will affect them, including community rights, its land, resources, environment, and traditional livelihoods. **The community**

also needs to know the benefits and profits the company can expect to make from using the community's land, so that the community can get a fair deal. The community will also need advice from outside on the different kinds of benefits and payments they can demand.

- With the benefit of all important information, and the advice of a trusted NGO or qualified lawyer, **the whole community has a right to decide together, using its own chosen decision making process,** whether it wants to lease land to a company, and in exchange for what payments and benefits to the community.

**A community land 'lease' agreement** – including the payment of a regular rent, however small – is an important legal protection for communities wanting to let companies use their land. **Only a valid land lease makes it legally clear that the community continues to be the owner of the land. This also makes it clear that possession of the land will be returned to the community when the lease ends.** Other kinds of agreement such as Memoranda of Understanding (MOUs) or Social Agreements should be avoided as they are unclear and may not be legally binding.

## Important questions that the community needs to decide if it wants to lease its land to a company include:

- How long does the community want to lease some land to the company?
  - How much land does the community have, and how much of this land is the community willing to let the company use?
  - Which areas of land and what natural resources is the community willing to let the company use, and which areas and resources does the community not want the company to use?
  - What kinds of uses will be allowed by the community and what kind of uses will not be allowed?
  - What payments and benefits will the community require from the company in return for the use of its land? (see box)
- When considering what information on payments and benefits need to be included in the community land lease agreement, the following is recommended:**
- **Payments and benefits must be clearly described in the lease agreement** so that the community and the company are clear about what payments and benefits have been agreed.
  - **There needs to be a clear timeline** including clear deadlines for when benefits and payments will be provided to the community.
  - **Making sure that if profits are greater than expected, the contract requires that the benefits and payments received by the community also increase in proportion.**
  - **Getting regular payments and benefits, not just one-off benefits.** A company will make money every year from their investment when the project is operational. It is therefore fair for communities to also ask for regular benefits like rent and royalties, instead of just one-off benefits.
  - **Making sure the whole community benefits,** not just a few individuals. The disadvantage of benefits like jobs and training, is that the company will not be able to provide jobs and training to everyone, leaving some people disappointed and left out of the benefit end of the deal.

For further advice contact:



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