

Ghana's oil palm sector, pointing a way towards inclusive development?



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“Values related to sustainable and inclusive development need to be anchored in the company’s organizational culture”

The Ghanaian palm oil sector

The oil palm industry is high on the agenda of the government of Ghana. The 2012 tree crop policy of the Ministry of Food and Agriculture recognizes its growth, employment, and rural development potential. Oil palm is a versatile product, used as cooking oil, livestock feed, biofuel, and ingredient of manufactured goods such as soap and cosmetics (Ofosu-Budu and Sarpong 2013). The crop assumedly plays a role in poverty alleviation, as 45% of national production comes from smallholders (Adjei-Nsiah 2012). The remaining is from large-scale plantations that occupy 20% of the land under oil palm. These larger scale plantations partly rely on outgrower schemes on land owned by smallholders and smallholder schemes on company-owned land. Through these schemes, credit and inputs (planting material, pesticides and fertilizers) are provided to producers in return for the produce. Palm oil processed by industrial mills is of relatively high quality and exported, while artisanal mills, often operated by female processors, typically produce lower quality oil for the domestic market.

Despite being a national priority crop since 2003, Ghana’s oil palm productivity and total national production still falls far behind Southeast Asian and Latin American countries, with production in 2018 stagnating for the second consecutive year. The contribution of the fast-growing oil palm industry to sustainable development is receiving increasing attention. International demand for palm oil is growing and the potential for employment, rural development and economic growth is deemed high. Moreover, Agenda 2030 assigns an important role to the private sector.

Setting the scene

This article focuses on Ghana and addresses the question of what role oil palm companies in Ghana play in promoting sustainable and inclusive development. It examines the contribution of two oil palm companies to sustainable and inclusive development. The paper is based on an MSc thesis (Moncoquet, 2018), which compares the corporate sustainability strategies of two companies. This is done by using a policy reconstruction method (Runhaar et al. 2006) to examine (i) how the companies see the problem and its causes (causal relations); (ii) how the companies define the desired situation (normative relations); and (iii) how the companies envisage to implement their strategies and achieve the desired situation (final relations). Findings come from 33 semi-structured interviews with company managers and workers, outgrowers and independent farmers, local community members, and government officials in Kwaebibirem District in Ghana’s Eastern Region, the major centre of oil palm production in Ghana.

Below, we explore how different discourses about the private sector and development result in different corporate sustainability strategies (Fig. 1). This provides context to the ensuing analysis of how the two companies designed and implement their corporate sustainability strategies. Lastly, we present conclusions and implications.

Two corporate approaches

This paper analyses corporate strategies and their implementation by the Ghana Oil Palm Development Company (GOPDC) and Serendipalm. These companies were selected for their influence on the local social fabric, their explicit ambition to bring about development where they operate, and their different sizes, missions and history.

GOPDC belongs to the SIAT Group, a multinational corporation that owns oil palm plantations in five African countries and embarks on Corporate Social Responsibility and RSPO (Roundtable on Sustainable Palm Oil) certification. With 6000 outgrowers, it is the largest oil palm producer in Ghana. Serendipalm is a smaller oil palm company working exclusively with 650 independent smallholder farmers under the world's largest Fair Trade and Organic (FTO) oil palm project. Both companies are committed to sustainable palm oil production, provide their workers with

social benefits and fair working conditions, and implement community development projects to meet local communities' needs in education, infrastructure and water and sanitation. However, they rely on very different approaches to promote sustainable development. GOPDC uses a vertical, top-down and business-driven approach that tends to exclude people from decision-making processes. In contrast, Serendipalm applies a horizontal and gender-sensitive approach that encourages community participation and empowerment.

Discourses and corporate approaches to sustainable development

Corporate sustainability strategies are inspired by different discourses such as inclusive growth, green development, aid-for-trade or sustainable development. Coming under various labels, they boil down to integrating the 'triple bottom-line' (the three dimensions of sustainable development) into a business's organizational culture and strategic decisions. The two most well-known are corporate social responsibility (CSR) and creating shared values (CSV), with CSV claiming its superiority to CSR because environmental and social aims are not an 'add-on', but fully integrated in corporate strategies. They also target different audiences. CSR focuses primarily on creating legitimacy among consumers, while CSV targets shareholders and communities. The corporate strategies of the two businesses in this study represent these, with GOPDC embarking on CSR, while Serendipalm practices CSV, without using the term. Mainstream ideas also affect corporate approaches and the degree to which they are embedded in the company's organizational culture, i.e. the shared values and beliefs that determine behavioural norms. How these play out on the ground eventually determines a company's contribution to sustainable development and the SDGs (Fig. 1).

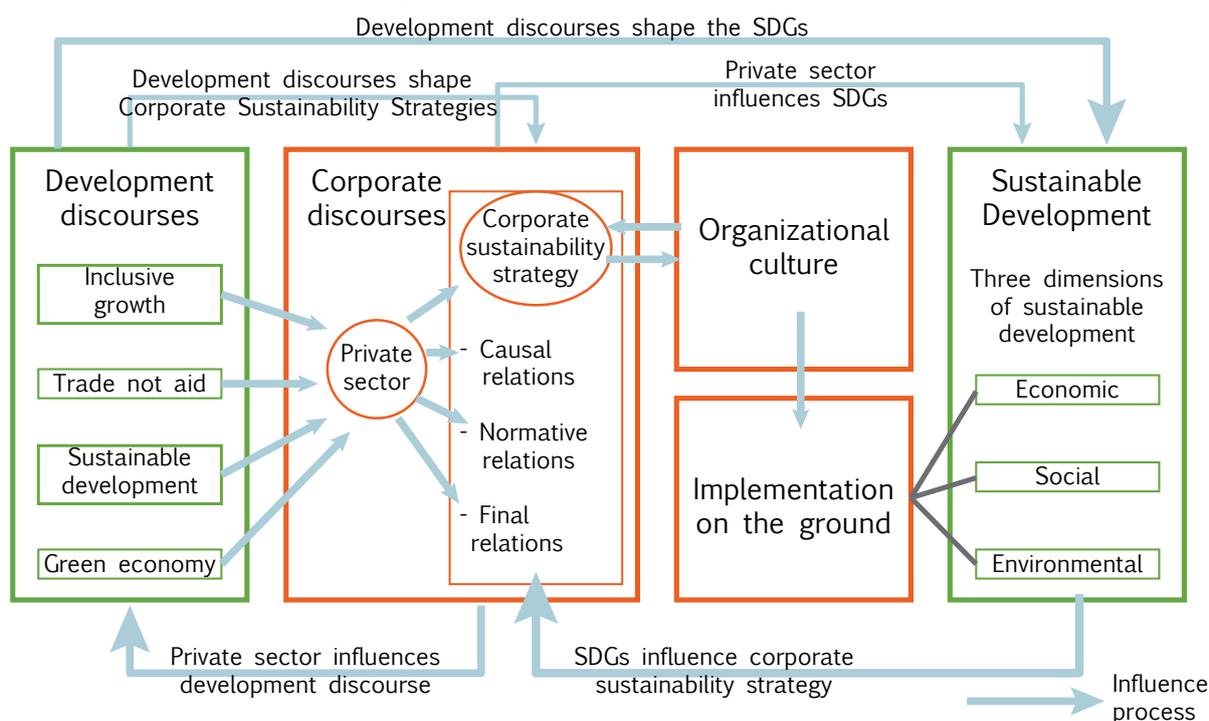


Figure 1. Discourses about the role of the private sector in sustainable development.

How the companies see the problems

The two companies frame the problems of Ghana's oil palm sector in largely similar ways. They point towards adverse environmental impacts, poor working conditions in the plantations and mills, and the use of child labour. However, GOPDC's problem analysis reveals a focus on threats to operational interruption and economic viability resulting from competition, supplier failure, theft of fresh fruit bunches, and infrastructure costs. Environmental problems (climate change, biodiversity loss) and social problems (social conflicts, malaria) are also translated into operational threats. GOPDC also frames people as "malaria cases" and sees them as "causes of operational interruption", tending to render people invisible. It also remains silent about threats to food security from expanding oil palm (see Asubonteng et

al. 2018), with no consideration given, for instance, to intercropping of oil palm and food crops. This differs from Serendipalm, whose problem analysis shows a more human face. Its sister company, Dr Bronner, argues that oil mills are typically poorly embedded in the local social fabric and that profits are seldom shared with the communities. Like GOPDC, it recognizes that environmental effects of large-scale monoculture oil palm plantations lead to resource and supplier failure, but also that it eventually leads to lost livelihoods. Concerned by livelihoods and food security issues more broadly, Serendipalm operates intercropping programmes and recently started an agroforestry initiative. Finally, both companies share a concern for economic viability and remaining competitive on the market, but Serendipalm aims to find a balance by paying a fair price for organically produced palm oil.

Table 1. Comparison of the companies' corporate sustainability strategies

Perception of..	GOPDC	Serendipalm
the problems of the oil palm sector (causal relations)	<ul style="list-style-type: none"> ▷ Threats of operational interruptions and economic viability due to: <ul style="list-style-type: none"> » Environmental harm and biodiversity loss » Issues over land rights and other social conflicts » Supply failure » Theft of fresh fruit bunches » Malaria incidences » Infrastructure costs ▷ Child labour ▷ Poor working conditions 	<ul style="list-style-type: none"> ▷ Environmental harm and biodiversity loss ▷ Rural livelihoods and food production at risk through expansion of oil palm ▷ No real distribution of benefits from oil palm companies to communities ▷ Child labour ▷ Poor working conditions
the desired situation (normative relations)	<ul style="list-style-type: none"> ▷ GOPDC as leader in sustainable oil palm production ▷ A prosperous, safe and environmentally sustainable business ▷ GOPDC as an enabler of economic and social development ▷ GOPDC as an economically viable business 	<ul style="list-style-type: none"> ▷ Serendipalm as a role model and inspirator to other companies in showing that sustainable practices and products are possible ▷ Serendipalm as a company with a positive impact on the environment and the wellbeing of employees and surrounding communities ▷ Give back to communities; redistribute profits and contribute to sustainable livelihoods and fair and inclusive development ▷ Serendipalm as an economically viable <i>and</i> socially responsible business

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- ways to achieve it (final relations)
- ▷ Apply the Roundtable on Sustainable Palm Oil (RSPO) standards and Clean Development Mechanism
 - ▷ Use technologies to optimize resource use (e.g. integrated pest management) and reduce carbon emissions (e.g. zero burning practices, a boiler with turbines that turns organic waste into fuel, a biogas plant)
 - ▷ Implement conservation programmes (protection of riparian and other areas for biodiversity conservation)
 - ▷ Promote wellbeing of shareholders, customers, workers, communities through education, health and infrastructure projects, no child labour and gender equity policies
 - ▷ Create employment under decent labour conditions with holidays, sick leave, maternity leave, pension, health care)
- ▷ Apply Fair Trade and organic certification standards and pay farmers a resulting 10% premium
 - ▷ Train farmers in organic farming, agroforestry, intercropping, and higher yield production, to ensure sustainable production and food security
 - ▷ Share profits by implementing community projects in health, education and infrastructure, water and sanitation through a collaborative approach (with decisions taken by a Fair Trade Committee consisting of farmers, workers, and managers)
 - ▷ Create employment under decent labour conditions, with holidays, sick leave, maternity leave, pension, health care
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How the companies define the ideal situation

The norms driving GOPDC’s sustainability strategy are anchored in its Code of Business Conduct and inspired by the Roundtable on Sustainable Palm Oil (RSPO) certification standard. This implies adherence to integrity and transparency principles, compliance with national and international regulations, and commitment to promoting the wellbeing of shareholders, employees, customers and communities while preserving the environment. As the company that spearheaded the negotiations on the national interpretation of the RSPO principles in Ghana and the first to become RSPO-certified, GOPDC aims to be Ghana’s leader in sustainable oil palm production. The company also aspires to be the major employer in Kwaebibirem District and an innovative actor.

The RSPO standard also implies adherence to Free, Prior and Informed Consent (FPIC), but land is made available through the customary land owners (chiefs or paramount chiefs) who do not necessarily consult their communities. As observed in Kwaeb, this puts food production and local

livelihoods at risk, which goes against the RSPO principles.

Serendipalm’s strategy is driven by norms originating from Fair Trade principles. Fairness and social justice are enhanced by “giving back” and sharing profits with the communities. The company also aims to promote inclusive development by empowering local people through self-managed projects. The company feels a moral responsibility to share profits, letting them take part in its success, thereby obtaining social legitimacy. In this vision, local communities and workers are represented as people and not as resources, and their wellbeing and livelihoods are central to the company’s vision.

Like GOPDC, being a leader in sustainable palm oil production and proving that sustainable palm oil production is possible is Serendipalm’s key mission. The company’s aspiration is therefore to pay local people decent wages that give them purchasing power, and recognizes them for their work.

Both companies mention gender equity as a norm. GOPDC focuses on sexual harassment, violence and reproductive rights, but strategic documents overlook issues of participation and discrimination



Serendipalm's processing plant in Asuom. Photo by: Christine Moncoquet

in career opportunities. Serendipalm goes beyond harassment cases and reproductive rights and includes equal career opportunities, based on skills and ability. At Serendipalm, gender equity is about observing and finding solutions to women's difficulties. Altogether, Serendipalm goes a step further in its drive towards promoting fairness, environmental preservation and inclusive development.

How the companies envisage achieving the desired situation

GOPDC embarks on smallholder and outgrower schemes to develop a network of loyal suppliers and provides its workers with decent working conditions and social benefits (pension, sick leave, annual leave, maternity leave and healthcare). However, the social plans and outgrower schemes are not accessible to all. GOPDC employs many temporary workers over long periods, who are excluded from the decent labour conditions the company claims to give all its workers.

Abiding by Environmental Protection Agency (EPA) and RSPO guidelines and principles, GOPDC has created high conservation value areas for biodiversity conservation. However, environmental concerns are

mainly considered for their costs and benefits and the economic viability of the company. GOPDC thereby focuses on technological solutions for pollution and environmental problems, thus avoiding to question its current practices and core business model. As such, it continues its business-as-usual, at best along more sustainable lines, instead of generating transformative change.

Socially, GOPDC undertakes health campaigns and scholarship schemes, and builds infrastructure (roads, nurse quarters, schools, libraries), but is the sole decision-maker on how to allocate funds to community projects. The social sustainability programmes are carried out under GOPDC's own terms, leading to the conclusion that GOPDC adheres to participatory consultation processes only to comply with the RSPO principles, but not to advance social sustainability and inclusiveness.

While equally embarking on decent labour conditions with social benefits (sick leave, etc.) and community projects, two main differences stand out in how Serendipalm implements its sustainability strategy. First, it deliberately uses manual labour with the aim of creating more employment, especially for unschooled women who would otherwise not be hired. Second, the company pays a

10% premium on the market price of fresh fruit bunches while maintaining the balance with operational costs, and supports farmers willing to switch to organic production with seedlings and loans. Third, it established a Fair Trade Committee composed of farmers, oil mill workers, and managers of Serendipalm, which decides on which project proposals are admissible, and how to allocate the budget. It then uses a randomized ballot system to choose which project to implement first, in an open and transparent process.

Discussion and conclusions

Both companies contribute to sustainable oil palm production, provide decent labour conditions, and implement community projects for supply of water and sanitation, health campaigns, and social infrastructure. Yet, there are fundamental differences in the underlying mindsets and the drivers behind the two approaches. Being mainly concerned with potential disruptions to operations, GOPDC's corporate sustainability strategy focuses on economic dimensions of sustainable development, related to adherence to RSPO certification standards. GOPDC's commitment to human and social development through its CSR strategy appears as an additional layer to its core business strategy. This contrasts with Serendipalm's integrative and socially-driven approach based on Fair Trade principles, focusing on inclusion of marginalized groups, and displaying an ongoing concern for social and environmental dimensions of sustainable development.

GOPDC uses a vertical approach based on a discourse that centres on efficiency, processes and technological innovations. Serendipalm's discourse and practices however, reflect a horizontal approach guided by notions like participation, sharing, transparency, people, and shared decision-making that enhance empowerment of local people. GOPDC decides on and sets the terms of community projects, whereas Serendipalm uses a participatory and inclusive process that transfers ownership of community projects to local people through the Fair Trade Committee. GOPDC's business-driven organizational culture is anchored in economic values,

whereas social and environmental values are more solidly anchored in Serendipalm's organizational culture and shared among all stakeholders. This makes Serendipalm's strategy more inclusive in terms of promoting meaningful participation, decision-making, empowerment and inclusion of marginalized groups.

Both approaches contribute to sustainable development, but to enhance inclusiveness there is a need for a more people-centred approach that promotes meaningful participation, increased empowerment and more involvement of marginalized groups. GOPDC could make its strategy more inclusive by (i) reducing use of short-term labour contracts, (ii) making the selection of outgrowers more inclusive, (iii) taking FPIC more seriously, and (iv) making selection of community projects more transparent and democratic. Serendipalm could improve inclusivity by (i) communicating better with local governments, (ii) providing management training to villagers in charge of community projects, and (iii) taking better account of different interests among community members.

Elaborating a good corporate sustainability strategy consisting of causal, normative and final relations is not a guarantee that a company will succeed in bringing about sustainable and inclusive development. Ensuring that such strategies are translated from paper to reality, values related to sustainable and inclusive development need to be anchored in the organizational culture, including the shared values and beliefs and behavioural norms within a company.

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Cover photo: Women carrying fruit at the Serendipalm processing plant. Photo by: Christine Moncoquet



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