

INTERIM RUBBER PLANTATIONS MANAGEMENT PERFORMANCE A Status Report

Introduction

In February 2006, President Ellen Johnson Sirleaf and the Special Representative of the Secretary General of the United Nations, Mr. Alan Doss, established the Rubber Plantations Task Force to undertake a comprehensive assessment of Liberia's major rubber plantations and to recommend corrective actions. Dr. J. Chris Toe, Minister of Agriculture, was appointed by the President to chair the Task Force.

Following site visits, document reviews and interviews with stakeholders, the Task Force presented a report to the President on May 23, 2006. In accepting the report, President Sirleaf extended the mandate of the Task Force and directed it, among other things, to repossess illegally-occupied plantations.

The President's directive centered on the need for government to extend its authority and the rule of law into the conflict-ridden plantations, establish a peaceful and secure environment for local residents and communities, create legal employment opportunities, and foster the legal tapping and selling of rubber.

This brief report shows that improvements envisaged by the President are being realized at the Cavalla Rubber Plantation, where government was forced to intervene because of the ineptitude and corruption of the rogue management team that had been put into place by the NTGL, and at Guthrie Rubber Plantation, where illegal occupation by ex-combatants and other groups had to end.

The Rubber Plantations Task Force and the Interim Management Teams led by the Rubber Planters Association of Liberia (RPAL), wish to thank President Sirleaf and SRSG Doss for their continuing support.

CAVALLA RUBBER PLANTATION

Background

Following a succession of mediocre administrations that left the Cavalla Rubber Plantation in a state of neglect and disrepair, i.e. salaries and wages unpaid from December 2005 through April 2006, Government established an interim management team (IMT) led by the Rubber Planters Association of Liberia (RPAL) in late April, 2006 to forestall labor unrest and deter threats to peace.

Operational and Financial Performance

Production under the auspices of the IMT commenced May 8, 2006 with support from the Firestone Rubber Plantation. Production got off to a slow start but gradually increased to the extent that 4, 480 metric tons of rubber has been produced through mid December 2006. Of this amount, 2,870 mt has been sold, 840 mt is in transit to Monrovia, and 300 mt is in stock.

These figures are subject to diminution of weight due to loss of moisture caused by the extensive and significant delay in shipment to buyers.

During the period under review, the plantation realized an operating surplus of US \$423,000 (four hundred twenty-three thousand United States Dollars) before accounting for inherited liabilities from past administrations, including salary arrears of US \$569,587 (five hundred sixty-nine thousand, five hundred eighty-seven United States Dollars).

The disposition of funds obtained by the Interim Management Team (IMT) through sales, advances and other sources, is shown in the Sources and Uses of Funds Table.

Sources and Uses of Funds

<u>Sources of Funds</u>	
Sales	\$2,714,904
Funds from past administration	\$26,000
Loan	\$315,536
Total sources	\$3,056,440
<u>Uses of Funds</u>	
Production & general expenses	\$1,894,513
Capital expenditure	\$217,981
Salary arrears	\$569,587
Taxes and statutory contributions paid	\$182,751
Total uses	\$2,864,832
Bank and cash balances	\$191,608

Economic Impact

Employment: A total of 1,600 people are employed on the plantation of which 800 are tappers, 100 are employed in the nursery program, and 700 are working in non-tapping jobs. Except for nursery workers, most of the workers were inherited from past administrations. Direct beneficiaries of the improved management of the plantation are estimated at approximately 10,000.

Taxes and statutory contributions: As noted in the Sources and Uses of Funds Table above, taxes and statutory contributions paid are as follows

Withholding tax	\$82,248
Turnover tax (2%)	\$14,115
Social security contributions	\$86,388
Salaries & wages paid:	
Arrears	\$569,000
Current	\$1,115,000

In addition to sales generated by businesses in Pleebo and petty traders on the plantation, the multiplier effect of the employment created at the plantation has been estimated at over US \$3.5 million.

2007 Plans

In 2007, the interim management team plans to:

- ❖ Pay off outstanding liabilities, once verified by audit, and further develop the nursery program
- ❖ Complete the under-brushing exercise using local labor, especially the youth. This will likely take 4 to 5 months and provide employment for 300 – 400 workers
- ❖ Rehabilitate the entire plantation road network
- ❖ Assist with the rehabilitation of the Pleebo-Harper Highway in conjunction with county authorities, Firestone, UNMIL and other stakeholders.
- ❖ Rehabilitate the Plantation's Health Center.

The Interim Board of Directors also plans to authorize a financial audit and technical assessment of the Plantation in early 2007 to verify management performance and to begin the process of returning the enterprise to an appropriate long-term status.

GUTHRIE RUBBER PLANTATION

Background

LURD rebel forces occupied the Guthrie Rubber Plantation in Bomi and Cape Mount counties from 2003 to August 2006. In the first two and a half years of this illegal occupation, the National Transitional Government of Liberia (NTGL) conducted numerous negotiations with the leadership of the rebel faction in an effort to return the plantation to normal operations but it failed.

It was not until the coming into power of President Ellen Johnson Sirleaf's government, and her subsequent establishment of the GOL-UNMIL Rubber Plantations Task Force led by Agriculture Minister Dr. J. Chris Toe, that a peaceful take-over of the plantation was realized on August 15, 2006. Start-up operations began immediately after the takeover with the appointment of an interim management team (IMT) led by the Rubber Planters Association of Liberia (RPAL) Inc.

The condition of Guthrie at the time of takeover was deplorable. Slashing and other maintenance had not been done for nearly a decade; evidence of slaughter tapping was abundant; roads were in a state of total disrepair; buildings were mostly destroyed and dilapidated; and education, health, and water and sanitation services were non-existent. The IMT inherited these unconscionable economic, social and infrastructural conditions from the erstwhile LURD occupants of the plantation who, having profited from its exploitation did not leave a cent in the bank.

Operational and Financial Performance

Since taking over the plantation, the IMT has taken several steps to improve conditions at Guthrie. Some of these are as follows:

- a. Employment of 1573 persons including 1,092 tappers;
- b. Commencement of plantation rehabilitation including line-slashing, with general slashing slated to begin in April 2007 after the on-set of the rainy season;
- c. Establishment of five (5) clinics across the plantation including one that is providing in-patient services;
- d. Opening of sixteen (16) feeder schools at the nursery through elementary levels and a junior high school;
- e. Renovation of over fifteen (15) housing units for workers; and

IMT production of rubber commenced on October 15, 2006. Prior to this, rubber purchasing was a bilateral transaction between tappers and Weala Rubber Corporation under the supervision of the IMT, for which the latter received a facilitation fee. Between October 15 and December 14, a total of 661.19 metric tons were produced and sold to Weala Rubber Corporation (WRC). The sale of rubber as well as the facilitation fee received yielded total revenues of \$539,432; these funds were used to underwrite production cost of \$99,179 and administrative and general expenses of \$290,982, resulting in a net operating surplus of \$149,271:

Sources and Uses of Funds

<u>Sources of Funds</u>	
Sales and facilitation fee	\$539,432
Loan	\$359,000
Total sources	\$898,432
<u>Uses of Funds</u>	
Production & general expenses	\$390,160
Capital expenditure	\$435,320
Loan repayment	\$71,800
Total uses	\$897,280
Bank and cash balances	\$1,152

Economic Impact

The economic and financial impacts of the repossession of Guthrie Plantation are becoming significant as shown by taxes payable to government, salaries and wages paid to workers and their multiplier effects, and the commencement of social development in the area. Taxes payable are:

- Withholding Tax \$19,110.00
- Turnover Tax (2%) 10,291.88
- Social Security 15,208.44

Salaries and wages paid to date are \$253,474.00.

2007 Plans

Planned improvement of road infrastructure with the assistance of UNMIL.

The interim management team expects to increase monthly production in 2007 to enable total output in excess of 8,100 metric tons. In addition, under-brushing will be completed and a clean tapping environment, using local labor especially the youth, provided. The Plantation road network will be rehabilitated and additional buildings will be renovated. The Interim Board of Directors also plans to authorize a financial audit and technical assessment of the Plantation in early 2007 to verify management performance and to begin the process of returning the enterprise to an appropriate long-term status.

Signed:

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Approved:

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Minister of Agriculture &
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