CHALLENGES AND PROSPECTS OF GHANAIAN PALM OIL DEVELOPMENT
AND THE ROLE OF INDEPENDENT SMALLHOLDERS IN SUSTAINABLE
PRODUCTION

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Abstract

The expansion of oil palm worldwide is unparalleled by any other vegetable crop. Accordingly, as consumer awareness of social and environmental devastations linked to the industry has risen, certification mechanisms have grown as a way to implement checks and measures in sustainable palm oil production. This work explores the opportunities and obstacles to sustainable palm oil production in Ghana, and surveys the role that independent smallholders could hold through Roundtable on Sustainable Palm Oil (RSPO) palm oil certification schemes. This research also contributes to the understanding and the role that independent smallholders hold in the development of palm oil plantations in Ghana. Both qualitative and quantitative methods were used in this study, and a total of 25 interviews and 30 surveys were conducted in Juaben and Accra, Ghana. Results show that the potential for increased income has driven 49% of smallholders in the community to begin cultivating oil palm as their primary crop. Farmers can either cultivate independently or enter into a contract with the recently RSPO-certified local mill, the Juaben Oil Palm Development Company (JOPDC). While contracted farmers have access to RSPO and JOPDC extension services, loans, and inputs, independent smallholders do not have access to support, extension services, or training. Importantly, only 20% of independent smallholders in Juaben believe they have the training needed to cultivate oil palm. This work argues that, in order for RSPO certification mechanisms to be truly sustainable, they should be inclusive of all types of smallholders wanting to enter the industry. Literature thus far has not delved deeply into why certification mechanisms are not more inclusive of smallholder development, citing solely that costs are too high and that logistical support is unavailable. To ensure the sustainability of the growing palm oil industry, programs are needed that are specifically aimed at including independent smallholders in their development and building their capacity to become export-driven producers.
Lay Summary

Consumer demand for sustainably traced products has increased in recent years. Certification mechanisms have emerged as a way to add accountability and transparency to agricultural production. The emergence of certification mechanisms in palm oil, led by the Roundtable on Sustainable Palm Oil (RSPO), is relatively new. Standards procedures outlined by the RSPO currently exclude independent smallholders from entering into the palm oil export market. This study contributes to the understanding of the role that independent smallholders play in the development of a sustainable palm oil industry in Ghana. Results show that there is a demand by independent smallholders to enter into the certified market, but that there is a lack of support and extension aimed at resolving their exclusion.
Preface

This thesis is an original intellectual product of author R. MacIvor. The fieldwork reported in Chapter 3 was covered by UBC Ethics ID H15-01320.
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Abbreviations

B&C – Book and Claim
BMP – Best Management Practices
BOPP – Benso Oil Palm Plantations
CAR – Corrective Action Requests
CP – Complaints Panel
CSPO – Certified Sustainable Palm Oil
CSR – Corporate Social Responsibility
EIA – Environmental Investigation Agency
GIS – Geographical Information System
GOPDC – Ghana Oil Palm Development Company
HCV – High Conservation Value
IP – Identity Preserved
JOPDC – Juaben Oil Palm Development Company
LUC – Land Use Change
MB – Mass Balance
NBPOL – New Britain Palm Oil Limited
NGO – Non-Governmental Organization
P&C – Principles and Criteria
PSI - Presidential Special Initiative
RSPO – Roundtable on Sustainable Palm Oil
RSSF – RSPO Smallholders Support Fund
SAP – Structural Adjustment Program
SCCS – Supply Chain Certification Systems
SG – Segregated
SSI – State of Sustainability Initiatives
TOPP – Twifo Oil Palm Plantations
TPC – Third Party Certification
WWF – World Wildlife Fund
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The community of Juaben, Ghana welcomed me for many nights during my fieldwork and opened up about their lives and the culture of palm oil. Reading and conducting research before arriving in Juaben will never compare to the amount of knowledge I gained from simply talking to community members about their experiences and the history of oil palm in the area. I would like to thank my translator and guide, Chaz, who led many of these conversations in Juaben and whose enthusiasm and intent interest in the research helped incite additional interviews.

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Dedication

This work is dedicated to my family, who has been a continuous pillar of support through the highs and lows of this journey.
Chapter 1: Introduction

In recent years, palm oil has become the vegetable oil that society vehemently opposes. Strong images of rainforest destruction, annihilation of biodiversity, and vast areas of lush, tropical rainforest now covered in oil palm dominate the media. Those cultivating oil palm have been exposed as villains and the industry has been subjected to boycotts. Yet, production continues and is increasing across equatorial countries, with plans to continue expansion.

The oil palm (*Elaeis guineensis*) originated in West Africa (Hartley 1988) and cultivation of its oil is at the core of agricultural development across many equatorial countries. Known for its easy harvest, high price, and high production rate, the oil palm is one of the world’s most rapidly expanding equatorial crops. Palm oil, derived from the fruit of the oil palm tree, can be separated into different properties for various uses, including in cosmetics, detergents, cooking oil, and biofuels, used globally. Large-scale production of palm oil began in the 1990s in tropical countries, such as in Malaysia and Indonesia. In countries where significant rainforest loss has taken place—as in India, Australia, and Ghana—production has begun to focus on palm oil and other biofuel feedstock since these crops can be grown on poor soils; additionally, land is readily available and labour is cheap (Korbitz 1999; Tiwari et al. 2007; Solomon 2010; van Noordwijk et al. 2017).

Concerns surrounding the social and environmental impacts of palm oil production have resulted in both promises and issues relating to legitimate management practices. The Roundtable on Sustainable Palm Oil (RSPO) surfaced in 2004 as a pioneer in the sustainable palm oil industry, advocating for transparent supply chains and smallholder involvement. Palm oil companies, both local and large-scale, are adopting criteria outlined by the RSPO in order to sell their product in the export market. Even with the checks and transparency of the RSPO, a major challenge outlined by scholars is the lack of inclusion of smallholders (Lee et al. 2011). Limited access to knowledge, training, and inputs are excluding smallholders, in particular independent smallholders, from the sustainable palm oil industry.

Future trends forecast a growing demand for sustainably produced palm oil. Given that independent smallholders contribute substantially to production, their involvement in the
development process and certification mechanisms is vital (Lee et al. 2011). In order to enhance the effectiveness and legitimacy of certification schemes, positive involvement of independent smallholders is critical to this growing industry in implementing safeguards to protect and conserve social and environmental actors (Groom et al. 2008; Schoneveld et al. 2010; Lee et al. 2011). Implementing these certification mechanisms early on in the palm oil development process will increase the legitimacy and transparency—as well as the sustainability—of future palm oil production.

In order to address this crossroad, this research aimed to do the following:

1) Survey the development of the sustainable palm oil industry in Ghana

2) Examine the potential role independent smallholders could play in palm oil certification schemes and policy mechanisms by:
   - Analyzing the current structure for the development of a sustainable palm oil industry in Ghana; and,
   - Identifying the key actors in the certification process and identifying blockers for their integration

This thesis presents a study on the independent smallholder’s role in the Ghanaian palm oil industry, and how that role is adapting to the implementation of sustainable certification schemes. Unlike contract smallholders, independent smallholders hold no contract to neighbouring mills or companies, and typically do not have access to training materials, extension services, or knowledge transfer to allow them to enter freely into the sustainable palm oil market. Subsequent chapters will more clearly outline the differences between contract and independent smallholders. The second chapter provides an overview of current certification systems in the palm oil industry, and takes a deeper look at the RSPO, the organization behind the most widely accepted certification standards. The third chapter explains the qualitative, mixed methodology employed, including the general approach, participant selection, data collection, and data analysis. In the third chapter, a case study from Juaben, Ghana is presented and describes efforts to promote sustainable palm oil production. The results are divided into four subsections and are further considered in the discussion that follows. Finally, the conclusion summarizes the main findings and
implications of this study, providing recommendations and highlighting areas for further research.
Chapter 2: People, Planet, Profit: A review of operations and limitations of the RSPO

2.1. Introduction

The benefits of palm oil production are difficult to ignore. It not only offers high yield and excellent market price to growers, but it also offers a diverse market for its use in food products, consumer goods, and energy production (Basiron 2007; Schoneveld et al. 2010; Oosterveer 2015).

Palm oil is an internationally traded commodity currently worth tens of billions of dollars, with rapid increasing demand that is expected to double within the next decade (World Growth 2011; Petrenko et al. 2016). Palm oil’s versatility as a raw material has made it the most widely produced and highest market-penetrating vegetable oil in the world (Thoenes 2006; Vermeulen and Goad 2006; Hansen et al. 2015). Globally, palm oil is becoming increasingly important as a viable, clean alternative source of energy to fossil fuel, and is being cultivated for use to make biodiesel. The growing market for biodiesels has created a mass market in several countries throughout the world (Mukherjee and Sovacool 2014). Additionally, the palm oil industry has been receiving government policy support for more than three decades. It is regarded by environmentalists as the most promising renewable alternative energy source of our time (Groom et al. 2008; Sexton and Zilberman 2008; Loh 2017). However, although palm oil is a viable renewable raw material with value for both producing and consuming countries (Vermeulen and Goad 2006), research has shown that unless oil palm is grown in a sustainable manner, the negative environmental impacts of production far outweigh its contributions to reducing emissions as an alternative to fossil fuels (Fargione et al. 2003; Tilman et al. 2009).

In addition to its use as a biodiesel, approximately half of the goods consumed globally—from processed foods to household cleaning products—contain palm oil, although most consumers are largely unaware of this (Oosterveer 2015). Labelled as a ‘vegetable oil’ on ingredient lists in many consumer countries (Schoneveld et al. 2010), palm oil is a critical raw material in the production of soaps, cosmetics, and margarine (Falck and Heblich 2007). The increase in consumer demand for palm oil has made oil palm cultivation an important sector in the economic development of many developing countries, particularly with respect to ameliorating poverty and addressing food security issues. On the other hand,
increased oil palm cultivation has put considerable strain on forestlands (Teoh 2010) and concern is rising over the negative environmental and social impacts of large-scale cultivation of oil palm (Boons and Mendoza 2010). The leading environmental problems associated with palm oil—referred to as conflict palm oil by activists—include, but are not limited to, the following: habitat destruction, forest burning, air pollution, soil erosion, deforestation, and loss of biodiversity (Clay 2013). On the social side, scholars debate whether palm oil really fosters growth and development by creating employment, providing infrastructure, and increasing productivity, or whether it actually harms local communities through labour exploitation and threats to local land rights (Cotula 2009; Görgen et al. 2009; von Braun and Meinzen-Dick 2009; Deininger and Byerlee 2011; Cotula 2012; Deininger and Byerlee 2012).

In recent years, the development of certification schemes has been adapted to ensure environmental and social responsibility (Prakash and Potoski 2006; Conroy 2007). As a result of rising consumer demand for sustainable choices, certification schemes are now being established in the palm oil industry (Kaphengst et al. 2009). These voluntary certification schemes have come about due to the difficulties that (inter-) governmental bodies encounter, as they are often too slow or ineffective to properly manage resources (von Geibler 2013). Certification schemes are a legitimacy-enhancing mechanism used in a wide array of sectors, and they have the potential to implement sustainable practices in palm oil production if inclusion of smallholder livelihoods is explicitly accounted for (Hunsberger et al. 2014). A livelihood comprises the capabilities, assets, and activities necessary for a means of living (Serrat 2017)

The Roundtable of Sustainable Palm Oil (RSPO) is considered a leader in the certification domain. Working in collaboration with the global supply chain, the RSPO is a non-profit organization that has been transforming the palm oil industry since 2004 to reach sustainability in the industry. The RSPO integrates all stakeholders in the palm oil supply chain to tackle this issue directly in order to develop, and implement, a standard for sustainable palm oil production (Paoli et al. 2010). Since its establishment, the RSPO has gained significant traction amongst palm oil producers, consumers, and social and environmental Non-Governmental Organizations (NGOs). By protecting local communities and biodiversity, and by offering a transparent supply chain, the RSPO is a significant actor in the advancement of sustainable palm oil production. Its system of
governance has earned it praise, but also many criticisms. For instance, production of palm oil continues to be dominated by large-scale investments that monopolize the industry and that use smallholders through outgrower schemes to meet growing consumer demands (Maughan, 2011).

Literature shows that combining large-scale plantations and smallholder outgrower production is an approach to increase local ownership and benefit flows (Diaz-Chavez 2010; Brüntrup et al. 2018). Almost all large-scale feedstock plantations have outlined smallholder engagement in outgrower agreements in their development plans; however, these schemes have yet to be observed (Schoneveld et al. 2010). The prescribed potential benefits of smallholder outgrower schemes are considered hypothetical and the reality is an exclusion of smallholders altogether (Paschall 2013). Existing research has not addressed, at length, why certification mechanisms are not being more inclusive to smallholder development, solely citing the associated costs as being excessively high (von Hagen 2011, Saadun, N 2018).

Concern is rising over the negative environmental, social, and economic impacts of the surge in palm oil development. These potential impacts have not altered the growth projection of Indonesia, Ghana, Colombia, or other producing countries. Sustainability has become a buzzword in which organizations, governments, and individuals assess human impacts on the environment. However, unease about sustainability is being expressed within policy debates, media, and studies with respect to possible infringements on environmental resources and current practices across a broad array of industries. In particular, the unsustainability of the palm oil supply chain is a central theme in international deliberations. In order to identify how to achieve sustainability, there needs to be a clear understanding of what sustainability means. For environmentalists, the term implies preservation of ecological systems; for economists, the improvement of human living standards (Toman 2006). This discrepancy in definitions is not held to economists and environmentalists in the palm oil industry alone: there are a multitude of other stakeholders who hold varying definitions of what is meant by sustainable palm oil.

Though the palm oil industry has been at the centre of agricultural development for decades in many countries, research thus far has focused on the issues, and not on the potential solutions, of an unsustainable industry. Hansen et al. (2015) found that publications on
palm oil by-products, biotechnology, and biofuel production were blatantly lacking. In particular, the knowledge base regarding RSPO is not consolidated (Hansen et al. 2015). This chapter reviews the genesis, evolution, and operations of the RSPO and its development. It also discusses its relevance and how the RSPO has contributed to sustainability in the palm oil industry. The chapter concludes by analyzing challenges and limitations faced by the RSPO, and identifies further discussions that need to take place in order to ensure that the needs of all stakeholders are being addressed for the long-term growth of palm oil certification. To begin, however, the chapter discusses key underpinnings of certification programs in general.

2.2 Standards of sustainability

Certification schemes typically contain a set of criteria that are governed by standards of sustainability and are directed by a group of relevant stakeholders (Lee et al. 2011). The overarching goal of certification is to increase transparency in the supply of ecosystem goods and services to meet present demand, without sacrificing the supply for future generations (Linton et al. 2007). The popular concept of Triple Bottom Line was coined by John Elkington (1997) and adopted quickly by many organizations into corporate strategies and management practices for measuring performance in three pillars: people, planet, and profit. Voluntary standards and certifications on sustainability have been created following this concept in a variety of sectors in order to delegate social and environmental regulation to the private sector (Haufler 2013). The need for increased transparency and sustainability in the rapidly expanding palm oil industry is widely acknowledged by various stakeholder groups (Hatanaka and Busch 2008). For example, the global agrifood sector has been making use of Third Party Certification (TPC) for quite some time now. In fact, the responsibility is increasingly shifting to private TPC bodies, or Certification Bodies, (CBs) (Barrientos et al. 2001; Bredahl et al. 2001; Calvin et al. 2001), which act as influential regulatory mechanisms in the global agrifood sector (Tanner 2000). CBs function as a product safety and quality verification mechanism whereby these bodies evaluate, assess, and certify claims against regulatory and compliance procedures (Hatanaka and Busch, 2008). As they have no stake in the outcome of the certification process, they are seen as independent and objective. The legitimacy and effectiveness of CBs largely depends on the independence of certifying bodies (Hatanaka and Busch 2008).
The concept of legitimacy refers to the acceptance and justification of authority (Schouten and Glasbergen 2012). According to Suchman (1995), legitimacy is a common awareness that the actions of a firm are desirable, proper, and suitable within a socially constructed system of norms, values, and beliefs. Others approach legitimacy more in line with its classical interpretation: that is, as corresponding with established norms and requirements, recognized principles, or accepted rules and standards of conduct (Biermann and Gupta 2011). Consent is important in the analysis of legitimacy because functional expressions of consent confer legitimacy, while the withdrawal, or refusal, of consent erode legitimacy (Beetham 1991). Cashore (2002) makes a distinction between first and second tier audiences that grant authority to private governance systems. Tier I audiences are those organizations that have a direct interest in the policies and procedures of the organizations they legitimize. Tier II are those markets within civil society that have a less direct but equally significant role in acknowledging legitimacy (Cashore 2002).

Though TPC is not a requirement for suppliers to sell their products to leading retailers, suppliers are nonetheless beginning to participate in voluntary TPC mechanisms in order to enlarge their market access and increase their legitimacy (Potoski and Prakash 2013). Although these standards are voluntary and not yet regulated, they serve as the de facto standards for producers and other value chain actors, such as mills and exporters that may want to supply to large retailers who are increasingly demanding sustainable products (Smith 2008). Accordingly, government agencies have become advocates for TPC in order to promote legitimacy and cost-effectiveness in regulating agriculture (Greene and Kremen 2003; Martinez and Banados 2004; Seppanen and Helenius 2004). Additionally, NGOs have promoted the use of TPC as a tool to make agricultural production more environmentally sustainable and socially just (Constance and Bonnanno 2000; Renard 2003; Klooster 2005).

TPC approaches proved to be successful during the 1970s and 1980s, leading to dramatic improvements in environmental quality in various industries (Potoski and Prakash 2013). The growth and expansion of TPC indicates a shift in societal approaches to the regulation of industries (Teubner 1983; Fiorino 2006; Coglianese and Nash 2008) and the desire for corporations to attach a positive public opinion to their organizational practices (Dowell et al. 2000; Orsato et al. 2013). Some academics refer to these new manifestations of political regulation and private governance as ‘global green governance’ (Eden, 2011; Schouten and
Glasbergen 2012), or as ‘new environmental policy instruments’ (Jordan et al. 2003). In general, these new systems are based on the acceptance that self-regulation by corporations, together with market incentives, can lead to effective environmental management, while minimizing external state-sponsored enforcement mechanisms (McCarthy and Zahari 2010). This shift is intended to yield a win-win situation for all stakeholders concerning the social, environmental, and economic influences on sustainable production. These systems have been successful to an extent, but due to the complexities relating to regulation, enforcement costs, and lack of control, the effectiveness of these methods are limited (Borck and Coglianelle 2009; Fiorino 2006; Prakash and Potoski 2012; Orsanto et al. 2013).

Improvement was most prominent in industrialized countries where governments were willing and able to enforce environmental laws. In an attempt to avoid compliance costs altogether, many industries have looked to ‘pollution havens’—i.e., countries with more relaxed enforcement (Antweiler et al. 2001). Although varying significantly in scope, there are a number of existing certification schemes aimed at creating sustainable production in other industries; these were all developed for a wide range of sectors as a result of various concerns (van Dam et al. 2010; Vis et al. 2008). Some of these schemes include sustainability criteria that could be acclimated to palm oil certification and provide useful guidelines for the development of palm oil certification schemes or for benchmarking (Scarlat and Dallemand 2011).

2.3 The Roundtable for Sustainable Palm Oil (RSPO)

The RSPO is the only globally recognized certification standards scheme operating in the global palm oil industry today. It has been deliberately established around the principle of sustainable development in palm oil and is habitually credited with having successfully incorporated civil society concerns and the interests of producing countries through its governing structure. In the late 1990s, World Wildlife Fund (WWF) Switzerland began mobilizing industry actors who sourced palm oil and key actors in the palm oil supply chain. After years of strategic discussion, the RSPO fully emerged in 2004 as a private regulatory scheme in the palm oil sector with an explicit global focus. Since its establishment, the RSPO has gained tremendous recognition in the palm oil industry, and certified production areas of RSPO certified products continue to grow (Figure 2.1).
The RSPO is a prime example of the emergence of private governance schemes in the agriculture industry intending to further sustainable development. The lack of government intervention and proper regulation of the industry made way for consumer-oriented businesses, partnered with civil social organization and palm oil producers to address long-term threats to the industry. The RSPO has commenced a process of fundamental change in the oil palm industry with respect to both policy and practice that is productive in an inherently unsustainable industry.

![Graph showing the increase in RSPO certified production area from 2010 to 2018](source: RSPO 2018a)

### 2.3.1 Prevalence of the RSPO

Since its establishment, the RSPO continues to grow, with over 2,633 members from 78 countries and 328 Trademark licenses issued (RSPO 2016a). Each year, the RSPO hosts a General Assembly, where members, stakeholders, and communities are welcomed to discuss progress made, as well as challenges that still face the RSPO in its path towards sustainable palm oil development. The RSPO has many aspects that shed positive light on its achievements in the decade that it has been operating, including growing members, growing certified acreage, increases in the number of companies adopting RSPO certification, and the involvement of smallholders in production. Globally, there are over
3.46 million hectares under RSPO certification, resulting in 12.89 million tonnes of certified sustainable palm oil (CSPO), or 20% of global palm oil production (RSPO 2016b). The RSPO wants to expand even further and has a goal of 100% of global palm oil production being certified by 2020.

Over the years, the RSPO has developed to become the largest palm oil certification roundtable and a sustainable practice in global palm oil production; nonetheless, the RSPO remains very much a work in progress. All portions of the supply chain must be sustainable, adhering to requirements such as no deforestation, fair wages for workers, and taking legal channels when buying land. By promoting the idea of a sustainable supply chain in the industry, RSPO initiated a process of fundamental change in policy and practice (Paoli et al. 2010). Though regarded as successful, with over 2,633 members and growing, there have also been reports of corruption and opaque transactions between palm oil companies and third-party certifiers from the RSPO (Laurance et al. 2010; Paoli et al. 2010; Schouten and Glasbergen 2011; Nesadurai 2013).

2.3.2 Genesis and evolution

In order to promote social responsiveness and environmental stewardship in the palm oil industry, the RSPO, after years of organization, fully emerged in 2004 as a certification scheme that engages all stakeholders. Since its inception, the RSPO has been gaining traction towards becoming the leader in certified sustainable palm oil (Figure 2.2). The RSPO was established by WWF, major European retailers in the agrifood sector (i.e., Unilever, Migros, and Sainsbury’s), and the Malaysian palm oil industry (Pichler 2013). Representatives of palm oil producers later joined the initiative after main actors agreed that the active involvement of palm oil companies from producing countries was necessary in order to create a sector-wide initiative (Ruysschaert and Salles 2014). Together with its key stakeholders, RSPO went on to develop a list of requirements—with which members, palm oil producers, suppliers, and buyers are required to comply—to ensure that production is economically viable, environmentally sound, and beneficial to society. Based on the guidance of “People, Planet, Profit,” eight principles, 39 criteria, and 100 indicators give assurance to the sustainability of certified palm oil.
2001 • WWF begins exploring the possibilities of a Rountable with cooperation from Aarhus United UK Ltd., Migros, Malaysian Palm Oil Association and Unilever

2003 • Inaugural meeting of the RSPO in Malaysia, attended by 200 participants from 16 countries. Adoption of the non-legal binding expression of support, the Statement of Intent

2004 • RSPO formally established under Article 60 of the Swiss Civil Code • 47 organizations sign the Statement of Intent, declaring their participation in the RSPO

2005 • First draft of the P&C adopted by 14 palm oil companies

2006 • Formation of the Members' Code of Conduct established

2007 • First review of the P&C, which includes public consultations, smallholder taskforce, and plot field trials • RSPO Certification System approved by RSPO Executive Board

2008 • RSPO SCCS developed • National interpretations for Indonesia, Malaysia and Papua New Guinea approved

2010 • First RSPO certificate issued to Daabon Group, Colombia

2011 • RSPO trademark launched • First million ha of CSPO production reached

2012 • Six million metric tonnes of CSPO produced

2013 • 784 delegates from 30 countries gather for RT11

2014 • RRSPO Certified Palm Oil for Biofuels (RSPO-RED) marks entry into Europe

Figure 2.2 Timeline of RSPO Genesis and Evolution

source: RSPO 2016a
2.3.3 Process and procedures

2.3.3.1 Principles and Criteria (P&C)

The Principles and Criteria (P&C) act as a guideline for producers and smallholders, holding them accountable to transparency, compliance to applicable laws and regulations, commitment to long-term financial and economic viability, responsible consideration of employees and communities, and responsible development of new plantations, as well as a commitment to continuous improvement (RSPO 2013a). Specifically, the eight principles outlined by the RSPO to grant certified status are as follows: 1) Commitment to transparency; 2) Compliance with applicable laws and regulations; 3) Commitment to long-term economic and financial viability; 4) Use of appropriate best practices by growers and millers; 5) Environmental responsibility and conservation of natural resources and biodiversity; 6) Responsible consideration of employees and of individuals and communities affected by growers and mills; 7) Responsible development of new plantings; and, 8) Commitment to continuous improvement in key areas of study (RSPO 2008). These principles are guided by criteria and are adapted to individual countries, forming a detailed fifty-page guidance document in each case (Ruysschaert and Salles 2014).

The assessment procedure includes review of documents, field checks, and interviews with all stakeholders to ensure that all relevant issues are examined and that compliance with the RSPO P&C are identified and assessed. Following the audit, conducted by a third party, the auditor assesses whether the area is a pass or fail. Major non-conformities must be addressed within 60 days of the audit or the certification will be suspended. The certificate will be withdrawn if the major non-conformities are not addressed past the 60 days. The RSPO also believes in continuous improvement; therefore, and abiding with their eighth principle, there are initiatives and incentives for continuous improvement and sustainability.

2.3.3.2 Membership

Membership in the RSPO has widened in recent years and the P&C continue to be reviewed and revised to accommodate new members (RSPO 2016c). RSPO members account for 40% of global palm oil production and, as of mid-2015, 20% of palm oil globally has been RSPO-certified. Anyone growing oil palm can become a member, provided they can cover
membership fees and adhere to the certification rules outlined by the RSPO. In order to become a member, a grower must register online on the RSPO website (RSPO.org) and complete an online application. After paying a fee, the member must also supply a Geographical Information System (GIS) map of their area and an environmental impact assessment of their land (Rosemarie Addico, personal communication December 2015).

There are three distinct levels of RSPO membership, available at three varying price points (RSPO 2016c). The first is ordinary membership, primarily for small growers who have less than 500 hectares of estate land. This type of membership is available to organizations that have a direct stake in the palm oil supply chain, or NGOs that are associated with it. Ordinary members have voting rights in the RSPO General Assembly and have rights to state that they are RSPO members. Ordinary members are divided into seven stakeholder categories, shown in Figure 2.3. The second level of RSPO membership is an affiliate membership, which is limited to organizations and individuals. These members are not directly related to the palm oil industry nor are they one of the seven stakeholder groups. Affiliate members can claim they are members of the RSPO but have no voting rights in the General Assembly. The final level of RSPO membership is a Supply Chain Associate, which is reserved for organizations who are active in the RSPO certified palm oil supply chain, but that do not purchase or trade more than 500 metric tonnes of palm oil or palm oil products in a year. Associate members are able to claim they are Associate members, but are unable to vote in the RSPO General Assembly.
2.3.3.3 Certification process

RSPO members commission audits to validate units (i.e., a mill and its supply base) of their operations against the P&C. If successful, these units can produce RSPO-certified palm oil to trade on the market. RSPO members are required to specify a timeline and set a deadline for certification of their operations. While working towards RSPO-certified operations, members must also comply with the rules of Partial Certification. Certified status to individual management units will only be granted to members when it is confirmed that the following conditions are met: that there are no ‘significant’ land conflicts in the holdings; that there are no labour disputes; that uncertified holdings have not replaced
primary forests or High Conservation Values (HCVs) since November 2005; and, that uncertified holdings are not breaking the law (RSPO 2007).

To achieve certification of their operations, RSPO members must hire an RSPO accredited Certification Body to perform an assessment of compliance to the P&C. Through field checks, document reviews, and stakeholder consultations, the Certification Body can determine if the member meets the criteria, and can issue a certificate accordingly. A variety of certification systems has been developed to guarantee sustainability along the supply chain. The RSPO has created four supply chain certification systems (SCCSSs) with various levels of traceability and costs (RSPO 2013b). The type of SCCS to which a company commits will determine the level of sustainability in which the company partakes. Table 2.1 clarifies these systems. The certificate granted from any system is valid for five years, with Corrective Action Requests (CARs) wherever necessary. The CARs are surveyed on an annual basis until corrected. Palm oil produced in RSPO certified mills can carry the CSPO seal using the RSPO brand.

Table 2.1 – Supply Chain Certification Systems

<table>
<thead>
<tr>
<th>System (SCCS)</th>
<th>Description</th>
<th>Level of Traceability</th>
<th>Cost</th>
<th>Claim Allowed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identity Preserved (IP)</td>
<td>Sustainable palm oil originates from a single, certified source and is processed and transported separately from other palm oil</td>
<td>*****</td>
<td>$$$$</td>
<td>CERTIFIED This product contains certified sustainable palm oil</td>
</tr>
<tr>
<td>Segregated (SG)</td>
<td>Sustainable palm oil from various certified production sites but remains separate from non-certified palm oil</td>
<td>****</td>
<td>$$</td>
<td>CERTIFIED This product contains certified sustainable palm oil</td>
</tr>
<tr>
<td>Mass Balance (MB)</td>
<td>Sustainable palm oil from certified sources is blended with non-certified palm oil</td>
<td>**</td>
<td>$</td>
<td>MIXED Contributes to the production of certified sustainable palm oil</td>
</tr>
</tbody>
</table>
2.3.3.4 Complaints system and dispute settlement facility

The RSPO has established a grievance process for members, communities, or the general public to bring attention to complaints made against RSPO members and to ensure accountability to the RSPO vision. The system of checks reflects the nature, mission, and goals of the RSPO and provides a clear and transparent process to address grievances made against RSPO members. The RSPO Secretariat is responsible for the administration and management of the complaints systems, and the Executive Board oversees all monitoring (RSPO 2016d). The Complaints Panel (CP) is the main formal body designated to deliberate, investigate, and determine any appropriate courses of action, culpabilities, and strengths of argument relating to cases. The panel is a five-person body comprising members from the industry, producers, environmental NGOs, and social NGOs, creating a balance to reflect RSPO’s membership stakes. In addition to the CP, the RSPO has also created a dispute settlement facility in response to the large number of complaints that have been raised against RSPO members during certification processes. Through a mediated process, the dispute settlement facility focuses on addressing land disputes, but also provides mediated resolution in all complaint cases. This body uses approved RSPO mediators to encourage both parties to come to a peaceful resolution before logging a formal complaint with the CP.

2.3.4 Challenges and limitations

From the beginning, the RSPO’s sustainability targets have been admirable:
RSPO is an association accredited by organizations carrying out their activities in and around the entire supply chain to promote the growth and use of sustainable palm oil through co-operation within the supply chain and open dialogue with its stakeholders

RSPO 2016a

According to the WWF, one of the major successes of the RSPO is the establishment of a certification system for sustainable palm oil (Nikoloyuk 2010). The RSPO website boasts continually updated graphics and videos promoting their commitments to forest conservation, community engagement, and industry sustainability. Yet, nowhere shown are the complaints or the continuous destruction caused by oil palm, or the abuses of indigenous and community rights. There is extensive research concerning the legitimacy of certification schemes (Ponte and Cheyns 2013) and, in particular, the RSPO and its role in the palm oil industry (Nikoloyuk et al. 2010; Partzsch 2011; Schouten and Glasbergen 2011; Silva-Castañeda 2012; Ruysschaert and Salles 2014; Marin-Burgos et al. 2015).

2.3.4.1 Greenpalm and greenwashing

The RSPO uses terms such as natural, sustainable, and green as marketing tools, but there is evidence suggesting that their operations do not follow what they are advocating for. The length of the palm oil supply chain makes it difficult to improve its sustainability (van Dijk 2012), yet RSPO has attempted to make the unsustainable industry sustainable. The RSPO offers four different categories of certification from which companies choose to find the level of certification that best fits their operations. The most popular method is the Greenpalm trading scheme, whereby palm oil producers earn a premium for using sustainable methods in production irrespective of export. Producers receive one certificate for each tonne of certified palm oil that they produce. Companies or consumers can offset their use of palm oil by buying Greenpalm certificates and in the process support sustainable palm oil production (Greenpalm 2015).

The purchasing of Greenpalm certificates is contradictory to claims of corporate responsibility (Richardson 2015); that it to say, buyers of the Greenpalm certificate are shielding themselves behind the guise of these certifications. Buyers are able to bypass responsibilities and purchase sustainability at a fraction of the cost and time (Richardson 2015). The practices of palm oil producers may be said to be more akin to moral offsets, or a goodwill gesture that has proven invaluable in the current capitalist system in which
companies now operate (Richardson 2015). The palm oil produced on a certified plantation is not sold or kept separate from the palm oil not sustainably produced under RSPO specifications; rather, it may simply be mixed with non-certified palm oil and shipped to manufacturers. This omnipresent edible oil—found in one-third of all products in the supermarkets—is being transported and sold abroad as certified sustainable, yet the RSPO has admitted that 99% of it cannot be traced to sustainable sources (McCarthy and Zen 2010). The Greenpalm scheme has no guarantee that buyers are consuming sustainable palm oil (The Guardian 2009).

Many social and environmental activists have been critical of the Greenpalm scheme, seeing it as a weakening of the RSPO’s integrity. According to Palm Oil Investigations of Australia:

_Quoted in Palm Oil Consumer Action 2013_

Retailers and companies who buy Greenpalm certificates and market their products as RSPO certified palm oil may be greenwashing their sourcing. Websites of large companies such as Unilever, Walmart, and Marks & Spencer boast how they are helping to protect the environment and encouraging RSPO certified sustainable palm oil. However, New Britain Palm Oil Limited (NBPOL), a producer, has stated that Greenpalm certificates are merely an inexpensive way for companies to assert sustainability while not making any actual changes to their supply chain (NBPOL 2011). Palm oil buyers are not using their leverage to change the way palm oil is being produced, but rather are negating their responsibility (Richardson 2015).

2.3.4.2 Enforcement and collusion

The close relationship that RSPO has with large palm oil multinationals and other stakeholders is disconcerting to both scholars and NGOs alike (McCarthy and Zen 2010; Nikoloyuk et al, 2010; Isenhour 2014). The RSPO is accused of ignoring consequential shortcomings within its certification process that allow for major palm oil companies to conceal significant violations of sustainability standards behind the RSPO seal. The
allegations detailed in a report by the Environmental Investigation Agency (EIA) and Malaysia-based NGO Grassroots discredit RSPO’s network of auditors (EIA 2015). The report, entitled “Who watches the watchmen? Auditors and the breakdown of oversight in the RSPO”, finds that auditing firms fail to identify and mitigate unsustainable practices by oil palm companies. Case studies find that auditors are conducting subpar assessments and colluding with plantation companies to veil P&C violations. The case studies presented in the report identify the following problems:

- Auditors providing fraudulent assessments and cover-up violations for the RSPO P&C;
- Auditors failing to identify indigenous land rights and claims;
- Auditors failing to identify social conflicts arising from abuse of community land rights;
- Auditors failing to identify labour abuses;
- Auditors failing to identify risks of trafficked labour in plantations;
- Ambiguity over legal compliance;
- Auditors providing flawed assessments that will enable destruction of HVCs;
- Certification bodies displaying weak understanding of the P&C;
- Certification bodies providing suspect assessments in response to legitimate complaints from NGOs, and failing to address the substance of the complaints; and,
- Conflicts of interest due to links between Certification Bodies and plantation companies.

Power differentials are also apparent in the RSPO’s voluntary certification scheme, leading to an imbalance of power. Governments of producing countries and large multinational palm oil investors dictate the rules and define sustainable palm oil in accordance with their interests (Klooster 2006). As a result, there is an increase in civil society providing de facto oversight into the governance and compliance of the RSPO P&C (EIA 2015), as RSPO auditors are failing to provide adequate measures. However, the capacity of civil society to successfully monitor millions of hectares of land on a limited budget is not sustainable. The increase of civil society monitoring showcases the inability of the RSPO Complaints Systems and Grievance Panel to effectively address issues; consequently, the Panel has failed to provide acceptable outcomes to complaints (Grassroots 2013).

The lack of enforcement and issues of collusion are evident in the recent clear cutting and burning that occurred in Indonesia in June 2015. The industry came under intense scrutiny after Singapore, Malaysia, and Indonesia experienced extreme haze in June 2015, with hazardous levels of pollutants. Many civil organizations came forth claiming that the RSPO
was not doing enough to enforce its P&C onto members and lacked the precautions necessary to prohibit burning forests. The RSPO blamed conflicting concession maps between those held by the companies, the Indonesian government, and forest advocates. The RSPO faced criticisms over its inadequacies in selecting which companies to investigate for the fires, and in delaying the investigations due to the conflicting maps. This lack of enforcement in curtailing the hazardous fires that enveloped much of Southeast Asia speaks loudly to the accountability of RSPO’s position at the forefront of sustainable palm oil.

2.3.4.3 Representation and smallholder involvement

A major issue with the RSPO is the representation and domination of the membership by industry actors. The most abundant stakeholders in the RSPO membership are oil palm growers, processors, trading corporations, bankers, and investors. A similar story unfolds when looking at RSPO’s Board of Governors, where industry actors occupy 12 of the 16 seats (RSPO 2016e). The individuals and organizations who have power in the RSPO—an organization which vows to strive for inclusivity within the palm oil sector—are inevitably omitting the influence of marginalized actors.

In various palm oil supply chains, smallholders are responsible for a large portion of global production: an estimated 40% of global palm oil is from smallholdings (Cotula et al. 2008). Much of the world’s poor are settled in agriculturally-based rural communities. In this context, attempts and programs aimed at reducing global poverty must begin with addressing the needs of smallholders in rural communities and focusing on smallholder agriculture. Yet scholars have found that a major challenge in implementing certification schemes for sustainable palm oil production is the lack of inclusion and integration of smallholders (Lee et al. 2011). With limited access to financial capital, technology, information, and supply chain resources, smallholders lack access into the sustainable palm oil industry (Dankers 2003; van Dam et al. 2008; Khor 2011, Lee et al, 2011).

Company interests define smallholders’ roles in sustainable palm development; that is, the power and voice that smallholders possess in developing certification mechanisms is meagre. Other stakeholders, such as companies, exporters, or consultants (Cheyns and Riisgaard 2014), have routinely substituted smallholders in RSPO member meetings. The RSPO is creating a hierarchical relationship between itself and smallholders, ignoring the
latter’s voice and hindering their participation in decisions that directly correlate with their livelihoods, rendering them inefficient as leaders of sustainable palm oil. As such, smallholders are left behind as the palm oil industry strives to become more sustainable as a whole. Besides focusing on the enforceable sustainability criteria and principles, certification schemes should be meeting high standards of reliability and transparency, and should comply with localized verification requirements (German and Schoneveld 2012). Research has not indicated why certification mechanisms are not more inclusive of smallholder development, solely citing the costs associated for the companies as being too high (von Hagen 2011). Yet if certification schemes were accountable and transparent to their third party assurances, costs associated with these inclusions would not matter. When contemplating ways to manage social and environmental issues relating to resource extraction, it must be acknowledged that certification is only one factor. Certification standards, when applied voluntarily, have inherent limits in their contribution to more sustainable consumption and production pathways. Due to lack of regulations and field-based research, the livelihoods of smallholders are neglected in favour of the path to national development.

2.4 Summary

The RSPO has emerged as a leader in the sustainable palm oil industry, acting as the forerunner in certification in the industry. Backed by large players, such as Unilever and WWF, the RSPO has demonstrated promise with its intentions towards transparency and sustainability. A roundtable, by definition, steers away from issues of responsibility, focusing more on procedural quality and priding itself on being transparent, inclusive, and accountable (Djama et al. 2011; Cheyns 2011). It provides the possibility for a range of private stakeholders to have a voice in discussions, and excludes government bodies to the extent that they may partake only as ‘observers’ (Ponte 2014). Since roundtables are concerned with procedure, the RSPO has established itself around a series of essential institutional features and procedural elements. These include an executive board, an assembly or council to represent various stakeholder interests, technical advisory committees, and an executive director. All the qualities of a transparent leader for the sustainable palm oil supply chain are present. Yet why are the goals not being met?
The RSPO has emerged as an *ad hoc* legitimacy scheme to capitalize on consumer demand, dismissing the interests and perspectives of those who are directly affected by certifications standards. Demonstrated by the influx of reports concerning not only its collusion, but also its lack of transparency, inclusion, and enforcement, the RSPO has a long way to go before it is fully supported by the industry. The P&C and costs associated with becoming a certified member of RSPO do not differentiate between different scales of operation; moreover, the same standards and rules apply to both smallholders and large monocultures alike. The long-standing negative image of palm oil in international media has given rise to TPC schemes and sustainability requirements outlined by the organization to hold stakeholders accountable for their actions. Profitability of an industry is vital in terms of economic growth, and certification mechanisms designed to improve the sustainability of the palm oil industry must be balanced with practical feasibility, compliance with local communities, and suitable technological solutions (Asal et al. 2006). Oil palm development growth is fuelled by international demand, along with organized efforts of the industry to take advantage of increasing government initiatives (Pacheco 2012). Deforestation, human rights abuses, tenure violations, and market instability are some of the major issues linked to palm oil production across the globe, and all depend on actors recognizing these impacts and acknowledging their respective roles in the sustainable development of the most consumed vegetable oil in the world.
Chapter 3: Oil palm development in Juaben, Ghana

3.1 Introduction

Palm oil production has been present in Ghana since British colonialism during the 19th century. Recently, with the support of international agencies, there have been several government interventions to reintroduce palm oil and increase its production (Osei-Amponsah et al. 2014). Though Ghana has experience in plantation agriculture, the unparalleled expansion of foreign investment in palm oil has lead Ghana into uncomfortable territories.

With respect to country specificities, Ghana plays an interesting role in palm oil production, specifically in the Eastern Region of Africa, due to both the amount and size of recent acquisitions, as well the increasing impacts of palm oil developments on rural communities. These communities are already struggling with environmental degradation, extensive land commercialization, and growing inequalities in land tenure systems (Tsikata and Yaro 2014). Ghana provides an interesting case study as much of its agricultural lands are under customary land tenure systems and the recent land transactions between traditional leaders and investors have left smallholders playing a secondary role. Ghana is also an interesting case to analyze as the scale and scope of palm oil development is exploding, leading the way for legitimate sustainable initiatives to be implemented during pre-production to include smallholders.

Over the past few decades, palm oil production has come to be viewed as both an answer and a curse pertaining to rural development in Africa. The production of this highly profitable vegetable oil has divided practitioners in intense debates relating to the benefits and consequences of palm oil development, and how to move forward with its sustainable production and consumption in the future (Amigun et al. 2011). On one hand, palm oil development encourages growth and advancement by creating employment, providing infrastructure, and increasing productivity within smallholder communities. On the other hand, it harms local communities through labour exploitation, environmental destruction, and threats to local land rights. This crossroads is the subject of much debate (Cotula 2009; Görgen et al. 2009; von Braun and Meinzen-Dick 2009; Deininger and Byerlee 2011; Cotula 2012; Deininger and Byerlee 2012).
This chapter is organized as follows. First, it describes the role smallholders currently play in the palm oil industry in Ghana and addresses challenges related to attaining certification. It details the stakeholders and the roles they hold in the industry. The second section then describes the methods used in this study, including a detailed description of the case study area, the general approach, data collection, and document analysis. The third section examines major findings from this study, categorized into four sub-sections. The last section of this chapter summarizes the main findings and implications of this study.

3.2 Current practices in smallholder palm oil in Ghana

With the exception of a few large-scale producers, small and medium scale farmers in Ghana are the main cultivators of oil palm for domestic consumption (Väth and Gobien 2014). With increased international demand for palm oil, Ghana is tactically expanding its palm oil sector through large-scale producers to increase exports (Adjei Nsiah et al. 2012). Smallholders are at a disadvantage with the advancement of large-scale production of palm oil due to the lack of inputs, access to market, and poor land tenure rights in Ghana.

Certification standards have emerged as a safeguard to protect smallholders in the industry. Ample research has been conducted concerning the role of certification on palm oil production in Malaysia and Indonesia (Basiron 2007; Fargione et al. 2008; Schouten and Glasbergen 2011), yet there is limited research on palm oil certification schemes in Ghana. In order to achieve a genuinely sustainable supply chain, all stakeholders along that chain need to be involved and included. This section describes those who are part of the sustainable palm oil supply chain in Ghana and their roles in its progress. Furthermore, it will delve into the economics of smallholder oil palm cultivation and the environmental issues associated with smallholder agriculture, providing an overall account of smallholder palm oil in Ghana.

3.2.1 Smallholders

The term smallholder is commonplace in the sustainable palm oil discourse. Some researchers use the term broadly, referring to any of the following: farmers who have chosen to grow oil palm on their own land; settlers who are working on large-scale plantations; farmers who are indebted to company cooperatives; or, indigenous peoples whose land has been taken over by the government and given over to a company (DTE
2006). The RSPO defines smallholders as those who cultivate oil palm on less than 50 hectares of land (Ordway et al. 2017). This research follows the RSPO definition, as the study is concerned with RSPO certification standards on Ghanaian smallholders. Moreover, it is important to note that involvement in the palm oil industry by smallholders is not always voluntary. Pressure for development from local, national, and international governments drive the expansion as it is seen as a major development pathway. Finally, smallholders often fall into multiple stakeholder groups such as customary land holders, settlers, and/or labourers.

Smallholder agriculture is a central component of the Ghanaian economy (Cotula et al. 2008). In various palm oil supply chains, smallholders are responsible for a large portion of global production. An estimated 40% of global palm oil is from smallholdings (Cotula et al. 2008). Ghanaian palm oil, however, is a relatively new large-scale development and specific livelihood impacts of its production remain tenuous (Hodbod and Tomei 2013). Strengthening agricultural productivity in rural communities is a mechanism for reducing food insecurity and rural poverty, while improving infrastructure and various forms of capital (Tripp 1993; Brown and Amanor 2002). Increasing the availability of labour and demand for food products has incentivized smallholders to increase output (Amanor and Pabi 2007), thus contributing to rural development and generating new sources of income (FAO 2008; von Braun and Meinzen-Dick 2009; World Bank 2010b). Such promises are met with concerns, largely in regards to land acquisition plantation agriculture (Cotula 2009; Sulle and Nelson 2009; World Bank 2010b). With respect to palm oil development, Ghana is seen as burgeoning and leading the way for legitimate sustainable initiatives that are inclusive of smallholders and meant to be implemented pre-production.

Because of the delicate nature of oil production, entrance into the palm oil industry is restricted to those who live within close vicinity of a mill. Importantly, palm oil fruits need to be milled within 24 hours after harvest or they will result in poor quality oil. Living outside of the area surrounding the mill results in higher transportation costs, thus eroding potential profits. Entering into the palm oil industry, therefore, is a long-term decision for both contract and independent smallholders. Papenfus (2000) found four limitations that independent smallholders face in converting their land to oil palm:
1. Uncertainty of market access;
2. Lack of technical knowledge, lack of access to knowledge, and poor extension services;
3. High capital inputs; and,
4. Long-term risks including irreversibility of land use decisions.

Though harvest of palm oil fruit is year-round, compared to seasonal crops, such as cocoa, uniform harvests are not predictable and variation of both harvest and price are variable (Zen et al. 2005). With the majority of smallholders cultivating on less than three hectares of land, these risks are substantial.

3.2.1.1 Independent smallholders vs. contract smallholders

Ghanaian oil palm agriculture remains dominated by smallholders with areas less than three hectares, therefore it is not feasible for foreign companies entering Ghana to directly engage with smallholders (Felgenhauer and Wolter 2009). Through the use of outgrower schemes, or contract farming, companies are able to effectively deal with this challenge. Contract smallholders enter into long or short-term contracts with local mills. In return, the mills support the smallholders through training on best management practices (BMP) and financial loans for inputs. Loans are deducted from final payments when feedstock is delivered (Von Maltitz and Staffor 2011). These outgrower schemes act as ad hoc trade agreements wherein the firm ensures its supply of palm oil products by the contract smallholders. These schemes offer improved control over supply and are frequently used by firms operating in the Ghanaian palm oil sector (Felgenhauer and Wolter 2009). Once initial constraints of trust and logistics are overcome, outgrower schemes provide firms with control over operations while improving contract smallholder production (Felgenhauer and Wolter 2009). Outgrower schemes have been specified in Indonesian and Malaysian palm oil development plans, as well as in many agricultural sectors across Africa. The combination of large-scale plantations with outgrower production schemes is a method to increase local ownership and to benefit flows (Diaz-Chavez 2011). This form of coordination between firms and contract smallholders holds considerable potential for rural development, the transfer of technologies, and the integration of smallholders into the national economy (Glover 1984; Barrett 2008; Collier and Dercon 2014).

Presently, however, inclusion and integration of independent smallholders is a major challenge in implementing certification schemes and sustainable palm oil production in
developing countries (Lee et al. 2010). Although independent smallholders own land in the catchment area around the mill, they have not signed contracts indicating that they will supply all their fruits to the mill. Independent smallholders do not get trees from the mill, nor do they receive inputs and loans. They are completely independent of the mill and cultivate oil palm strictly through their own devices and information. Monitoring compliance, farm extension services, and higher financial resources all discourage large palm oil companies from engaging in schemes with independent smallholders (von Hagen 2011). Though there has been a move by NGOs to engage independent smallholders into production, the prescribed potential benefits of these schemes are considered hypothetical, and the reality is that independent smallholders are altogether excluded.

3.2.2 Government

When contemplating ways to manage social and environmental issues of resource extraction, it must be acknowledged that certification is only one factor. Certification standards, when applied voluntarily, have inherent limits in their contribution to more sustainable consumption and production pathways. In Ghana, sustainable development of the palm oil industry is also contingent upon appropriate policy measures and institutional frameworks that regulate voluntary standards and provide governance structures that set clear rules and incentives for compliance (Kaphengst et al. 2009).

Between 1957 and 1978, the Ghanaian government promoted palm oil production through the establishment of large-scale state plantations (Adjei-Nsiah et al. 2012). These plantations were largely unsuccessful due to poor management, lack of competence, and insufficient mills in the area for quick processing (Adjei-Nsiah et al. 2012). Partners, including the World Bank, European Union, and Unilever, helped fund state-owned industrial plantations between the years 1975 and 1980 (Adjei-Nsiah et al. 2012). Four of these estates are still viable today: Ghana Oil Palm Development Company (GOPDC); Twifo Oil Palm Plantations (TOPP); Benso Oil Palm Plantation (BOPP); and, Norpalm Ghana (McCarthy et al. 2012). With the onset of Structural Adjustment Programs (SAPs) in the 1980s, all of these industrial estates became privatized due to a lack of funds, poor management, and insufficient production. In recent years, palm oil has begun to move away from the development of large-scale plantations and instead is becoming a smallholder
crop. Currently, smallholders are cultivating 80% (250,000 hectares) of the 300,000 hectares total land area under palm oil cultivation in Ghana (Adjei 2014).

In the wake of the palm oil boom and increasing demand from importing countries, the Ghanaian government adopted an expedited agricultural modernization program targeting mechanisms that emphasize support for small, medium, and large-scale agricultural production (Antwei et al. 2010). Palm oil is a key development strategy for economic growth with over 636,000 households in rural communities engaged in its cultivation (Adjei 2014). Yet, Ghana has no government policies, regulations, or structures in place for the palm oil industry, giving rise to a scramble for land to cultivate palm oil for export (Dogbevi 2009). Due to the Ghanaian government’s promotion of palm oil and the voluntary nature of certification schemes, growth of the industry is occurring without clear mechanisms for protection and certification.

3.2.3 RSPO

Palm oil production falls between agricultural and forestry sectors in terms of its main products and by-products (van Dam et al. 2010). For many of these products, a profusion of certification schemes has been developed; however, these schemes vary in scale, structure, and methods (Lee et al. 2011). The most widely recognized international certification scheme operating exclusively in palm oil production is the RSPO. The RSPO is a non-profit organization that incorporates all stakeholders to develop and implement standards for sustainable palm oil production (Paoli et al. 2010). The RSPO was set up in 2004 through a partnership between the WWF and Unilever, to actively engage stakeholders from different levels to address sustainability concerns in the palm oil industry. Though its main impact has been in Malaysia and Indonesia, RSPO operations are beginning to spread to other countries where palm oil production is increasing, such as in Ghana.

3.3 Methods and Materials

3.3.1 General Approach

This section describes the approach and strategy to answer the objectives and research questions presented. Briefly, the objectives of this study were twofold: 1) to survey the development of the sustainable palm oil industry in Ghana; and, 2) to examine the potential
role that independent smallholders could hold in certification schemes and policy mechanisms in Ghana’s palm oil industry.

A qualitative, mixed methods approach was taken in order to gather the necessary data for this research and to further investigate its objectives. Qualitative interviews were conducted to explore questions relating to experiences and to interpret human interactions and insights (Toloie-Eshlaghy et al. 2011). A quantitatively-based survey was also used to shed light on insights gathered from the qualitative interviews. This research carefully interviewed participants who were expected to hold different views and interests in the sector, in order to eliminate bias and preconceptions (Yin 2010). The fieldwork conducted was covered by UBC Ethics Certificate number H15-01320.

A purposeful sampling approach was used for this research wherein samples were chosen in a deliberate manner in order to yield pertinent and ample data (Yin 2010). Patton (2002) further explains how purposeful sampling and the rich information produced through this method can provide a better understanding of issues of central importance and provide purpose to the research. This research is case-specific to smallholders involved in palm oil production; therefore, targeting members of these communities and smallholders—instead of randomly sampling Ghanaian citizens—provided the best information and data to gain a deep understanding of the situation in Ghana.

3.3.1.1 Case Study

Ejisu-Juaben Municipality is located in the central part of the Ashanti Region and shares boundaries with Kumasi, Kwabre, Afigya Sekyere, Asante Akin North, Asante Akim South, and Bosomtwi Kwanwoma Districts (Figure 3.1). Due to its proximity to Kumasi, the Ashanti Regional Capital City, the municipality has experienced tremendous growth and population increase in recent years. Stretching over an area of 637.2km, the population of Ejisu-Juaben is approximately 143,762 (Ghana Statistical Service 2012). The study was conducted in Juaben farming community, which is located in the northern portion of Ejisu-Juaben Municipality.
This municipality experiences tropical rainfall and a wet semi-equatorial climate, characterized by rainfall from March to July and again from September to November. The mean annual rainfall is 1200mm. Major cash crops are cocoa, oil palm, and citrus, and the major food crops are corn, plantain, cassava, and cocoyam (Figure 3.2). Cocoa is the primary cash crop grown and is the driving force of the local economy, but oil palm is a widely grown crop which is gaining traction in the municipality. As with much of the rest of Ghana, land is acquired through lease holdings and stool lands are inherited through matrilineal kinship. The main industrial activity of the communities is the operation of small-scale oil palm processing mills (Addo 2000).
Juaben Oil Palm Development Company (JOPDC), established in 1981, is the operating mill in the case study area and is a privately owned Ghanaian company. This is a medium capacity mill operating a 360-tonne per day palm oil mill, a 125-tonne per day palm kernel mill, and a 50-tonne per day palm oil refinery. JOPDC has a nucleus plantation of 425 hectares, in addition to approximately 625 contract farmers on 1,000 hectares of land. In October 2012, JOPDC became an ordinary member of RSPO with hopes of achieving 100% RSPO certified output from the nucleus estates by 2017 and 100% RSPO certified palm oil by associates smallholders and outgrowers by 2021.

3.3.2 Data collection

Data was collected using a number of means, including through academic literature, grey literature, in-depth interviews, and surveys. A thorough review of relevant academic literature and grey literature was the initial step in data collection. Literature was collected through online databases and archived printed material, housed at the University of British Columbia. Subjects included global palm oil development, voluntary certification standards, third-party certification, and supply chain management.
3.3.2.1 Document Analysis

After attentive review of the research materials, the information from documents was coded according to themes and topics. Summaries were created for each theme and irrelevant themes were dropped from the analysis\(^1\). This process resulted in five themes being used in the coding for this research project (Table 3.1). The themes and subthemes shown in Table 3.1 were discussed at length with the participants in the interviews. A last reading of all the interviews was conducted in order to ensure coding was sufficiently completed and that all steps taken to arrive at these themes have been clearly articulated (Bruce and Berg 2007).

This research aims to investigate legitimacy and sustainability within the palm oil industry; therefore, the enhanced creditability of the research and data is of utmost importance. Yin (2010) defines a valid qualitative study as one that properly collects and analyzes the data so that its interpretations reflect the real world that was studied and thereby produces objective conclusions. Accordingly, quality assurance was conducted in two ways in this research:

1) Respondent validation—feedback from participants was obtained in order to lessen the misinterpretation of their self-reported views. All participants agreed that summaries accurately reflected their statements in the interviews.

2) Triangulation—documents were used from different sources such as NGO reports, news articles, and media releases in order to ground relevant themes (Patton 2002).

\(^1\) Themes were considered irrelevant if they were not discussed sufficiently or participants deemed the issue as unimportant.
A total of 25 qualitative interviews were conducted between Juaben, Ghana and Accra, Ghana. The first three participants were from different NGOs, each of whom gave a thorough report of the palm oil industry in Ghana from a development perspective. The average age of respondents was 52 years old; 57% were male and 43% were female. Emails were sent to various NGOs, companies, and educators in the Ghanaian palm oil industry with requests for an interview prior to travelling to Ghana and also while in Ghana. The interviews were conducted face-to-face at the respective offices in Accra, Ghana. The remaining interviews used for this study were conducted in Juaben, Ghana with local oil palm farmers. Two informants were interviewed at first, who then aided in contacting other

Table 3.1 Emergent themes and subthemes from document analysis used in interviews

<table>
<thead>
<tr>
<th>Primary Themes</th>
<th>Subthemes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certification</td>
<td>• Supply chain relations&lt;br&gt;• Export markets</td>
</tr>
<tr>
<td>Extension Services</td>
<td>• Impact of NGOs and outreach&lt;br&gt;• Capacity building&lt;br&gt;• Interaction with extension officers</td>
</tr>
<tr>
<td>Independent Smallholders</td>
<td>• Access to extension services&lt;br&gt;• Group certification</td>
</tr>
<tr>
<td>Oil palm in Ghana</td>
<td>• Future of oil palm in Ghana&lt;br&gt;• Inclusivity of growth&lt;br&gt;• Agricultural integrity</td>
</tr>
<tr>
<td>Oil palm sustainability</td>
<td>• Role in Ghanaian livelihoods&lt;br&gt;• History of oil palm</td>
</tr>
</tbody>
</table>

3.3.2.2 Interviews

A total of 25 qualitative interviews were conducted between Juaben, Ghana and Accra, Ghana. The first three participants were from different NGOs, each of whom gave a thorough report of the palm oil industry in Ghana from a development perspective. The average age of respondents was 52 years old; 57% were male and 43% were female. Emails were sent to various NGOs, companies, and educators in the Ghanaian palm oil industry with requests for an interview prior to travelling to Ghana and also while in Ghana. The interviews were conducted face-to-face at the respective offices in Accra, Ghana. The remaining interviews used for this study were conducted in Juaben, Ghana with local oil palm farmers. Two informants were interviewed at first, who then aided in contacting other
participants who might be interested in being interviewed for this study. These interviews were conducted face-to-face and with the participants’ prior consent. The interviews were recorded using a digital recorder and transcribed following the interview\(^2\). The length of the in-depth interviews ranged from 10 minutes to 56 minutes, with the average being around 25 minutes. The interviews were performed between the 2\(^{nd}\) of November and 18\(^{th}\) of December 2015. All audio files and transcription documents were stored on a password-protected computer at the University of British Columbia. A copy of the interview guide is included in Appendix A.

An interview guide was used for these interviews in order to assess different views of the participants. Patton (2002) notes that one particular strength of this approach is in the researcher’s ability to explore, probe, and ask questions to further illuminate a particular subject. That is, the strength of the guided approach is the assurance that each interviewee is asked the same set of questions, but that in allowing the interview to develop, deeper information may be revealed that could ultimately be more useful. The purpose of these interviews was threefold: 1) to validate and add to the literature review findings; 2) to gain a further understanding of the role that palm oil plays in the Ghanaian agricultural sector; and, 3) to understand the potential role that independent smallholders play in the certified sustainable palm oil industry.

3.3.2.3 Surveys

Surveys were distributed, with the help of informants, to participants in Juaben. Surveys were administered to 30 participants in Juaben, with a mix of genders, ages, and connections with the local mill. A detailed account of the participants can be found in Table 3.2. The survey was made up of 30 questions, separated into four sections: demographic information, oil palm cultivation, certification, and concerns. The survey involved primarily “yes” or “no” questions, along with a few multiple choice, categorical, and open-ended questions. The survey was designed after the interview guide. Surveys were used to obtain additional data from participants about themselves, their farms, and their views on

\(^2\) All interviews except one. This participant did not give consent for recording, therefore in-depth fieldnotes were taken in this instance.
certification systems and extension from stakeholders. A copy of the survey is included in Appendix B.

Table 3.2 Demographics of Interview Participants

<table>
<thead>
<tr>
<th>Participants</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Smallholder</td>
<td>18</td>
</tr>
<tr>
<td>Contract Smallholder</td>
<td>12</td>
</tr>
<tr>
<td>Male</td>
<td>17</td>
</tr>
<tr>
<td>Female</td>
<td>13</td>
</tr>
<tr>
<td>Average Age</td>
<td>53</td>
</tr>
</tbody>
</table>

3.3.3 Data Analysis

Once all the data was collected, the interviews were transcribed from the digital recorder to Microsoft Word and then to NVivo 8 qualitative software. Responses were open-coded using descriptive coding and pattern coding. Additional documents that contained relative information were also added into NVivo and coded along with the transcripts. A second cycle of coding was assigned to shorter passages within each topic to classify responses by contract smallholders and independent smallholders. Using NVivo, nodes were generates based on the established codes and interview excerpts were designated accordingly. Tables were created to examine and compare responses relevant to the core research questions.

3.4 Results and Discussion

The objectives of this study were twofold: 1) to survey the development of the sustainable palm oil industry in Ghana and 2) to examine the potential role that smallholders could hold in certification schemes in Ghana’s palm oil industry. Throughout this study, a number of interesting findings emerged that directly contribute to the analyzed data. This section
has been divided into four sections that offer a comprehensive overview of the studied area in Ghana and uncovers the objectives of this study more deeply. The first section focuses on the growth and development of the oil palm industry in Ghana and identifies its key actors. This section also discusses the current growth of palm oil development in Ghana, specifically in Juaben, and what this entails for the integrity of the cropping systems. The second section centres on current economic and social impacts of certification in the Ghanaian palm oil industry. The third section focuses on the role that independent smallholders hold in the palm oil industry and finally explores palm oil extension services. It reviews the ways in which independent smallholders can become better integrated into the sustainable palm oil industry through group certification. Finally, the last section discusses the role that all stakeholders play, or have the potential to play, in ensuring the inclusive sustainable development of the palm oil industry in Ghana.

3.4.1 Growth of the Ghanaian oil palm industry

The oil palm has played an integral role in Ghanaian livelihoods, and with the global palm oil boom, many Ghanaians are motivated to begin cultivating this valuable crop. Since the opening of JOPDC in 1981, local farmers have become eager to have a hand in the profitable industry. All participants interviewed were optimistic about the growth of oil palm cultivation in Juaben, stating that it will make way for a brighter future for them and for their country. NGOs working in the area noted that investments are pouring into the industry and many smaller mills are beginning to emerge across rural Ghana. With the increased demand for palm oil, companies are contracting smallholders who fall in their catchment area into their production. A topic that emerged repeatedly was that although oil palm cultivation provides a good income and stability, the growth is excluding many smallholders who are currently being left out of the profitable industry. This will be discussed at greater length later in the results section.

Though environmental destruction is evident in large-scale mono-cropping of oil palm, smallholders on the ground saw no evidence of environmental harm caused by oil palm cultivation in Juaben. Instead, smallholders, both independent and contract, insisted that the cultivation of oil palm is beneficial to the environment, stating that it is native to the area. However, NGO participants interviewed stated that although the oil palm originated in West Africa, the scale and scope of growth is putting other staple crops, such as maize,
plantain, and cassava, at risk. Though intercropping is a viable solution at first, once the oil palm canopy becomes too large, no other crops can be intercropped on the land. The catchment areas of the large nucleus plantation of JOPDC are now increasingly becoming homogenous as well.

3.4.1.1 Agricultural integrity

There was much concern surrounding the agricultural integrity of Juaben. Investments are arriving and stimulating farmers to begin cultivating oil palm, as it brings a higher profit. As one participant noted, oil palm brings year-round income, and not just seasonal returns. But with rapid expansion and conversion comes pressure on the land, as well as conversion of food crops upon which locals depend. Farmers in the area are converting their cassava and plantain crops to oil palm because of the promise and prosperity to which oil palm is tied. Half of the participants interviewed indicated that they began cultivating oil palm for the potential of increased income (Figure 3.3), which is now the driving objective behind the palm oil industry.

![Graph showing reasons for involvement in oil palm cultivation](image)

Figure 3.3 Reasons for involvement in oil palm cultivation
3.4.2 Current impact of oil palm certification in Juaben

JOPDC is an ordinary member of the RSPO and on path to achieving the goals that were set towards attaining CSPO designation from the RSPO. Demand for CSPO comes from abroad, and not domestically. Since CSPO has a higher price, all the palm oil processed by JOPDC is exported abroad to their contracted buyer, Unilever. Unilever has a goal of achieving all estate and contract area certification by 2021, with audits beginning in 2017. The increased demand from consumers abroad is creating a growing market for CSPO in Juaben and elsewhere across Ghana. Additionally, the large foreign-owned oil palm companies operating in Ghana are not the only ones able to take part in the export market; local mills and smallholders also continue to contribute.

Though the executives at JOPDC and the extension officers have access to RSPO materials, the majority of smallholders interviewed had never heard of the RSPO, nor of palm oil certification, regardless of whether they were contract or independent smallholders. Only the extension officers or participants from NGOs were able to discuss the role of certification and the RSPO with relation to the development of palm oil in Juaben. This indicated that there was a gap in knowledge transfer between JOPDC and the contract smallholders. One participant noted that any agricultural commodity developed on such a large-scale needed to obtain certain checks and standards to ensure that development is occurring sustainably. Once again, the development of certification schemes in Ghanaian palm oil is excluding those who have a large stake in its success.

3.4.3 Role independent smallholders hold in the industry

When JOPDC established itself in Juaben in 1981, local farmers near the catchment area were approached and offered loans in order to cultivate oil palm for the mill. Oil palm plants, fertilizers, other inputs, and regular training were provided for them but the farmers were obligated to sell the fruit back to the mill once the fruit was ready. Those independent smallholders who did not enter into a contract with JOPDC were still able to sell their fruits to the mill if they chose to do so, but they also had other options, such as selling to the local market or processing the oil themselves at one of the local processing mills in Juaben.
Exclusion is a theme that continuously reveals itself. Many differences emerged regarding the difference in growth between contract smallholders, who are outgrowers with the mill, and independent smallholders, who are not linked with the local mill). This issue has two implications.

First, the requirements for independent smallholders to become certified under the RSPO are too high for them to gain access. For example, to become certified, a grower must be a member of the RSPO. This step requires access to a computer and money for Internet access. If independent smallholders in rural Ghana are able to become members, they must then provide a GIS map of their farm and an environmental impact assessment for their land. For independent farmers who operate on less than two hectares of land\(^3\), this is nearly impossible to achieve due to financial limitations and the cost of obtaining a GIS map of their farm. If all of the preliminary requirements are attained, RSPO certifiers are located in Malaysia and must be flown in to verify that the farm has met all the requirements. For companies who make a substantial profit in the palm oil industry, this is easily done. But for independent smallholders, RSPO certification is certainly out of reach. The costs and required documentation associated with becoming certified is too much for independent smallholders to bear and makes it impossible for them to enter into the certified palm oil market.

Secondly, though certified cultivation of oil palm leads to improved livelihoods by providing better wages, helping with BMP, and maintaining land quality, companies and other stakeholders have no interest in helping independent smallholders to become certified. Those smallholders who are under contract with JOPDC have access to workshops, training, and sustainability measures when RSPO certification protocols begin to be implemented. A major issue outlined by the NGOs working on palm oil in the area is that there is no support, no extension, and no training for independent smallholders to become involved in certification. This is, in part, due to JOPDC not wanting to waste resources on workshops for those who are not under contract with them; however, this is also due to the lack of power that independent smallholders hold. In addition to multiple literature sources (Beekmans et al. 2014; Adjei-Nsiah et al. 2016; Schoneveld 2017), independent smallholder participants, extension officers, and NGO participants revealed

\(^3\) The average farm size of participants in Juaben is 2.25 hectares.
that in order to have a collective voice, independent smallholders must group together to be stronger and have a bigger impact and say in their future in the palm oil industry.

3.4.3.1 Supply chain management and conscious consumerism

Consumers are growing increasingly wary of the products that they consume and how these products are being produced. As palm oil is used in over half of all consumer goods, ranging from cosmetics and household products to food and fuels, the RSPO certification stamp of approval has an increasing value. Information and awareness on where palm oil is grown and sourced, and how the businesses operate in a sustainable and ethical manner, is becoming increasingly important to consumers. Conscious consumerism and sustainable purchasing is thought to have a trickle-down effect to those smallholders who produce the goods; therefore, certification logos presented on packaging are valued more highly because of the standards and regulations that they represent.

Many firms are latching onto conscious consumerism and beginning to clean up their sourcing, making commitments to source 100% RSPO certified palm oil by target dates. Although RSPO has four systems that firms can use⁴, of these, Greenpalm is by far the leading certification system. Large buyers of palm oil—including Kellogg, PepsiCo Mars, and General Mills—are able to use a Greenpalm certification on their packaging to indicate their participation in the sustainable palm oil industry. Greenpalm works by guaranteeing that equivalent amounts of oil bought by these firms is being produced from RSPO-certified plantations. Large buyers are able to buy Greenpalm certificates to offset the palm oil that they are actually buying. This trading system results in an untraceable supply chain; holding these firms accountable, therefore, becomes impossible. Though sourcing information for Greenpalm certificates is not available, basic economics reveals that large companies who are able to afford RSPO certification status can sell Greenpalm certificates; local mills that do not demand as high a price for their palm oil can then sell to the large buying firms. This directly impacts smallholders—especially independent smallholders. In Juaben, although JOPDC is working towards RSPO certification status, their primary buyer is Unilever, indicating that there really is no need to become certified. Independent smallholders in the Juaben area who are attempting to achieve certification have no

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⁴ All four certification systems (SCCS) are outlined in detail in Chapter 1.
opportunity to do so. Greenpalm certificates are redirecting wealth and power among the top stakeholders involved in RSPO, while leaving independent smallholders excluded from the progress.

Independent smallholders are being excluded from the sustainable palm oil industry solely because they wish to maintain autonomy over their land and their production. They lack access to proper outreach, information, and capacity to aid them in succeeding in the palm oil export market, which has the potential for higher income earnings. The certification systems created by the RSPO are misleading consumers regarding the sourcing and who is benefitting from the sustainable palm oil industry. If the palm oil supply chain aims to be unobstructed and truly sustainable, all actors in production need to be certified—including independent smallholders.

3.4.3.2 Group certification

A main theme that recurred throughout this study is that growth in the palm oil industry in Ghana is excluding independent smallholders due to the high barriers and costs of entry. Local mills and contract smallholders are moving forward with reliable training and workshops for sustainable palm oil production at the community level, while independent smallholders who want to gain access to the market simply cannot make advances. A sound solution to this, as indicated by smallholders and NGOs alike, would be to form an independent smallholder group to achieve RSPO certification on their associated lands. Group certification is a mechanism used across many industries to reduce costs and barriers faced by smallholders in entering the larger sustainable industry (Durst et al. 2006). It enables smallholders to join together to benefit from economies of scale while still maintaining control over their individual lands. Research behind the benefits of group certification in developing countries is abundant (Molnar 2003; Fischer et al. 2005; Durst et al. 2006; Auld et al. 2008; McDermott 2013).

While speaking with independent smallholders in Juaben concerning their thoughts on how they can become more integrated into the sustainable palm oil industry, the majority of participants suggested the formation of a group. Forming a group, they informed me, would allow them to have a greater voice and bargaining power. They expressed the desire for a role in the growing industry, understanding the benefits and prospects they could be realizing. NGO participants and extension officers working in the town supported these
needs. When the NGOs and extension officers were asked why groups do not currently exist, despite all stakeholders conveying their importance, it was revealed that there is a lack of motivation put forth by the independent smallholders. The term *laggard* was expressed multiple times when this topic was approached. NGO participants indicated that the lack of capacity available to independent smallholders was to blame for the absence of motivation. Government bodies, agricultural extension workers, and companies are solely interested in the for-profit side of sustainable palm oil, meaning they are concerned with providing capacity to local mills and contract smallholders in order to receive a bigger return. Independent smallholders are not contractually obligated to sell their fruits to the mill or larger companies; therefore, extension services are not provided to them.

The lack of credible information available for independent smallholders seems to be playing a major role in the lack of motivation to form groups. None of the independent smallholders interviewed have heard of the RSPO or of how cultivating CSPO could benefit them, confirming the finding that there is a lack of extension services being provided to this group. Independent smallholders are stuck in a circular rut insofar as they lack the collective bargaining voice to gain better access to credible information, and also lack access to credible information and extension services to build that voice.

3.4.3.3 Importance of independent smallholders in sustainable supply chains

The mantra of the RSPO and the sustainable palm oil industry is to have a holistic, inclusive growth of the industry and to include all stakeholders in the processes. A roundtable was established in order to include the voices of all stakeholders, from large buying companies like Unilever to the smallholders who grow the oil palm. With membership entry barriers and poor extension services, independent smallholders who desire to be part of the industry are being excluded. Both independent and contract smallholders desire to enter into the certified sustainable palm oil industry. Although contract smallholders have access to the extension services through the local mill, independent smallholders in the area, and across Ghana, are met with barriers. The large-scale palm oil producers are able to take on the additional financial costs of certifying the product and facilitating the required changes in production practices. With the exceptions of Malawi and Zimbabwe, all palm oil development in Africa is relatively recent and still in the planning or establishment phase (von Maltitz et al. 2009). Therefore, there is room for growth and improvement before
processes are set. The State of Sustainability Initiatives (SSI) Review (2014) concluded that certification schemes are establishing across palm oil markets, but in order to take full advantage of their possibilities, a better understanding of field-level impacts is required (Potts et al. 2014).

Societal concerns about the social and environmental impacts of palm oil production are stimulating producers to adopt more legitimate management practices. Certification schemes are legitimate mechanisms used in a wide array of sectors, and they have the potential to implement sustainable practices in palm oil production if inclusion of smallholder livelihoods is engrained in them (Hunsberger et al. 2014). This is true across all large agrifood sectors globally. Organic farming, coffee, and palm oil certifications have the potential to provide smallholders with access to markets with higher profitability; they also have the potential to strengthen the autonomy of smallholders (Bolwig et al. 2009).

Yet, a major challenge found by scholars in implementing certification schemes in palm oil production is the lack of inclusion and integration of smallholders (Lee et al. 2011). With limited access to financial capital, technology, information, and the supply chain resources, smallholders lack access into the sustainable palm oil industry (Dankers 2003; van Dam et al. 2008; Khor 2011; Lee et al. 2011). This presents the sustainable palm oil industry as very one sided, since only those large corporations with the financial capital, technology, information, and supply chain resources are able to participate. The role of smallholders in palm oil development—as well as the accompanying certification mechanisms—remains meagre and confined to company interests. As such, smallholders are left behind, while the palm oil industry strives to become more sustainable as a whole.

In addition to focusing on the enforceable sustainability criteria and principles, certification schemes should be meeting high standards of reliability, transparency, and compliance with localized verification requirements (German and Schoneveld 2012). Research has not indicated why certification mechanisms are not being more inclusive of smallholder development, solely citing that the costs associated for the companies are too high (von Hagen 2011). Yet, if certification schemes were accountable and transparent to their third party assurances, costs associated with these inclusions would not matter. When contemplating ways to manage social and environmental issues of resource extraction, it must be acknowledged that certification is only one factor. Certification standards, when applied voluntarily, have inherent limits in their contribution to more sustainable
consumption and production pathways.

The palm oil industry, although price volatile, has potential for increased profits for independent smallholders. Though these smallholders should not be fully dependent on oil palm, oil palm in addition to subsistence crops can provide great benefits to livelihoods, especially within the certified sustainable palm oil industry, as CSPO has a higher selling price on the global market due to its increased demand. The RSPO is responsible for ensuring that all stakeholder interests are met, including those of independent smallholders.

3.4.4 Extension services

Proper extension services play a critical role in agricultural and livelihood development in rural Ghana. The Ghanaian government relies heavily on extension officers to reach out to smallholders regarding new government programs and BMP so that the government can understand the needs of smallholders in rural Ghana. Despite its great importance, all participants interviewed—including the government extension officers—deduced that effective agricultural extension is severely lacking in Juaben. Many participants stated that the irregular visits from extension officers seem forced and unhelpful. When extension officers are in town, it is rare that they visit the smallholders; instead, extension officers tend to pay visits to executives at the mill or to elders. Crucial information is rarely passed along to the independent smallholders regarding oil palm practices, and there was a noted difference in satisfaction of extension services between contract and independent smallholders (Figure 3.4).
Extension officers provide workshops and training, but seats are limited to executives at the mill or to select participants from the town. BMP and new regulations were commonly passed along to contract smallholders with the mill, but independent smallholders miss out on this vital information. One NGO participant noted that, since the mill cannot guarantee the fruits of independent smallholders, the mill consequently has no interest in relaying promising agricultural information to them, nor will the companies invite independent smallholders to workshops or training. This exclusion of smallholders—and those whose livelihoods depend on the proper growth of oil palm—has potential to hurt the economic output that Ghana could otherwise be achieving.

Though the oil palm is becoming increasingly integral to economic growth in Ghana, there are not specific extension officers for palm oil, as there are for cocoa. Cocoa cultivation receives its own extension services directly from the government, while oil palm is grouped together with other staple crops such as cassava, banana, and plantain. Farmers in Juaben have been noticing the growth of oil palm yields in recent years, and many of their neighbours have converted all their land—and have bought even more land—to cultivate oil palm. With the increase of smallholders entering the oil palm field, extension services

Figure 3.4 Smallholder satisfaction with extension services
are severely lacking and are not accommodating to the increased needs of smallholders in Juaben.

3.4.4.1 Actors in Ghanaian extension services

The lack of transparency and legitimacy in RSPO’s operations in the sustainable palm oil industry is exacerbated by the poor extension services available to smallholders. A legitimate sustainable palm oil industry includes a traceable supply chain and basic well-being principles for smallholders who are cultivating palm oil. As indicated above in the results section, contract smallholders have access to training and knowledge via the mill for which they work. Although this transfer of knowledge might not reach them, as seen in the case study in Juaben, independent smallholders in Ghana do not have the extension services at all. There are four main avenues discovered by this research in which extension services are lacking: government extension officers, the RSPO, firms, and NGOs.

3.4.4.1.1 Government extension officers

The Ghanaian Government is actively promoting the cultivation of oil palm in order to increase exports. This includes incentives for companies as well as privatization of the industry. The success of extension services depends on how the extension officers interact with the farmers—this goes for all agents providing extension. A study by Boateng (2006) concluded that although the case for farmer involvement in extension has long been made in Ghana, there is still a weak linkage between farmers and extension officers, resulting in a barrier to knowledge. It is unclear if the issue is due to the number of officers working in one area, or their specialty; regardless, knowledge and capacity is not being transferred from government agents to smallholders. In Juaben, government extension officers specializing in palm oil were non-existent. Palm oil extension services are joined together with general extension, in which there is only one officer for the area. Cocoa, on the other hand, has its own government extension officer that visits the town. Despite the Ghanaian Government’s position on the palm oil industry, there is insufficient help available to those who need it in rural Ghana with respect to oil palm.

3.4.4.1.2 NGOs

NGOs play a critical role in extension services in rural Ghana as well. This is the stakeholder whose primary interests are the livelihoods of smallholders. Nonetheless, while
speaking with farmers in Juaben, it was found that NGO presence in Juaben was just as poor as the presence of government extension services; the frequency of NGO visits and trickle-down of information is rare. The difference in access between independent smallholders and contract smallholders was also evident in NGO extension services. In Juaben, NGO workers had visited the mill and spoken to executives, but smallholders in Juaben indicated that the workers rarely spoke to the farmers. In all of Ghana, there was only one NGO found to be working on the integration of independent smallholders in palm oil certification. When spoken to, their concerns related to the lack of funds and the lack of basic knowledge that the smallholders had of the palm oil industry. NGOs interviewed in the study indicated that they believed funding should come from firms that operate in the palm oil industry, whether those firms were buyers or sellers.

3.4.4.1.3 Firms

Large firms who are major buyers of palm oil are seeking economic profit. The use of Greenpalm certificates is masking the inequalities that continue to ensue; moreover, the claim that Greenpalm certified firms are sourcing 100% certified sustainable palm oil is continuing to place smallholders at a disadvantage. In order for firms to achieve a legitimate sustainable supply chain, the focus should be directed towards sourcing credible and unobstructed palm oil and engaging with smallholders on the ground. Corporate Social Responsibility (CSR) initiatives currently centre around branding and ensuring a certification logo is placed on products; however, concern should focus on engagement with smallholders and the transparency in their palm oil supply chains. Firms hold an economic advantage over all the other extension agents in that they have the funds to help NGOs on the ground, they hold power to ensure RSPO is actively engaging with independent smallholders, and they have the economic ability to engage with smallholders themselves.

A report conducted by von Hagen (2011) indicated that stringent standards set forth by large companies tend to disadvantage the participation of smallholders in value chains, arguing that it is difficult and costly for companies to source from a large number of independent smallholders compared to a few big suppliers. Compliance monitoring, farm extension services, and higher financial resources all discourage large palm oil companies from engaging in independent smallholder schemes (von Hagen 2011). Often, the
prescribed potential benefits of independent smallholder schemes are considered hypothetical and the reality is an exclusion of smallholders altogether.

3.4.4.1.4 RSPO

The RSPO recently implemented the RSPO Smallholders Support Fund (RSSF) which aims to assist independent smallholders achieve RSPO sustainability certification. Being RSPO-certified grants smallholders access to the global market for CSPO, long-term efficiencies in yield and productivity, and better land management of their farms. The growing interest of independent smallholders, and smallholders in general, towards the sustainable market, has resulted in many of applications to the project. In order to apply for the grant, a group must be formed with an elected group manager. NGOs, such as Solidaridad in Ghana, are actively approaching independent smallholders, encouraging them to form a group, and aiding them in applying for the RSSF. These projects are being met with resistance, as mentioned by the NGO participants in this study, as well as the lack of independent smallholder groups in Juaben.

3.5 Limitations

This study has a number of limitations. The majority of the interviews and all of the surveys were collected from one small town in a very large, vastly diverse country, resulting in a homogenous group of cases. While the NGOs interviewed confirmed that this one area was experiencing what other towns and villages were experiencing, this study is not an accurate reflection of the palm oil industry as a whole in Ghana.

Time and contextual resources were limited for this study; therefore, more in-depth interviews could not be conducted to provide a larger sample of the population. Rather, this study focuses on one town in Ghana. Government, research, and industry representatives were unable to return any correspondence; therefore, their respective views are not included in this research. The extensive literature review and research conducted prior to and during this study aim to capture views of all stakeholders in the industry.
Chapter 4: Conclusion

The oil palm plays a significant role in the daily lives of Ghanaians as a base for soups, a source of edible oil, a household fuel, and a material for shelter, baskets, and various other products for household use (Gyasi, 1992). The oil palm represents life and growth in Ghanaian culture. An oil palm plant is often gifted to young people as it has many uses and can provide income, shelter, and health to those in need. As such, the significance of this plant is deep-rooted in Ghanaian culture, history, and futures. To simply boycott palm oil, denying its cultural significance to peoples, would be an injustice to the independent smallholders in Juaben, Ghana, as well as to the multiple other producing countries around the world. Exploring the roles of various actors in this space can create a sustainable industry that is vital for the imminent growth of palm oil. A table (Table 4.1) of findings and recommendations can be found below.

Table 4.1 – Findings and Recommendations

<table>
<thead>
<tr>
<th>Objective</th>
<th>Results</th>
<th>Recommendations</th>
</tr>
</thead>
</table>
| Survey the development of the sustainable palm oil industry in Ghana | • Independent smallholders are eager to have a hand in the growing industry  
• Increased development of palm oil mills in the area  
• Environmental harm caused by homogenous lands is not seen by smallholders  
• Lack of knowledge surrounding the RSPO and certification  
• Knowledge transfer gap between mills, extension officers, NGOs and independent smallholders | • Group certification and independent smallholder cooperatives  
• Independent smallholder grants and funding  
• Continued support and capacity building |
| Examine the potential role the independent smallholders could hold in certification schemes | • Limited support, information and funding available  
• High risk of exploitation from middlemen  
• High costs associated with gaining access to sustainable market  
• Low bargaining power |
This research did not find that the RSPO’s emergence has been beneficial to independent smallholders. From 2014 to the present, independent smallholders in Ghana continue to struggle for access to capacity building initiatives that have supposedly been implemented. However, this research has shed some light on the issues surrounding independent smallholders and their access. For instance, ineffective extension services and lack of attention to these issues are hindering the inclusion of smallholders. There are also clear power structures at play in the RSPO organization, wherein the livelihoods of independent smallholders are not being clearly addressed. Supply of palm oil is attempting to catch up with rapidly increasing demand by allowing large monoculture companies to take over production for export, rather than enabling smallholders to enter into the export market. This situation has provided the ideal realm for organizational bias in the operations of the RSPO.

Decentralized governance schemes, such as the RSPO, are proving to be weak and ineffective in countries where palm oil is being produced. Disinterested governments are allowing these alternative regulatory organizations to secure power over commodities and exports. There is an unequal power distribution between those who are needing the systems created by the RSPO, and those who are sustaining them. This power complex extends from the Ghanaian government and turns a blind eye to the community extension officers, who are both insufficient in numbers and in their ability to provide services to independent smallholders. As a result, independent smallholders are being alienated by the RSPO, and their issues and concerns are not being recognized.

Large producers dominating the space are more concerned with mitigating negative public relations stories, such as rainforest destruction in Indonesia and Malaysia. These issues are very critical, but little attention has been paid to independent smallholders in producing countries. Though NGOs operate in this space and are working towards providing a voice for independent smallholders, their reach and scope are not yet powerful enough to bring about change.

4.1 Moving Forward

The path towards an inclusive sustainable palm oil industry must strive for a balance of power and objectives. The RSPO is responsible for ensuring that independent smallholders, are receiving access to reliable information regarding sustainable palm oil.
Due to the lack of transparency within companies that operate in palm oil production, the role of TPCs needs to include the promotion of independent smallholder interests; that is to say, independent smallholders need to be included in the processes of certification and in developing criteria and principles to move forward with inclusive palm oil development. The RSPO is responsible for holding members accountable for the lack of integration and transmission of reliable knowledge to independent smallholders concerning sustainable palm oil production. Proper training for government extension officers is crucial for the transfer of knowledge and the overall facilitation of the sustainable palm oil market in Ghana.

Sustainability is an ambiguous term that translates differently for various actors and spaces. Attempting to implement sustainability policies in a field with multiple actors with varied interests may seem unattainable. The nature of sustainability criteria can influence the quality and effects of enforcement. With vague and general criteria extending from the national level, as well as extension services on the ground, principles and criteria outlined by the RSPO are challenging to enforce. Without proper support and knowledge transfers, a sustainable industry is unattainable. All actors in the field need to be united in seeking a sustainable palm oil industry in Ghana. Profitability of an industry is vital in terms of economic growth, and certification mechanisms that seek to improve the sustainability of this industry must be balanced with practical feasibility, compliance with local communities, and suitable technological solutions (Asal, 2006). The demand for palm oil continues to climb, and the mitigation of the issues presented in this study is critical to provide a safe and sustainable palm oil industry for all actors, specifically independent smallholders.
References


Shepherd, A. (2007). *Approaches to linking producers to markets*. Food & Agriculture Org..


Appendix

A – Interview guide

Interview topics & questions

1. Palm Oil development in Ghana
   a. What makes Ghana an attractive country for palm oil production?
   b. Are there any constraints to production (seasonal, capital etc.)
   c. What is sustainable palm oil
      i. Is production in Ghana currently sustainable?
   d. What are key drivers for a sustainable palm oil industry
   e. Are there external or internal pressures directing the implementation of certification schemes?

2. Certification
   . Are there any certification schemes currently being implemented
   . What are the certifying bodies most prominent in Ghana
      a. Have you ever been involved in the development of principles and criteria for certification schemes
      b. Who is involved in this development?
   . Are there regular checks in production conducted by a third party?
      a. What do they check for?
      i. How long are their audits?
   . Are there costs associated with certification audits and renewals
      a. Who bares the cost of certification audits and renewals
   . What are the outlets and procedures for reporting those who do not follow certification guidelines
   . Are certification schemes voluntary or compulsory?
   . Should they be the opposite?

3. Role of Smallholders
   . Is palm oil development a benefit to development in this community?
   . Why or why not
      a. Are there obstacles to gaining entrance into palm oil production as a smallholder?
      b. Are there benefits or disadvantages of producing palm oil as a smallholder?
      c. Is there capacity to develop human resources and training for smallholders?
      . Should this be included in sustainable palm oil production
      d. Are there socio-economic implications of palm oil production for local communities?
      . What is your role as a smallholder in developing certification principles and criteria?
      . Are there any forums for smallholders to address their concerns regarding the principles and criteria

Purpose of the interview

The purpose of this interview is to assess the challenges and opportunities of sustainable palm oil development in Ghana and evaluate the role that smallholders have in certification schemes. This study aims to analyze the legitimacy of the current certification schemes being implemented and how to further the role of smallholders in these schemes to obtain inclusive growth of the palm oil industry in Ghana.

Stakeholders to be interviewed
1) Palm Oil Companies
I selected this stakeholder to gain insight into the corporate side of palm oil development. I believe they will provide a business-minded look into the benefits and constraints of palm oil development in Ghana. I want to see where their interests lie – whether for profit or helping the smallholders and local communities.

2) Research Institutes
I would like to interview members of the Oil Palm Research Institute (OPRI) to get a scientific and research insight into palm oil development. Research institutes are usually government funded therefore I understand there will be bias as with all other stakeholders. I would like to compare their insights with research papers being published by international scholars.

3) Smallholders
Smallholders are integral in my study to assess their role on the group of the growing palm oil industry and are critical in relaying information about certification implementation on the ground. They will provide insight on benefits and hurdles of adopting palm oil crops and what the challenges and opportunities to certification there are. I’m very interested in learning about the legitimacy of certification implementation on the small scale levels.

4) NGOs
I will interview two NGOs (pending more) in Ghana, Solidaridad and Proforest who both do advocacy work in the palm oil industry in Ghana. Proforest was recommended to be my colleagues at Kumasi University whereas Solidaridad is a well-known NGO in Ghana working on these issues.

5) Members of RSPO (pending)
I would like to be able to speak to someone from the RSPO who are the main certifying body in palm oil internationally and have recently certified a company in Ghana. I would like to hear perspectives on their current initiatives and also future goals and view on the role of certification in sustainable palm oil.
B—Survey

The researcher is a student of the University of British Columbia (UBC) working on issues pertaining to the oil palm industry in Ghana. The information you provide will be treated as confidential.

<table>
<thead>
<tr>
<th>Age</th>
<th>30 of under</th>
<th>31 - 40</th>
<th>41 - 50</th>
<th>51 of older</th>
<th>Undisclosed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>Female</td>
<td></td>
<td></td>
<td>Undisclosed</td>
</tr>
<tr>
<td>Education</td>
<td>High School</td>
<td>Bachelors Degree</td>
<td>Post Graduate or higher</td>
<td>None</td>
<td>Undisclosed</td>
</tr>
<tr>
<td>Size of Farm</td>
<td>Under 5ha</td>
<td>6ha - 10ha</td>
<td>11ha - 15ha</td>
<td>16ha - 20ha</td>
<td>21ha - 25ha</td>
</tr>
<tr>
<td></td>
<td>26ha - 30ha</td>
<td>31ha - 40ha</td>
<td>41ha and up</td>
<td></td>
<td>Undisclosed</td>
</tr>
</tbody>
</table>

Why did you get involved in oil palm cultivation?

[ ] I was told I had to cultivate oil palm
[ ] Loans were available therefore it was easy and cost effective to get involved
[ ] Potential for increased income if I began to cultivate oil palm
[ ] I inherited the land and it already had oil palm
[ ] The land was only suitable for oil palm cultivation
[ ] Other: __________________________________________

Who do you sell your oil palm fruit/crop to?

I process it myself  I sell to a company  I sell to a mill  Unknown

Are you associated with a company?

GOPDC  BOPP  TOPP  Independent Grower  Other:

Yield Size (Tonnes of fruit per ha)

0 - 5 t/ha  6 - 10 t/ha  11 - 15 t/ha  16 - 20 t/ha  21 t/ha or more  Unknown

Do you think the palm oil industry is harmful to the environment and/or local communities in Ghana?
Is your farm certified?

Yes  No  Unknown

If no, do you want to become certified soon?

Yes  No  Unknown

If yes, which certifying body certifies your farm?

RSPO  Other: ________________________________  Unknown

Do you think certification in oil palm is effective to protect environmental and/or social concerns?

Yes  No  Unknown

Do you feel the current certifying body acknowledges smallholder concerns?

Yes  No  Unknown

Do you want to become more involved in creating principles and criteria for certification standards in your region?

Yes  No  Unknown

Was there training provided to help teach what methods need to be used in order to cultivate palm in a socially and environmentally sustainable way?

Yes  No  Unknown

Do NGOs come to discuss fair treatment of smallholders and ensure community rights are protected?

Yes  No  Unknown