

## CASE STUDY 4

**Conflict arising from undervaluing land: Sierra Leone***(sourced from The Guardian 2012<sup>42</sup>)*

In Sierra Leone, farmers receive USD 5/ha/year for leasing land to a foreign plantation investor under a 50 year contract. However, this payment has been perceived as “unacceptable” to many, as it does not fully compensate farmers for the loss of valuable trees and plants destroyed in the clearing of the land, or more specifically, for the loss of services previously provided by these trees and plants. This perceived unfairness led to social unrest and widespread demonstrations in 2012, turning what could have been a win-win situation into a lose-lose one. Such contestation from the local populace can deter foreign investors and limit further opportunities for development.

*In this case, the winner from the deal is the foreign investor, and the losers are the Sierra Leone farmers. The problem is that the redistribution mechanism in place is so small that farmers feel that they have lost out from the deal. Consequently, both farmers and the foreign investor lose out from the deal: farmers because of the decrease in their livelihoods and livelihood options, and the investor because of the costs and negative image associated with social unrest. One action could be to revise the level of compensation provided by the investor to the farmers, A total economic valuation of their land and services derived from it could help assess a “fair” level of compensation for the farmers (which should be higher than their current USD 5/ha/year), and thereby reduce social unrest.*

## CASE STUDY 7

**Increased cost-effectiveness when both benefits and costs are considered***(Naidoo and Iwamura 2007<sup>55</sup>)*

It is important to consider both the economic costs and benefits from action in sound decision-making. Naidoo and Iwamura (2007) calculated and mapped the annual gross economic rents of the world's cropping and grazing lands (i.e., the profits predominantly derived from food production). They identified areas where conservation would be most cost-effective, taking both biophysical benefits and economic costs into account, and compared them to existing conservation hot spots. They showed that only considering the benefits from conservation without considering the costs

forgone (i.e., the lost profit from agricultural production) leads to suboptimal allocation of resources for conservation. Conversely, taking only the costs forgone but not the economic benefits of conservation into account would not be economically optimal either.

*Moving one step beyond this study would involve the translation of the biophysical benefits in monetary terms, comparing them to the costs of conservation, and including economic activities other than those linked to the agricultural sector (e.g. tourism).*

(such as arts/crafts and eco-tourism), or simply carrying on with business as usual ("changing nothing"). From an economically logical perspective, the option that leads to the greatest economic

benefit should be the top choice. *Box 3* details an example of decision-making to identify an action to be implemented based on the level of economic gains to be made.

