

The Case for **Community Equity****A solution to Lipton Kenyan Tea Estate's troubled past?**

New horizons: an aerial view of a tea estate in Kericho, Kenya

OPINION

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A new model of ‘community equity’ ownership is emerging to replace private equity ownership of Lipton’s Kenyan tea estate.

Milton Friedman said that only a crisis – actual or perceived – produces real change. Perhaps a crisis was inevitable when the private equity giant CVC acquired a troubled Lipton tea plantation in Kenya in 2022. The plantation had a history of environmental, social and governance issues including allegations of violence, sexual harassment and historical land claims. To make matters worse, CVC reportedly ignored an offer from the local community to buy the business. But this crisis may produce real change and give birth to a new model of ownership: community equity.

Power imbalances have been at the heart of the tea industry for centuries. In the 19th century, the British Empire sought to reduce supply chain dependency on China – previously the sole source of tea – by developing large-scale tea plantations in India and Sri Lanka. Land seizures and forced labour made this possible. The model was replicated in British colonial East Africa in the early 20th century.

An understanding of the history of the main tea region in Kenya helps to shape a better appreciation of the present tension. According to records in the UK National Archives, when the British colonial administration arrived in Kericho around 1902, the land was thickly populated and communally owned by the indigenous

Kipsigis community. From 1902, the British seized land and leased it exclusively to European white settlers. Local communities were forcibly relocated to ‘native reserves.’ After leading continued resistance, one clan – the Talai – was sent to a concentration camp in 1934. The most recent cases of forced resettlement took place in the 1950s. The internment of the Talai only ended with Kenyan independence in 1963. These traumatic events remain within the living memory of many families.

For over a century, there has been tension between the local community whose land was seized and the European white settlers who established tea plantations. In 2022, the local community even brought legal action against the UK government in the European Court of Human Rights. The community seeks an apology, restitution of land and compensation. But their claims have been met with silence.

The current owners of the large-scale estates appear to be aware of the growing risks of maintaining the status quo. Last year, one major owner sold their estate to Browns Investments, a Sri Lankan conglomerate. However, the local community protested at not being consulted and several weeks of violence ensued.

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Lipton’s tea estate may follow a different path. Lipton has made a public commitment to adhere to the principle of “free, prior and informed consent” from the local community for any land transfer. The community remains hopeful that this will be followed.

Perhaps the fundamental question is not whether local community consent is required (since this is already a public commitment by Lipton), but how to gain their consent.

The local community and owners have different goals. The community seeks justice for the past and a share of the value created on their ancestral land. The tea estate owners seek maintenance of the status quo.

“Owners and their advisers face a moral hazard.”

Owners and their advisers face a moral hazard and uncomfortable truths when they consider the local history in Kericho. As American writer Upton Sinclair once remarked, “It is difficult to get a man to understand something when his salary depends upon his not understanding it.”

I write from first-hand experience. My own opinion has changed over the last two years. I have had the opportunity to look at the evidence from an independent perspective. I have reviewed primary sources in national archives and met with community members, including Talai elders. The evidence of injustice is clear. A point has now been reached where the status quo no longer seems workable. But what is the solution?

In February, a consortium of local co-operatives offered to acquire the Lipton tea estates on behalf of the community at fair value. The community proposal consists of three parts: majority equity ownership by the community, partial ownership by a community charitable trust (to benefit the most disadvantaged) and independent professional management (to provide expertise and governance). The offer was ignored.

Today capitalism in general – and private equity in particular – is being challenged on many fronts. It is perhaps ironic that a new ownership model could emerge from a crisis involving two extremes of modern capitalism: a private equity giant on one side and a remote community still suffering injustices from Britain’s colonial past in Africa on the other.

This crisis is an opportunity to produce real change. Many of the key stakeholders, not just in the local community in Kericho, appear to be confident that Lipton will adhere to its commitments. If so, then Lipton and CVC will be helping to create a new model that replaces private equity ownership with ‘community equity.’ Most importantly this change would bring genuine equity to the community in Kericho in both meanings of the word: not only as a financial share of ownership but as a fair and just way of addressing the past.

The writer is the former Managing Director of James Finlay Ltd and the former Chairman of James Finlay Kenya Ltd. He is currently a member of a team supporting the local community in Kericho with their offer to acquire the Lipton tea estate.