



## Case study

### Developing a new model of sustainable smallholder oil palm production: the case of the BOPP Community Smallholder scheme in Ghana

This case study covers:

An example of corporate-level demand side change, through the commitment and actions of Wilmar BOPP to expand RSPO certification to a new smallholder outgrower plantation that they will source from.

An example of how BOPP has benefited from engagement within the Africa Palm Oil Initiative (APOI), a P4F-funded project.

# Developing a new model of sustainable smallholder oil palm production: the case of the BOPP Community Smallholder scheme in Ghana

**West and Central Africa is the new frontier for Oil palm production, with countries like Ghana experiencing wide-scale expansion due to increased demand to meet economic growth priorities.** Recognizing the risks involved in expanding oil palm production, the Consumer Goods Forum, a global membership of retailers and manufacturers committed to eliminating deforestation from their palm oil supply chains in 2010 and have since undertaken actions to achieve this. However, whilst most private sector companies have made deforestation commitments to cover their existing and future palm oil plantations, and have the means to plan for, implement and monitor such deforestation-free production, the situation is different for smallholders. Their farming practices are influenced by the necessity to improve their livelihood from any available land, and for whom monitoring and certifying deforestation-free production is often beyond reach.

## The smallholder challenge for sustainable production

Over 80% of Ghana's oil palm production is produced by smallholder farmers<sup>1</sup>. Available statistics from the Ghana REDD+ indicate that Oil Palm cultivation contributes approximately 2.4% to deforestation in Ghana. As a smallholder driven industry, the gradual reduction in yields from overaged trees and the lack of financial support threatens the surrounding forests within the production landscapes.

Large agro-commodity company commitments and practices for reducing deforestation associated to oil palm production are yielding some results. However, production by smallholders presents some critical challenges that are hindering further success.

There is limited collective action among smallholder farmers, and costs of aggregating remotely located producers are high, making it more challenging to reach them with improved practices and harmonizing production approaches and land use planning.

These challenges must be addressed in a holistic way that ensures both environmental sustainability and improved livelihoods for smallholders. Practical solutions require innovation and collaboration – bringing together communities, private sector, government and the demand-side to drive improvements in the way that is economically viable, socially beneficial and environmentally sustainable.

### Box 1: Challenges to smallholder oil palm production in Ghana

- Scarcity of land in oil palm growing belt of Ghana: Oil palm smallholders occupy about 93% of the areas under cultivation (330,000ha), producing about 80% of the total FFB output. Oil palm plantations occupy about 7%, which accounts for 20% total Fresh Fruit Bunches (FFB) output.
- Productivity: Smallholder yields in Ghana are very low (average FFB yield is 5.4 t/ha) compared to 10 t/ha from oil palm plantations. Improving yield and productivity of both Smallholders and Private Sector Companies will be an enormous opportunity for economic growth and development including poverty reduction. Additionally, improving yields of existing fields means more volumes from the same piece of land thereby reducing the chances for further expansion into forests ("intensification" as against "extensification").
- Lack of Capacity: Smallholder farmers lack the knowledge and capacity for implementing best environmental and social practices for oil palm production
- Weak enabling environment: There is a weak enabling environment to facilitate the adoption and use of best management practices by smallholders, and insufficient incentives and investments directed at supporting this.

<sup>1</sup> NEPCON: <https://www.nepcon.org/sourcinghub/palm-oil/palm-oil-ghana>



## Creating a roadmap to sustainable production

To address these challenges, Partnerships for Forests (P4F) is supporting The Africa Palm Oil Initiative (APOI), a regional initiative in Africa focused on decoupling deforestation from palm oil supply chains to build multi-stakeholder public-private partnerships and create platforms to promote more responsible practices across the palm oil supply chain in West and Central Africa. Launched in 2014, the APOI aims to promote common principles of sustainability among governments and palm oil producers across ten African countries, led by specially established national steering committees in the various countries.

This involves creating the needed policy environment for producer organizations and smallholders to thrive and meet responsible production standards at a site level. In Ghana, one of such organization benefitting from the APOI is the Benso Oil Palm Plantation Limited (BOPP) – a subsidiary of Wilmar, – a private leading producer of oil palm in the world.

BOPP is taking a leading role in promoting approaches for sustainable palm oil development in Ghana, engaging both in ambitious corporate strategy decisions – including supporting the roll out of RSPO certification to a new smallholder supply area – and shaping the policy environment for sustainable production in Ghana. This is in alignment with Principle 4.7 of the Ghana national principles of the APOI, which outlines the need to “ensure that livelihoods of smallholders/out-growers are protected”. The decision is to ensure sufficient supply of raw material (FFB) using sustainable business model, and provide a collective voice for the smallholder farmers.

### Box 2: About BOPP

Benso Oil Palm Plantation (BOPP) was established in 1976 as a limited liability company. It is located in Adum Bano the Mphor Wassa East District of the Western Region of Ghana. It covers a total land area of 6,799 hectares including 1,650 hectares for the Smallholder scheme.

The company was jointly formed by the Government of Ghana and Unilever Plc to undertake the cultivation of oil palm and processing of the fruits into crude palm oil. BOPP was formally listed on the Ghana Stock Exchange in 2004. In March 2011, Unilever Ghana Ltd off-loaded its 58.45 percent of BOPP shares to Wilmar International from Singapore who have now taken over the management of the plantation. The company has a mill of capacity 30 ton FFB/hr mill and 77.97% ownership by Wilmar.

Since 2014, BOPP has attained certification from the Round Table on Sustainable Palm Oil (RSPO), becoming the first company in Ghana to attain such certification. This certification provides assurance that the plantation is undertaking business in an ecologically, socially and economically responsible manner. BOPP is playing leading role in the Africa Palm Oil Initiative (APOI) national platform and the Oil Palm Development Association of Ghana (OPDAG) to align its business model in response to these principles and actions as well as ensuring sustainable production and economic empowerment.



As a member of RSPO with its operations certified BOPP has taken a corporate policy decision to bring all its operations including their smallholders into a certifiable status.



## The BOPP Adum Banso Net Positive Carbon and Sustainable Oil Palm project: developing a new blueprint for a sustainable community oil palm model

In line with its deforestation-free and sustainability commitments, BOPP has taken a strategic decision to green its supply chain to increase the volume of RSPO certified FFBs it purchases. Working with community and farmers, BOPP is piloting the Adum Smallholder Sustainable Oil Palm Pilot which aims to transform the Mpohor district at the landscape level by implementing a commercially viable, socially responsible and environmentally sustainable best practice model for oil palm based on RSPO principles and standards.

In the first instance, BOPP have aimed to position themselves as leaders in sustainable palm oil production in Ghana and extending RSPO certification across all their supply is a concrete demonstration of their commitment in this area. Furthermore, BOPP maintain that aligning with RSPO principles and standards helps smooth operations by ensuring the application of uniform best management practices across all production and supply sites – which also ensures higher yields and revenue for smallholder producers.

Finally, the FPIC process undertaken with communities helps minimise confrontations and conflicts with the communities, supporting the development of a sustainable and secure production of oil palm in the community and, therefore, for BOPP's operation.

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**The cost of becoming RSPO certified is very high and it takes a lot of commitment to do it, especially when we do not receive differential payment for RSPO certified palm oil, but BOPP has seen its benefit and continue to see it. The long-term benefits of going sustainable are immense to us, BOPP.”**

**Samuel Avaala, General Manager, BOPP**



## The Approach

The Adum project is a strategic first step towards ensuring a fully certified RSPO supply chain. The Adum Smallholder project is working with three communities – Adum Trebuom, Adum Dominase and Ampeasem – located in the Mphohor district of Western Ghana (Figure 1) to develop a 1,470 ha community oil palm field.

By preparing new smallholder suppliers for RSPO certification before planting begins, BOPP is ensuring more control over their supply chain, securing a supply of certified RSPO Fresh Fruit Bunches (FFBs) and strengthening their market position as an RSPO certified company from community to corporate level. To do this, BOPP undertook the following critical steps in consultation with the communities under the new smallholder scheme:

### Free Prior Informed Consent (FPIC)

process that puts the entire community at the centre of forest protection, was conducted with the local communities who held either land-owing or use rights. Representation in such meetings included chiefs and elders, various community groups (e.g. women and youth) and the general community members. The land owned by the community will not be acquired by BOPP under the project. BOPP will only support the communities in developing their own smallholder oil palm plantation with an agreement for BOPP to be the exclusive off-taker of all the Fresh Fruit Bunches (FFBs) at agreed prices.



### Providing technical assistance to smallholders:

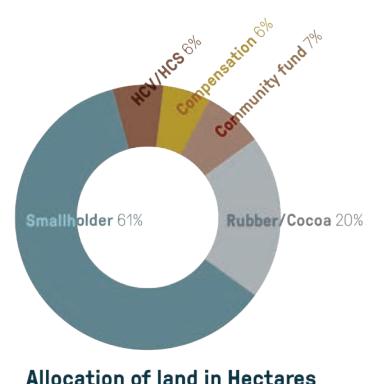
As part of taking control and greening its supply chain in line with its commitments, BOPP provides the technical training support to the farmers. BOPP required that smallholder farmers maintain their farms in accordance with BOPP's standard operating procedures (SOP) under the supervision of its technical supervisors. BOPP allocates the plots to the farmers once the land preparation was completed and farmers were involved in the planting and maintenance of their farms thereafter. Furthermore, the farmers and hired workers are responsible for harvesting with supervision from BOPP while BOPP ensures the collection/weighing (farmers are to witness the weighing

process) and transport to the mill. The plan is to increase annual yield of these farmers to 15 tonnes of FFB per hectare through the adoption of best agronomic practices and financial support. Side-selling is practically zero since harvesting is done by both BOPP staff and the farmer with the produce weighed and recorded at the farm level.

### Implementing an agreed benefit sharing mechanism:

BOPP has negotiated a benefit sharing scheme with the communities involved in the project. Of the 1470 ha of land, the Central committee – made up of representatives of the community and BOPP – agreed to set aside the 300ha of cocoa and rubber trees already existing in the landscape, 89 ha to HCV/ Carbon Stocks, 118 ha to perennial crop farmers to Oil Palm and 100 ha for community oil palm development. Of the 100 ha community oil palm development land, 80% would be allocated to the Community Development Fund and 20% to traditional authorities.

Smallholders on the project will benefit



Allocation of land in Hectares

from the remaining 900 ha with each farmer receiving a total of 3 ha.

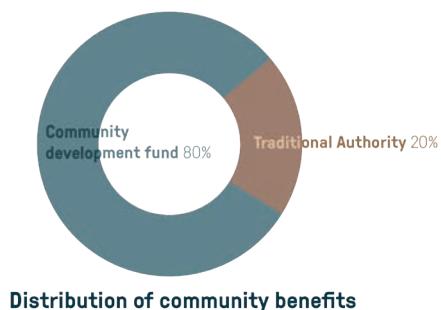
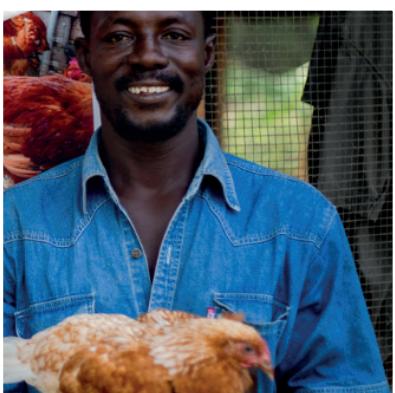
BOPP is pre-financing the establishment of a Community Oil Palm farm for a year in anticipation for their loan facility to materialize. Beyond individual income from oil palm the entire community will receive a collective payment into a Trust Fund for community development. The allocation to the Community Development Committees will be accrued at BOPP and paid to the relevant funds on a quarterly basis. The committee will then decide on the project(s) to apply this accrued fund at the community level.

#### Piloting a landscape governance mechanism:

a forest landscape governance board with representatives

from BOPP, the communities, and local authorities, has been established to oversee and manage oil palm development in the landscape. With the operational Community Forest Protection (CFP) by-laws and working principles

in place, it is expected that on the ground monitoring and enforcement activities would be actively implemented. Making the community oil palm development conditional on forest protection – incentivised by additional livelihood



options – ensures economic development is also matched by conservation gains.

#### Providing additional livelihood support:

To economically empower

and discourage local people from encroaching the nearby forest reserve, an additional livelihood support has been set up as an incentive to complement their existing livelihood activities and improve income levels. Project beneficiaries have benefited from training (hands-on and theoretical) in income generating activities including bakery, poultry, piggery, beekeeping and small ruminant production.

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The management view is to make things workable and result oriented in a sustainable way. We need tangible results to replicate successful models. The goal is to make BOPP the preferred choice.”

Kwasi Ofori, Estate Manager

## Spreading the impact beyond project borders – BOPP's leadership in national and regional initiatives

BOPP has played a leading role in the APOI national platform from the beginning, sitting on the steering committee and contributing to the development of the national APOI Principles and Criteria through engagement in national country workshops and consultation processes.

Their industry knowledge and experience with smallholder RSPO certification has been an important contribution to developing a national vision and action plan for a prosperous palm oil industry which provides jobs and wealth to local communities in a way that is environmentally and socially sustainable and protects the rich tropical forests of the country. BOPP has also been the first private oil palm company to pilot the Ghana country principles and actions of the APOI – providing an important proof of concept and learning case for other private companies.



### How engagement in the APOI has helped BOPP

Participating in the APOI has provided BOPP with the international and national platform to share best practices with other industry players. This has increased recognition for the company and helped create awareness among the private sector on how smallholder farmers can be supported in a way that increases production sustainably. Through demonstrating their leadership, BOPP have increased their policy credibility and improved their image at the international level.

Engagement in the APOI, and through other national bodies such as the Oil Palm Development Association of Ghana (OPDAG), has allowed BOPP to contribute to the development of a national vision and standards and principles for sustainable palm oil production. BOPP have been key in the consultations that have led to the development of the oil palm board, now part of the Ghana Tree Crops Development Authority, an initiative to establish a regulatory body for the oil palm sector in Ghana. This has had benefits in both directions, with BOPP able to support decision-making with learning from practical on-the-ground experience.

The APOI has also helped create awareness and buy-in from the community level through to the corporate level. Trainings connected to APOI were provided to farmers in the BOPP project landscape around improved management practices, nursery management and development, and HCS/HCV area management – hence building concerted efforts, synergies and awareness – and potentially eventually increasing the supply of sustainable FFBs for BOPP.

## How Partnerships for Forests has helped

P4F has provided grant funding to both the BOPP project and the APOI regional initiative.

Within the BOPP project, P4F funding has been critical in supporting the implementation of an FPIC process, and the signing of Memorandum of Understanding (MOU) and conservation agreements with communities, in line with APOI principles. Additionally, as the project awaits RSPO approval, P4F support to the project in terms of the provision of additional livelihoods has been critical. It has reduced agitation among community members during this waiting period, providing the needed economic safeguard whilst ensuring compliance to best farming practices.

In addition, P4F's involvement in the project has given BOPP the credibility to engage farmers before planting can begin, providing reassurance that the project will continue as planned. This has given BOPP the much-needed space to plan the implementation carefully for smooth take off as soon as RSPO approval is granted. "These strategies have helped gain community trust," says Kwasi Ofori.

P4F has been supporting APOI since 2016, funding the initiative's central coordination and facilitation function through Proforest. In Ghana, this support has enabled the establishment of a national platform and actions and principles. Members of the platform are in turn supporting the establishment of the Tree Crop Development Authority Bill, which will improve the enabling conditions for sustainable palm oil production in Ghana by developing a regulatory body to oversee production across all companies and smallholders.



## Forward look

Working together, APOI and BOPP can continue to roll these initial pilots out further and support the implementation of action plans at the national level, through strong communication strategies, further capacity-building and training provision, and development of a national monitoring, evaluation and learning system. As their smallholder RSPO pilot begins to deliver results, BOPP's continued engagement in APOI and advising on the Tree Crop Development Authority Board will provide a channel to share important practical learnings that can drive further improvements in sustainable oil palm production in Ghana, reaching the 80% of production in the hands of smallholders.

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