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

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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 the industry’s potential for growth, employment and rural development. Palm oil is a versatile product, used as cooking oil, livestock feed and biofuel and in manufactured goods such as soaps and cosmetics (Ofosu-Budu and Sarpong 2013). The crop is assumed to play a role in poverty alleviation, since 45% of national production comes from smallholders (Adjei-Nsiah, Sakyi-Dawon and Kuyper 2012). The remaining production is from large-scale plantations that occupy 20% of the land under oil palm. These larger plantations rely partly 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...

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

Women carrying fruit at the Serendipalm processing plant. Photo: Christine Moncoquet.
producers in return for their produce. Palm oil processed by industrial mills is relatively high quality and is exported. Artisanal mills, often operated by female processors, typically produce lower quality oil for the domestic market.

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

Setting the scene

This article focuses on Ghana and addresses the question of what contribution oil palm companies in the country can make to promoting sustainable and inclusive development. It examines the contribution of two oil palm companies to sustainable and inclusive development: Ghana Oil Palm Development Company (GOPDC) and Serendipalm. The article 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, Dieperink and Driessen 2006) to examine (1) how the companies see the problem and its causes (causal relations); (2) how the companies define the desired situation (normative relations); and (3) 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 palm oil production in Ghana.

Two corporate approaches

This article analyzes 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. The article explores how different discourses about the private sector and development result in different corporate sustainability strategies (Figure 1).

GOPDC belongs to the SIAT Group, a multinational corporation that owns oil palm plantations in five African countries and undertakes Corporate Social Responsibility and Roundtable on Sustainable Palm Oil (RSPO) certification. With 6,000 outgrowers, it is the largest oil palm producer in Ghana. Serendipalm is a smaller oil palm company that works 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, the two companies 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. With 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 best-known strategies are corporate social responsibility (CSR) and creating shared values (CSV). CSV claims to be superior to CSR because environmental and social aims are not an “add-on,” but are fully integrated in corporate strategies. The two strategies 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 two strategies: GOPDC practises CSR, while Serendipalm practises CSV (although it doesn’t use that 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 affect a company’s activities eventually determines the company’s contribution to sustainable development and the SDGs (Figure 1).

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

**How companies see the problems**

The two companies frame the problems of Ghana’s oil palm sector in largely similar ways. They point to 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), giving no consideration, 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’s, argues that typically, oil mills are poorly embedded in the local social fabric and that profits are seldom shared with the communities. Like GOPDC, it recognizes that the environmental effects of large-scale monoculture oil palm plantations lead to resource and supplier failure, but it also considers that these effects eventually lead to lost livelihoods. Concerned by livelihood issues and food security more broadly, Serendipalm operates intercropping programmes and recently started an agroforestry initiative. Both companies share a concern for economic viability and remaining competitive in the market, but Serendipalm aims to find a balance by paying a fair price for organically produced palm oil.

**How the companies define the ideal situation**

The norms driving GOPDC’s sustainability strategy are anchored to its Code of Business Conduct and inspired by the RSPO certification standard. The standard requires adherence to integrity and transparency principles, compliance with national and international regulations, and commitment to promoting the well-being of shareholders, employees, customers and communities while preserving the environment. As the company that spearheaded 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 palm oil production. The company also aspires to be the major employer in Kwaebibirem District and an innovative company.

The RSPO standard also requires adherence to Free, Prior and Informed Consent (FPIC), but in Ghana land is made available through customary landowners (chiefs or paramount chiefs) who do not necessarily consult their communities. As observed in Kwae, this puts food production and local livelihoods at risk, which goes against RSPO principles.

Serendipalm’s strategy is driven by norms originating from Fair Trade principles. Fairness and social justice are enhanced by “giving back” and by sharing profits with the communities. The company also aims to promote inclusive development by empowering local people through community-managed projects. The company feels a moral responsibility to share profits, letting communities take part in its success, thereby obtaining social legitimacy. In this vision, local communities and workers are seen as people and not resources, and their well-being 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. Serendipalm’s aspiration is to pay local people decent wages that give them purchasing power, and to recognize 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 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. In general, Serendipalm goes a step further in its drive to promote fairness, environmental preservation and inclusive development. See Table 1.
# Table 1. Comparison of two companies’ corporate sustainability strategies

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<th>Perception of..</th>
<th>GOPDC</th>
<th>Serendipalm</th>
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| The problems of the oil palm sector | Threats of operational interruptions and economic viability due to:  
» 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 | Environmental harm and biodiversity loss  
• Risks to rural livelihoods and food production through expansion of oil palm  
• No real distribution of benefits from oil palm companies to communities  
• Child labour  
• Poor working conditions |

| The desired situation | GOPDC as a leader in sustainable palm oil production  
• A prosperous, safe and environmentally sustainable business  
• GOPDC as an enabler of economic and social development  
• GOPDC as an economically viable business | Serendipalm as a role model and inspiration for other companies in showing that sustainable practices and products are possible  
• Serendipalm as a company with a positive impact on the environment and the well-being of employees and surrounding communities  
• “Giving back” to communities; redistributing profits and contributing to sustainable livelihoods and fair and inclusive development  
• Serendipalm as an economically viable and socially responsible business |

| Ways to achieve it | Apply 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 well-being of shareholders, customers, workers and 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 the 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 made 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 |


How the companies see themselves 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 health care). However, these social plans and outgrower schemes are not accessible to everyone. GOPDC employs many temporary workers over long periods who are excluded from the favourable 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 considered mainly for their costs and benefits and for the economic viability of the company. GOPDC focuses on technological solutions for pollution and environmental problems, avoiding questions about its current practices and core business model. In this way, it continues its business-as-usual approach, at best along more sustainable lines, instead of generating transformative change.

Socially, GOPDC undertakes health campaigns and scholarship schemes, and builds infrastructure (roads, nurse’s quarters, schools, libraries), but it 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 RSPO principles, not to advance social sustainability and inclusiveness.

Although Serendipalm also institutes decent labour conditions with social benefits (sick leave, etc.) and community projects, two main differences stand out in how the company implements its sustainability strategy. First, it deliberately uses manual labour, with the aim of creating more employment,
especially for women without an education who would otherwise not be hired. Second, the company pays a 10% premium on the market price of fresh fruit bunches and supports farmers who are willing to switch to organic production with seedlings and loans. Third, it established a Fair Trade Committee composed of farmers, oil mill workers, and company managers that decides which project proposals are admissible, and how to allocate the budget. It then uses a randomized ballot system, in an open and transparent process, to choose which project to implement first.

Discussion and conclusions

Both companies contribute to sustainable palm oil production, provide decent labour conditions, and implement community projects for the 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 the economic dimensions of sustainable development, adhering to RSPO certification standards. GOPDC’s commitment to human and social development through its CSR strategy appears to be an additional layer of its core business strategy. This contrasts with Serendipalm’s integrative and socially-driven approach. Based on Fair Trade principles, the approach focuses on the inclusion of marginalized groups and on an ongoing concern for the 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 such as participation, sharing, transparency, people, and joint decision-making that enhances the 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 based on economic values, whereas social and environmental values are more solidly established 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 in order 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 (1) reducing the use of short-term labour contracts; (2) making the selection of outgrowers more inclusive; (3) taking FPIC more seriously; and (4) making the selection of community projects more transparent and democratic. Serendipalm could improve inclusivity by (1) communicating better with local governments; (2) providing management training to villagers in charge of community projects; and (3) taking better account of different interests among community members.

Elaborating an effective corporate sustainability strategy does not guarantee that a company will succeed in bringing about sustainable and inclusive development. To ensure that such strategies are translated from paper to reality, the values related to sustainable and inclusive development need to be part of the organizational culture, including the shared values and beliefs and behavioural norms within a company.
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References


