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**The Future of Palm Oil in West and Central Africa:  
Workshop Report**

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# The Future of Palm Oil in West and Central Africa: Workshop Report

## SUMMARY

An Africa College supported workshop held at the University of Leeds, UK on June 3<sup>rd</sup>, 2014, brought together 19 different stakeholders, across academia, conservation NGOs, private-sector growers, distributors and end-use companies, who are involved with palm oil. The objectives of this report are to:

1. Explore current practice and trends in palm oil production for local and export markets in Western Africa (i.e. Ghana) and Central Africa (i.e. Gabon)
2. Identify knowledge gaps which can provide a basis for future collaborative and interdisciplinary research opportunities

To reach these goals, the workshop was organised around one introductory session with three short talks from international experts, and subsequent facilitated small group discussions focused around three themes. This report summarises the key outcomes stemming from this event.

## Key Messages

**1. Africa, in particular the western and central regions, is widely acknowledged to be the new frontier region for large-scale palm oil production.**

**2. Knowledge gaps can be identified around yields, biodiversity and Ecosystem Services (ES), supply chain and structure, policy, Roundtable for Sustainable Palm Oil (RSPO) and trade standards offering potential for collaborative and interdisciplinary research projects.**

**3. Western and central Africa cannot be treated as a homogenous area when looking at the future impacts of palm oil and the potential for the sustainable development of the sector.**

## Current practice and trends in Palm Oil production in Western and Central Africa

Palm oil is an incredibly productive crop which produces ~ 4.2 tonnes oil ha<sup>-1</sup> (cf. 0.4 t ha<sup>-1</sup> for soybean and 0.6 t ha<sup>-1</sup> for rapeseed oil) and accounts for 30% of global production and 57% of world exports of vegetable oils. Annual production currently equates to ~ 55 MT but demand is likely to exceed 65 MT by end of 2015.

Africa, in particular the western and central regions, is widely acknowledged to be the new frontier region for large-scale palm oil production. Currently, Nigeria is the only major producer (930kt yr<sup>-1</sup>) but 1.5M million hectares of land has recently been approved for palm oil development in Liberia, Cameroon and Gabon alone. Smallholders currently account for 70–90% (depending on the country) of growers, but industrial operations are expanding rapidly.



Case studies from Ghana and Gabon showed the state of palm oil production in each country.

**Ghana** [based on presentation by Rebecca Ashley Asare, Director of Programs and Research, Nature Conservation Research Centre in Accra, Ghana.]

In Ghana, oil palm is largely grown in the high forest belt as part of a forest agriculture mosaic landscape that includes multiple tree crops (e.g. citrus and cocoa) and food crops. Commercial development of oil palm dates back to 1830, but production has increased dramatically from 1960. The total cultivation area for oil palm is ~ 336,746 ha, of which estates account for 12% and smallholder farmers account for 88%. The majority of the expansion in the sector since 1992 has been undertaken by independent smallholders and no new estate developments are planned as of 2012. However, there are central plans to increase the area under cultivation.

In addition to commercial development, palm oil processing is conducted within households using traditional practices, small-scale artisanal producer, and medium and large scale mills. In 2011, Ghana became the first country in Africa to have its National Interpretation of the RSPO principles and criteria approved. However, it is a major challenge to certify outgrowers, many of whom have low yields. A number of projects are focused on increasing yields by smallholder producers. The lack of land use planning at a landscape level was highlighted as a challenge in Ghana in relation to environmental impacts of oil palm expansion.

**Gabon** [based on presentation by Christopher Stewart, Head of Environment and Sustainable Development, with Olam in Gabon]

Gabon has a population of 1.6 million, 75 % of which is based in urban areas. Forest covers 88 % of the country with over 10 % designated as National Parks. Deforestation rates are less than 1% per annum. Agriculturally suitable lands are estimated at about 5 million ha (20% of the land base) and less than 35,000 ha constitutes industrial oil palm plantations owned by Olam International Limited (a global integrated supply chain manager, processor and trader of soft commodities) and SIAT Group (an agro-

industrial group of companies who specialise in the establishment and management of industrial as well as smallholders' plantations and allied processing and downstream industries). Olam plans for a further 100,000 ha oil palm in the future, largely large scale plantations along a road corridor (smallholdings with oil palm are practically non-existent). Olam is an institutional supporter of RSPO and has its own sustainability policy which includes not planting in primary forest, disclosure on the RSPO website with regards to new planting and the use of participatory mapping with local people to highlight potential loss of use and access rights. A key issue is identifying the right sites for sustainable production. Approximately 5,000 people are employed on Olam plantations in Gabon (palm and rubber).

#### **HCV forest and RSPO in Asia**

Prof Keith Hamer's research on oil palm in Malaysia investigates the evidence underpinning the RSPO principles and criteria for sustainability, focusing in particular on the biodiversity and ES benefits of retaining patches of High Conservation Value (HCV) forest within plantations. He highlighted that small fragments frequently have very poor habitat quality and would require active management to enable them to boost biodiversity value, whilst proximity to forest has no net effect on oil palm yield, suggesting that spillover effects from forest to oil palm result in an even balance between ecosystem services such as pest control and dis-services such as providing reservoirs of pests.

#### **Box 1 - HCV forest and RSPO in Asia**

#### **Identification of knowledge gaps**

Participants (listed in Annex I) were divided into four cross-stakeholder groups and asked to note ideas around knowledge gaps on post-it notes. These were stuck onto flip charts and

subsequently discussed within groups, categorised where possible and feedback provided to the broader workshop. These were later prioritised by participants through the allocation of stickers to those points they felt were most important in terms of future research. Discussions centred around three key themes:

#### a. Yields, biodiversity and ES

Discussions across the four groups revealed common areas for future research potential within this theme. The most popular idea centred on *designing an optimal landscape for palm oil*. Participants discussed palm oil landscapes which could take into account issues of yields, ES and biodiversity impacts. Knowledge gaps were identified as, for example, how yields, ES and biodiversity differ across different production models in both the short and long-term; whether yields vary across landscapes with different structures and what was limiting yields; how the delivery of a range of ES could be optimised; whether there are correlations between HCV and forests with high carbon stocks; and how HCV forest patches impact yield, ES and biodiversity. Questions were also asked about whose values were being considered when using the term 'ecosystem services'.

A further popular topic for future research was identified as the *dynamics between smallholder farmers, socio-economic factors (e.g. land tenure, gender and education), yields, ES and biodiversity*. Knowledge gaps around why smallholder farmer yields are low compared to estate models; how smallholder farmers can be supported to increase yields; whether smallholder farming systems can be managed for biodiversity and if so how; and the impacts of palm oil cultivation on livelihoods (e.g. food security) were discussed. In addition, participants raised questions around *how genetic variations of palm oil impact on yields, ES and biodiversity*. Discussions were held about whether local genetic varieties might be more resilient to climate impacts such as drought, than

promoted varieties, and whether different species offered different yields and varying ES and biodiversity.

#### b. Supply Chain and Structure

Discussions highlighted that detailed research on structure of the industry and the supply chain had not been conducted, especially comparing across areas of production and consumer markets. It was noted that there is considerable complexity at the producer end of the chain, with varying scales of production and different linkages to market. The importance of the initial processing mill was highlighted (especially in terms of accessibility for smallholders) and also the concentration in the middle of the chain in terms of the relatively small number of processors and traders. It was noted that there may be different supply chains for different varieties of oil palm, some domestics, some international. There is also considerable diversity in the output market, both in terms of the huge variety of uses of oil palm food processing, often in ways invisible to the consumer and difference in awareness and concern regarding the environmental impacts of palm oil use.

Group discussions can be consolidated into five key research areas within this theme. The key areas for future research were focused around *the role of smallholder farmers within the supply chain*. Questions included how smallholder farmers can be integrated into supply chains, and how they can hold these supply chains accountable; how supply chains can be structured to best benefit smallholder farmers; whether there is a role for farmer cooperatives in African palm oil supply chains; and whether Multi-National Corporations (MNCs) want to source from smallholders.

Broader questions were asked about *the nature of palm oil supply chains in western and central Africa*. For example, participants suggested knowledge was needed on the trends of supply chain structure; who the key actors are in different countries; the role of



intermediaries and brokers; how transparency can be achieved; which policies have impact on the nature of supply chains and whether a network structure would be more appropriate than a chain structure.

There were further discussions within groups around the *role of companies in promoting sustainable supply chains*. Specific knowledge gaps were identified as to how responsible companies could be defined; how they can be motivated to promote sustainable supply chains; and which markets are being served by which companies; who owns the companies.

In addition, *consumer demand and perception of sustainable palm oil* was discussed with research questions such as: whether there is a willingness to pay for sustainable palm oil and how this may differ in different consumer markets and whether there is a consumer drive for certified palm oil at all; which are the important issues for consumers; how awareness of issues around sustainability in palm oil production can be raised among consumers; and whether there is scope for organic palm oil.

Discussions around the *logistics of supply chains* also raised future research questions including how palm oil is collected and transported to the end user; if there is a central collection point, how the origin can be distinguished; whether palm oil companies can be responsible for all their suppliers; and the problems of transporting oil in bulk for supply chains.

### **c. Policy, RSPO and Trade Standards**

Discussions around policy, the RSPO and trade standards largely focused on standards and certification rather than the broader policy environment, though we recognised the importance of understanding the implications of the policy context for the process and success of standards implementation, or indeed their relevance. The Roundtable on Sustainable Palm Oil (RSPO) was formed in

2004 with the first certification taking place in 2008. However Africa is relatively new to RSPO discussions and the concept is being promoted through a road show. Another standard that is being used in the sector is 'Fair for Life' – a certification from the Swiss organisation IMO. This is being used to certify smallholder oil palm production and is the system adopted by Traidcraft when developing a new line of fair palm household cleaning products based on fair trade sourcing policies, working with smallscale producers in Ghana.

Our discussions fell into 5 categories. The first key area is *whether certification means sustainable palm oil*, with more specific questions such as whether a 'certified' palm oil estate can be truly ecologically sustainable; whether standards work if they are voluntary and the role of regulation; whether standards are pushing economic, social, environmental performance up/down/nowhere; what the advantages of certification are; who is benefitting from certification; whether standards can promote change; who is responsible for implementing/monitoring standards; and what standards achieve in practice.

On a similar theme, there was also much discussion around *how to improve standards and certification*. Questions on this theme included how we can ensure equitable practice in designing standards; how we can promote South-South learning in standards development; how standards can be made relevant when covering such different contexts with so many different interests; what we can learn from other standards processes especially work with smallholders, e.g. GLOBALGAP; how standards processes can take into consideration economic/price issues; whether different standards can be consolidated and if so how; how we can investigate alternatives to certification approaches; and the key drivers and constraints in different countries.

Another main concern in this area was *how smallholder farmers fit into the standards and certification processes*. Questions on this theme included how smallholders can engage in certification; what are the barriers to certification; how the voices of smallholders can be integrated into standards development and implementation; what standards *mean* to smallholders; the 'standards' smallholders currently work to; the benefits of standards and certification to smallholders; how global policies can be adapted to local contexts; how large a farming cooperative needs to be to become certified.

A further popular area for discussion was around the *roles and responsibilities of different groups in standards and certification processes*. For example, broad questions were asked around who should pay for standard development and cost of compliance; who the key decision makers are; the role of the agricultural trade unions; the role of NGOs. Questions specifically for governments included the role of governments in the process; whether governments are interested in standards and certification schemes; how the different standards engage with policy and government at a national level. Consumer-based questions included whether consumers care about certification; whether they know what the different standards represent; whether they trust certification schemes; whether consumer requirements, such as price and payment terms, are influenced by certification. Company-focused questions included motivation of companies to buy certified palm oil; and the incentives for producers to develop and/or implement standards.

In addition to standards and certification generally, there were many discussions focused around the *role of the RSPO* more specifically. Participants identified knowledge gaps including whether RSPO is a label or brand narrative; how we know if the RSPO has been effective at a material scale; how universal RSPO principles and criteria should

be; whether there should be national interpretations of RSPO guidelines; whether there should be different standards for smallholders; how the RSPO can be more Africa focused rather than Asia-centric as it currently is; how bulk transport of palm oil across borders can identify RSPO/non-RSPO; how RSPO should respond to the commitments being made by MNCs which exceed RSPO; how major manufacturers can achieve 100% RSPO; whether current RSPO principles and criteria are appropriate for West & Central Africa.

In light of these knowledge gaps, potential funding sources, including the UK Darwin Initiative, have been identified to target for further research. In addition, interdisciplinary opportunities will be sought for future funding bids.

### **Lessons learned in other Palm Oil growing regions**

The case studies from Ghana and Gabon showed major differences between the country contexts and highlighted that *western and central Africa cannot be treated as a homogenous area* when looking at the future impacts of palm oil and the potential for the sustainable development of the sector. In particular, three key contextual considerations stand out as potentially impacting sustainability issues of palm oil production:

The first is the *land tenure regime*. In Ghana, the majority of the land is owned by the Traditional Authority (Stool) and managed on behalf of the people. Families, individuals and migrants have ownership and user-rights. Land is rarely sold outright, but rather put into leasehold agreements and there is little interest by the Stool in selling the lands for plantation development. In stark contrast, forests in Gabon are state owned with rural legal titles being rare. This suggests the risk of 'land grabbing' is lessened in Ghana and the potential for large-scale, plantation-based cultivation is reduced.

The second is *forest cover*. Different countries have different levels and types of forest cover. Gabon was characterised as having a ‘forest frontier’ where it would be virtually impossible to expand agriculture without removing forest whereas in Ghana (and also Nigeria and Cote D’Ivoire) almost all the original forest was removed decades ago; in most areas expansion would be into ‘degraded’ land, though some secondary forest is also targeted.

And finally, *rural livelihood contexts* are very different. In Ghana the majority of rural households have access to smallholdings which they are farming but in Gabon very few households would consider themselves as farmers. This has huge implications in terms of appropriate ways to engage rural populations in oil palm cultivation and the potential benefits they may gain are not hampered by similar constraints and can benefit those most in need.



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**About the Sustainability Research Institute**

The Sustainability Research Institute conducts internationally recognised, academically excellent and problem-oriented interdisciplinary research and teaching on environmental, social and economic aspects of sustainability. We draw on various social and natural science disciplines, including ecological economics, environmental economics, political science, policy studies, development studies, business and management, geography, sociology, science and technology studies, ecology, environmental science and soil science in our work.

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## Annex 1 – List of workshop participants

| <b>First</b>          | <b>Surname</b> | <b>Organization</b>                                       |
|-----------------------|----------------|---|
| <b>Rebecca Ashley</b> | Asare          | NCRC Ghana  |
| <b>Gordon</b>         | Crawford       | University of Leeds, POLIS/ Centre for Global Development |
| <b>Martin</b>         | Dallimer       | University of Leeds, SEE                                  |
| <b>Frances</b>        | Drake          | University of Leeds, SoG                                  |
| <b>Susan</b>          | Dray           | University of Leeds, Africa College                       |
| <b>Jen</b>            | Dyer           | University of Leeds, SEE                                  |
| <b>Keith</b>          | Hamer          | University of Leeds, Biology                              |
| <b>Jane</b>           | Hill           | University of York  |
| <b>David</b>          | Hoyle          | Proforest   |
| <b>Oriel</b>          | Kenny          | Leeds Met University                                      |
| <b>Steven</b>         | Low            | Fauna & Flora International                               |
| <b>Jennifer</b>       | Lucey          | University of York  |
| <b>Liz</b>            | Morgan         | University of Leeds, PG                                   |
| <b>Joe</b>            | Osman          | Traidcraft, Marketing director                            |
| <b>Danielle</b>       | Smith          | Policy Officer, Private Sector Team , Oxfam GB            |
| <b>Christopher</b>    | Stewart        | Olam International Gabon                                  |
| <b>Anne</b>           | Tallontire     | University of Leeds, SEE                                  |
| <b>Chee Yew</b>       | Wong           | University of Leeds, LUBS                                 |
| <b>Guy</b>            | Ziv            | University of Leeds, SoG                                  |