How will increasing inclusiveness be good for smallholder oil producers?

Large-scale oil palm expansion has many negative impacts on the local economy, environment and people. Of these, particularly important effects are the displacement of people, loss of individual, family and community land, and reduction in rich biodiversity, including endangered plant and animal species. However, observed increases in local poverty and unemployment can be resolved with greater smallholder inclusiveness. This will also help to foster respect for community rights to sustainable livelihoods and customary laws and traditions, and also address problems with food security. Inclusiveness can turn smallholders into critical stakeholders, help establish and strengthen their role in the oil palm value chain and their terms of engagement, and ensure transparency in consultative processes, price determination and negotiations on land allocation. It will also compel compliance by multinational companies with environment and customary laws, and will boost production and improve smallholder living standards.

In my view, most company policies and practices are motivated by their drive to maximize profits, and smallholders are so often not consulted nor considered as important stakeholders. Smallholders also have limited access to information, including costs to be incurred in securing the tenure of production units, and companies often make unrealistic projections of smallholder income while in turn

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overstating their production costs. Current practices exclude smallholders, leaving them at the mercy of company contractors, who often have monopolies to buy from farmers and resell to the company at a much higher price.

**What can smallholders do to better engage with companies?**

Smallholders must create viable networks and platforms to meet their various aspirations, and to advance, secure, strengthen and sustain their interests in the oil palm value chain. To do so, they have to organize themselves into cooperative and formalized associations or unions, in order to become critical stakeholders and to influence the price of their fresh fruit bunches.

**What advice would you offer oil palm companies to improved smallholder inclusiveness?**

Companies must become more transparent and accountable, with the adoption of a bottom-up accountability framework that gives smallholders a sense of belonging, and more. This will help convince smallholders that they are partners with oil palm companies, and not objects to be exploited for the selfish gains and interests of multinationals. Companies must eradicate the platforms that permit the imposition of unfavourable rates on producers, and start dealing directly with smallholders to agree on acceptable prices. Agreements should be properly documented, written up and circulated, not just presented as oral statements alone as is currently done. Smallholders must have confidence in companies. Companies should adopt environmentally friendly practices and put measures in place that will help curb hazards, particularly since most of their activities often result in the pollution of air, water and other parts of our common environment.

There are various aspects of corporate social responsibility that companies are introducing, but these must include projects that will directly address the main needs and challenges confronting local people and their communities, and such projects should be acknowledged by and lodged with host communities and not just the local government. Importantly, the existence of memoranda of understanding, environmental impact assessments and other such documents must not remain secret. The fact that they exist, where they are kept and that they are accessible should be known to all smallholders and members of the public. Companies should also create space to allow for the possibility of sharing views, to allow effective criticism, promote partnering with smallholders, and create policies that will help to improve livelihoods.

**What is your vision for a more inclusive future?**

I want to see a future that will guarantee improved livelihoods for all smallholder oil palm producers. This future will eliminate the many complex and diverse barriers that smallholder are constantly faced with, such as the denial of any ability for them to access markets, land, finance, training and information. Concrete and financially supported means are urgently required to support smallholders to actualize their full potential and enhance their productivity in terms of quantity and quality through improved and sustainable agricultural and environmentally friendly practices. These must also include long-term business commitments, to help establish an effective synergy between large-scale companies and the smallholders that will ultimately underpin their future profits.