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Examining the contributions of the Ghana government in the growth of the oil palm industry in Ghana: a case of Twifo Oil Palm Plantation (TOPP)

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List of Acronyms

PSI President Special Initiative

PJF Planting for Food and Jobs

NPP New Patriotic Party

FFB Fresh Fruit Bunches

TOPP Twifo Oil Palm Plantation

RSOP Roundtable on Sustainable Oil Palm

CPO Crude Palm Oil

ABSTRACT

The oil palm industry in Ghana has over the years been struggling to increase its production so as to meet especially, domestic market demand but this effort has not seen any success. Despite support from one Ghana government to the other, the oil palm sector continues to struggle to be successful. Different initiatives and support such as Structural Adjustment Programme (SAP), the President Special Initiative (PSI) on oil palm and Planting for Food and Jobs (PFJ) as well as support from donors such as the World Bank and IMF towards the growth and expansion of Ghana's oil palm industry have not yielded the desired results. The decision of the government of Ghana to privatize state established oil palm plantations with the hope that private management of the sector can boost production levels has not yielded much desired results as majority of Ghana's oil palm producers consists of independent smallholders who are not in any form of contract agreement with the estates and as such, they do not receive support from the estates nor the government which could boost their production rate. This research work sought to find out the contributions the government is giving to the oil palm sector for its growth and expansion in Ghana. The paper also discussed how contract farming plays a role in the growth of the oil palm sector in Ghana.

The analysis, discussions and findings of the paper was based on both primary and secondary data. Primary data was acquired through field interviews. Secondary data was from the reviewing of existing literature by various scholars as well as report and statistics on the growth rate of Ghana's oil palm sector. Purposive sampling technique was employed for the study and population for the study were officials of TOPP who work directly with out-growers as well as smallholders who are out-growers for TOPP. Findings from the study revealed that the government of Ghana privatized state owned oil palm plantations with the view that the private sector can best manage the sector in terms of its growth and expansion and despite several support given by the government to promote the growth of the sector, it continues to struggle to achieve self-sufficiency and this makes Ghana import more than what it produces just to meet domestic market demand for oil palm. Based on the findings of this paper, it was concluded that government support given to oil palm producers in Ghana should be given to all oil palm producers as to whether they are under contract or independent producers because supporting every producer only adds to achieving high productivity rate which saves Ghana from high importation costs.

The paper goes ahead to recommend that smallholders should try and put themselves in an organized group so as to make it easy to solicit support for their production. Also, government policies for the oil palm sector should include independent smallholders who happen to form majority of Ghana's oil palm producers.

Keywords

Ghana government, growth, oil palm industry, contributions, smallholders, contract farming

Relevance to Development studies

This research paper brings out discussions on how much support the oil palm sector in Ghana has received and continues to receive to improve production rate. The research discussed how support being given by the government and other donors are not evenly distributed to all oil palm producers in Ghana and this undermines performance rate of the oil palm producers in Ghana. This research will contribute to ensuring that government policies enacted would include all classes of oil palm producers in Ghana in order for Ghana to increase its oil palm production rate that would be enough to at least meet domestic market demand. It will lead to discussions on finding the right means of organizing all oil palm producers in Ghana so as to make supporting them easy and free from discriminations. This research can also lead to further studies on how local donors, international donors such as the World Bank and The IMF as well as the government of Ghana can bring initiatives and supports that can help resolve the shortfalls within Ghana's oil palm sector and enable the achievement of self-sufficiency within Ghana's oil palm sector. This research informs on the different social classes that exist within Ghana's oil palm sector through contract farming and how this contributes to the struggles of the sector.

CHAPTER ONE INTRODUCTION

1.1.0 Oil Palm in Ghana's economy

My uncle who is the eldest brother to my mother was into the making of palm oil. He was producing this palm oil on a small scale and his palm oil was always my favorite. I remember how disappointed I always got when my mother returned from the village without bringing some of my uncle's palm oil. When I asked why she did not bring any palm oil, she would say my uncle has not been making palm oil of late. I have always wondered why my uncle never produced his palm oil on a large scale since he was good at it. With time, he stopped producing entirely. He complained of not making enough money out of it and that people always wanted it for free and would not want to pay any money for his palm oil. Many independent smallholder oil palm producers in Ghana suffer the same plight like my uncle and have stopped palm oil production and ventured into either cocoa farming or travelled to the city to look for jobs because they feel they are not making any profit from their palm oil production.

Ofosu-Budu and Sarpong (2013) states that, palm oil is extracted from the palm fruit which has many uses both for domestic and industrial consumption and within the Ghanaian context, we use palm oil in cooking most of our dishes such as "kontomire" (cocoyam leaves) stew and okra stew. Among its industrial usages are the production of soap (a locally manufactured soap which I still remember from childhood called "Azuma blows"), detergent, cosmetic products, as an alternative source of electricity generation as well as biofuel and biodiesel (Ofosu-Budu and Sarpong, 2013, p.353). For domestic usages, oil palm is largely used is in the production of vegetable oil, shortening and margarine which are used in cooking and baking (Ofosu-Budu and Sarpong, 2013, p.353). First of all, my interest to write on oil palm emanates from my uncle's experience and as such I wanted to find out how the government of Ghana is supporting producers in the oil palm sector. Also, oil palm was chosen for this study because it is seen as one of the crops whose production can help alleviate poverty in Ghana, oil palm is cultivated in most areas in Ghana and finally because oil palm in Ghana is considered as a ¹food crop and a ²cash crop (Adjei-Nsiah et al.,2012,p.212). Though oil palm has the potential of contributing to the growth of Ghana's economy, it appears that oil palm has not been fully tapped for the many advantages it could give to a country like Ghana (Adjei-Nsiah et al.,2012,p.213). In other words, Ghana could be benefitting more from oil palm production if only it invests more in this sector. According to (GoG,2003; MOFA,2011 as cited in Osei-Amponsah et al.,2018,p.131), oil palm production is considered as having the potential of improving the Ghanaian economy and improving rural development and as such, the Ghana government should give the oil palm sector much attention and support.

1.1.1 Research Problem

Ghana is one of the Sub-Saharan African countries noted for their agricultural prowess and agriculture has been and continues to be one of the major source of income for most Ghanaians,

¹Food crop refers to crops that are produced mainly for food either by the producer or for sale on commercial basis

² Cash crop are crops produced mainly for commercial purposes, an example is cocoa

however, Ghana is facing problems in this sector (Abdulai and Al-hassan,2016,p.105). For this reason, there is the need for measures to be put in place to boost the agriculture sector in Ghana and in this regard, the oil palm sector.

Ghana is known to be one of the leading oil palm producers in Sub-Saharan Africa (Ofosu-Budu and Sarpong,2013,p.341) but over the years, the Ghanaian oil palm industry both small scale and large scale are not able to meet the demands of both domestic and international markets (Ofosu-Budu and Sarpong,2013,p.341). Malaysia and Indonesia which tapped technology knowledge in oil palm production from Ghana are doing well in their oil palm sector (Kyatun et al.,2020,p.3). Countries like Liberia and Sierra Leone have allocated over 400,000ha of land for oil palm plantations (Ruml et al.,2022,p.2). In Ghana, over 60% of smallholder farmers are into the cultivation of oil palm which plays a major role in improving the livelihoods of those living in rural settings (Khatun et al.,2020,p.1).

Khatun et al. (2020) argued that the commercialization of oil palm in the international market was first done by Ghana. Most smallholder farmers were discouraged to continue oil palm production and shift to cocoa cultivation due to the low rate that was given for the prices of oil palm in the international market during the early twentieth century (Fold and Whitefield as cited in Khatun etal.,2020,p.2). Though Ghana is into the importation and exportation of various kinds of vegetable oils, the rate of its importation keeps increasing over the years, thus, more vegetable oil are imported into Ghana for both domestic and commercial consumption than how much is being produced and exported (Ofosu-Budu and Sarpong,2013,p.353).

The government of Ghana under the leadership of the former president ³Jonh Agyekum Kuffour started a programme which was meant to resuscitate the oil palm sector, this programme was called the President's Special Initiative (PSI) on oil palm (Asante,2012,p.9). The main aim of this programme was to increase oil palm production thereby creating employment for Ghanaians so as to alleviate poverty within rural settings. But like many government initiatives attempted at improving the oil palm sector, this initiative also failed (Asante,2012,p.9). For the aim of the PSI oil palm programme to be achieved, there was the need for Ghana to cultivate 5000ha for each oil palm plantation but land tenure issues served as a barrier in achieving this objective and for that matter, existing smallholder farmers who already had their lands were rolled unto the programme (Asante, 2012, p.11). Along the line, private investors were encouraged to venture into the oil palm industry and this was done in order to expand the oil palm industry as was the main aim of the PSI on oil palm programme (Asante,2012,p.11). The government of Ghana like many Sub-Saharan African governments, see contract farming as one of the ways of improving the agricultural sector (Yaro et al., 2017, p. 538) and this has led to the proliferation of contract farming agreements in Ghana over the years (Ruml and Qaim,2020,p.51). In recent years, Ghana is able to produce about 245,000mt of crude palm oil which is not enough to even meet the demand of the Ghanaian market (Khatun et al., 2020, p.4). In order to meet the demand of oil palm on national level, Ghana imports over 30, 000 of crude palm oil (CPO) from Asia almost every year (Kyatun et al.,2020,p.4).

Most smallholder farmers in Ghana who produce on subsistence basis for themselves and their family are now expected to produce on large scale in order to meet both national and

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³ President John Agyekum Kuffour was the president of Ghana from 2000 to 2008, he started the President Special Initiative in oil palm and in other sectors such as PSI on distance education and PSI on cassava

international demands. These farmers may need to be assured that their products would have a ready market (Abudulai and Al-hassan,2016,p.105) as the fear of many farmers is the lack of market for their produce. Abdulai and Al-hassan (2016) argued that contract farming has been proposed to be one of the means through which a country like Ghana can overcome some of the problems being faced in its agriculture sector and in this context, the oil palm sector. Examining the contributions of the Ghana Government in the growth of the oil palm industry in Ghana is the problem this research work seeks to find answers to.

1.2.0 Research Objective

The main objective of this research work is to;

Examine the contributions of the government of Ghana in developing the oil palm industry in Ghana.

1.3.1 General Research question

The main question the research work seeks to answer is;

How is the government contributing to the achievement of self-sufficiency in the oil palm industry in Ghana?

1.3.2 Sub-Research questions

- i. What is the role of contract farming in Ghana in growing the oil palm industry?
- ii. What are the internal dynamics of contract farming?

1.4.0 Justification and Relevance of the study

This study seeks to find out the contributions and attempts of the government of Ghana in growing the oil palm industry and to ascertain how contract farming has been employed as one of the strategies in ensuring that Ghana's oil palm sector can achieve self-sufficiency by depending on its oil palm and to minimize the importation of oil palm into the country. The study has potential significance of contributing to discourse on how all producers within the oil palm sector in Ghana can get support in improving their production to enable Ghana aceive self-sufficiency in the oil palm industry in Ghana and beyond. The findings and recommendations of the study would be relevant to agencies in the agricultural sector in regards to policy and programme designs to enhance the oil palm industry in Ghana.

1.5.0 Limitation of the study

Akanle et al. (2020) argued that the limitation to every research work cannot be predetermined unless the research work has been started. They argued that a researcher cannot be certain of the things or occurrences that would limit the extent they can go with their research (Akanle et al.,2020,p.106). Simon and Goes (2013,p.1) state that "limitations are matters and occurrences that arise in a study which are out of a researcher's control", they go on to argue that limitations tend to affect the extent to which a researcher may want to go and this impacts on the outcome of the research work, that is, the results and the conclusions (Simon and Goes,2013,p.1). Though limitations may occur in the course of a research work, a researcher should be prepared to tackle the issue strategically so that it does not impact negatively on the outcome of the work (Akanle et al.,2020,p.110).

This research work is not different as it encountered limitations that impeded the entire research. Financial constraint was one of the main challenges or limitations for this research work. The researcher would have wanted to carry out field work herself but due to financial constraint, it was not possible and the researcher had to engage the services of a research assistant though this came with its own cost, it was a highly minimized cost.

Another challenge was that the company used as case study for this research work did not give approval early for the research assistant to conduct interviews. This led to late collection of data needed for the research work and this did not allow the research assistant to interview the number of participants that were intended to be interviewed. The research assistant had to spend several days and nights in the town just so he could get interviews and due to time constraint and cost, he could not stay long enough to carry out all interviews as some participants both officials and farmers kept giving one excuse to the other as to why they could not be available for interviews at appointed times. The researcher's absence may have also contributed to the delay in the approval from the company for interviews to be conducted as all correspondences had to be done through emails and whatsapp and these do not really yield quick responses in a Ghanaian context.

Again, the farmers who were to be interviewed initially thought the research was being conducted by the government of Ghana and so were expecting financial aids. When they were told there were no monies to be given for participating in the interview, they never made themselves available for interviews though they initially agreed to.

1.6.0 Structure of the paper

Chapter two covers literature review from various authors on contract farming. It also gives a brief history of the oil palm sector in Ghana. It also entails the theory upon which the study was based on.

Chapter three covers the research methodology, sampling techniques and the data collection instruments and how the data was analyzed.

Chapter four covers the finding and discussions for the study and chapter five covers the conclusion and recommendation of the study.

CHAPTER TWO LITERATURE REVIEW

2.1 Introduction

According to Rehber (2007) in recent times, contract farming contributes to about fifteen percent to agricultural growth in most developed countries whiles it is also gaining much relevance and recognition in most Sub-Saharan African countries as a means of agricultural growth and expansion.

This chapter reviewed literature and arguments from several scholars on the definition of contract farming, the types of contract farming and contributions of the government of Ghana in developing the oil palm sector.

2.2 Definition of Contract Farming

According to Bansal (2022) and Singh (2003) contract farming is a form of arrangement or agreement between farmers and agribusiness companies where is there is a predetermined agreement on the type of crop to be cultivated, the quantity, quality, time and price to be paid. In other words, farmers are expected to cultivate and deliver a specific product to the agribusiness company at a specific time for the agribusiness companies to pay an agreed amount of money to the farmers when they are able to deliver according to the agreement. Prowse (2012) and Singh (2003) goes ahead to argue that, in some instances, the agreement requires the agribusiness company to provide farming logistics such as seedlings, fertilizers, machinery as well as extension services to the farmers in order to enhance their production so as to deliver the standard product expected by the agribusiness company. But Will (2013) argues that contract farming is a "forward agreement" which clearly states the roles and responsibilities of farmers and firms in contractual agreements. In other words, farmers also known as "sellers" are binded by legal terms and conditions to deliver specific products at a specific time to the firm otherwise known as the "buyer" who is also under legal bond to pay a specific amount of money which has been agreed upon to the farmer (Will,2013,p.16). In conclusion, contract farming can be defined as a legal relationship between farmers and firms where there is predetermined agreement on the crop to be cultivated, quantity to be cultivated, the quality or standard of the product, the time for the products to be supplied or delivered by the farmer and the price to be paid by the firm upon delivery by the farmer.

2.2.1 Types of contract farming

Contract farming arrangements are not the same, they differ from each other depending on the contract type and what it entails (Väth and Simone,2014,p.2). Dubbert and Abdulai (2021) have argued that farmers who are into contract farming stand a high chance of gaining increased yield,

making more profits and are also able to overcome food insecurity as compared to those farmers who are not in any form of contract farming.

Dubbert and Abdulai (2021) stipulate that there are two forms of contract farming; which are, "marketing and production contract". According to them, with the marketing contract farming, the farmers manage fully the operations of the farm without any influence from the agribusiness companies but, the prices, quantity to be produced, quality standard of the crop and the time for the produce to be delivered are all predetermined by the two parties (Dubbert and Abdulai,2021,p.120). Production contract on the other hand, the agribusiness companies provide the necessary farming logistics such as seedlings and fertilizers that would be needed for the farming to the farmers and even go ahead to offer extension services to the farmers (Dubbert andAbdulai,2021,p.120). This type of contract farming puts the agribusiness company in an almost absolute control in determining how the operations of the farm should be that is, from what to plant, quantity, what fertilizer to apply and how to apply it and the quality standard and time of delivery (Otsuka, Nakano and Takahashi,2016 as cited in Dubbert and Abdulai,2021,p.120).

Prowse (2012) also talks about three types of contract farming which are; (i)"marketspecification contracts", in this type of contract, farmers get to exercise complete management of the operations of the farm but are assured of a ready market and a price which has already been agreed upon if only they are able to meet the expected product standard, (ii) "resource-providing contracts" which requires the agribusiness company to provide the needed farming logistics and technical assistance to the farmer which includes how to grow certain crops and how to apply the right fertilizers at the right times. This type of contract farming ensures that the agribusiness company gets in return the standard quality of product they want. (iii)Production -management contract requires the agribusiness company to lay down the specific order and manner in which the operations of the farm should take, the farmer also hands over control and management of the farm to the agribusiness company. The agribusiness company is able to recover their investment at the end of the day due to high and quality yield. It can be concluded from the above that contract farming could be "marketing contract", "production contract", "market-specification contract" or "resource-providing contract" and all these contracts offer different terms and conditions in their practice.

2.3 Brief history of oil palm in Ghana

According Asante (2021) oil palm production provides income to farmers and creates employment opportunities for several stakeholders such as mill operators who mill the palm fruits, transporters/drivers who transport palm fruits from farms to final delivery points, seed distributors, agro-input sellers as well as non-industrial palm oil kernel processors and those working in the industrial-scale palm processing, with additional employment opportunities during the harvest season. In terms of biofuels, there is potential for traditional crops in Ghana, including palm oil, sweet sorghum, maize, and cassava, to replace a portion of transportation fuels, reaching approximately 9.3 percent by 2020 and 7.2 percent by 2030 (Kemausuor et al., 2014,p.76). The establishment of a feasible export industry for palm oil production aims to meet the demand of major importers such as China and India but the current production in Ghana

falls short of even meeting national market demands. Ghana's crude palm oil production is approximately 245,000 metric tons, leading to an annual import of over 30,000 metric tons from Asia to fill the domestic deficit (Kyatun et al.,2020,p.4). The Economic Community of West African States (ECOWAS) also faces a CPO deficit of 850,000 metric tons and is a net importer of palm oil (MASDAR, 2011,p1.3). However, Solidaridad and Proforest who are major NGOs within the oil palm sector in Ghana are working towards sustainable palm oil production by trying to ensure that oil palm producers in Ghana get their RSOP certification (Khatun et al.,2020,p.9), offering potential economic incentives for the palm oil sector in Ghana. Oil palm (Elaeis guineensis), native to West Africa, has been a vital component of Ghana's agricultural economy (Hartley,1988 cited in Khatun et al.,2020,p.2). While Dutch missionaries established oil palm plantations in Ghana during the 1800s, most of the palm oil came from wild groves until the 1950s (Huddleston and Tonts 2007,p.104). Since the 1960s, various Ghanaian governments who have ruled Ghana have recognized the potential of oil palm production to reduce poverty among farmers (Adjei-Nsiah et al., 2012,p.65). Oil palm is one of the crops which has all its parts being useful, none of the parts of a palm tree is discarded (Ayodele,2010,p.5). From the extraction of oil from its fruits, other products such as brooms, kernel oil, palm wine and what is known as "akpeteshi" (local brewed liquor) can be gotten from the other parts of the oil palm plant (Ayodele, 2010,p.5). According to Ayodele (2010), 90 percent of oil extracted from the palm fruits are consumed as food by individuals in Ghana while the remaining 10 percent is used in producing other products by industries and due to this, the demand for palm oil keeps rising. Ayodele (2010) argued that, oil palm is the most profitable source of vegetable oil as compared to soybeans and rapeseed because it is easy to be produced and it offers a profitable way of land usage since it can be cultivated up to a period of 30 years and it also gives more oil in its production.



Figure 1 Picture of oil palm in it raw form (August, 2023)

The cultivation of oil palm dates from the nineteenth century which was basically managed by small scale farmers because the colonial government during that time felt that the

small scale oil palm production was enough for the country at the time so big scale oil palm farming was not encouraged among oil palm farmers (MASDAR,2011,p.1.1). However, in the year 1960, the then government of Ghana decided that it was time for the growth and expansion of the oil palm industry (MASDAR,2011,p.1.1). In this regard, government policies geared towards the promotion of the oil palm sector was enacted from period to period (MASDAR,2011,p.1.1). The following are some of the intended reasons for the promotion of the oil palm sector by the government of Ghana;

- Bring about a more sustainable (profitable) means of oil palm farming there by enhancing small scale production of oil palm and to also move it to a more commercial level.
- To increase the production of Fresh Fruits Bunches ⁴(FFB) and to encourage investors to invest in the oil palm sector.
- To improve upon the production of oil palm in Ghana.
- Improve the quality level of oil palm for both industrial usage and individual consumption.
- To make the oil palm sector in Ghana more competitive within both local and international markets.
- To create more employment opportunities within the oil palm sector and to also increase the income level for farmers in the oil palm sector.

(MASDAR,2011,p.1.2)

According to the report by (MASDAR,2011,p.1.2), about 93 percent of oil palm was produced by small scale oil palm farmers in 1960 and 80 percent of oil palm is still being produced by these same small scale oil palm producers even in recent times. Also, one of the main drivers for the promotion of the oil palm industry by the government of Ghana over all these years, was to encourage more investment by private investors (MASDAR,2011,p.1.2). That is to say, the attraction of private investors is one of the main reasons which encouraged one Ghanaian government to the other to promote growth and expansion of the oil palm industry in Ghana so as to increase the economic contribution rate of oil palm to Ghana. The yields of Fresh Fruit Bunches (FFB) from oil palm trees vary significantly due to different agronomic practices and production systems. Large estates achieve yields between 10 and 13 tons per hectare, while smallholders struggle to reach more than 3 tons per hectare, primarily because of poor farm management practices (Ofosu-Budu and Sarpong 2013,p.87) and as such, it is proposed that, production by big oil palm companies stand a higher chance of producing more and high quality palm oil.

As mentioned earlier, the colonial government did not see the need for the expansion of the oil palm industry (MASDAR,2011,p.1.1) but this changed in 1960 when the Ghanaian government realized the need for the promotion of the oil palm industry. In recent years, approximately 430,000 hectares of Ghana's arable land are dedicated to oil palm farming. This cultivation is distributed with about 12 percent in estate plantations, 42 percent in 'unorganized small holdings,' and 46 percent in wild groves (Ofosu-Budu and Sarpong 2013,p.67). The oil palm production in Ghana began to experience its first expansion phase in 1962 as 9,413 acres (being 3,765 hectares) of oil palm was planted (MASDAR,2011,p.1.3). In the same year of 1962, the government of Ghana was able to put up "small vegetable oil mill" in the Eastern region, in a town called Asesewa and by the year 1987, the government of Ghana was able to start oil palm

⁴ FFB* is oil palm in its raw state from which crude palm oil and palm kernel oil are extracted

plantations in oil mills in Prestea, Sese and Kwamoso ((MASDAR,2011,p.1.3). In 1969, the government of Ghana invested more money into state owned oil palm plantations and they were tasked by the government to produce more for international markets and not concentrate on local markets only because an expansion of the oil palm industry will attract more investors (MASDAR,2011,p.1.3). From 1975 to 1976 and from 1979 to 1980, the five year plan was executed and this period served as a major comeback for the oil palm sector after there was a break from the promotion of the industry between 1964 to 1974 (MASDAR,2011,p.1.3). The five year plan was seen as a comeback because during that period, three more oil palm plantations, namely; Benso Oil Palm Plantation (BOPP), Ghana Oil Palm Development Corporation (GOPDC) and Twifo Oil Palm Plantations Limited (TOPP) were set up in addition to the existing mills(MASDAR,2011,p.1.3). According to the MASDAR (2011) report, the set-up of these three more oil palm plantations contributed a lot to the growth of the oil palm industry as its cultivation increased from 17,000 ha in 1970 to 103,000 ha in 1990 (Gyasi,1992 as cited in MASDAR,2011,p.1.3). In 2002, the President Special Initiative (PSI) on oil palm was started with the intent of reviving the oil palm sector but this initiative failed because of conflicting interests by policy makers who failed to ensure its continues implementation (Asante, 2012,p.9) this therefore contributes to the lack of achievement of self-sufficiency in the oil palm industry. Also, after the failure of the PSI on oil palm, the government of Ghana could not support both public and private oil palm production sectors (Khatun et al. 2020,p.3) due to weak policy implementation.

The government of Ghana however decided to privatize ownership and operations of these oil palm plantations so that the oil palm industry can be expanded (MASDAR,2011,p.1.4). Post-1990s, Ghana's oil palm development entered a phase of full-scale privatization, characterized by market liberalization and the abolition of state controls in the oil palm sector. The government sold majority of its shares in the large-scale oil palm estates (GOPDC, BOPP, NOPP, and TOPP) because of the belief that the private sector can give the industry full concentration in its management and growth since the government has to focus more on policy and regulation enactment and implementation (Huddleston and Tonts 2007,p.65).

In recent times, one of the limitations of the oil palm industry is limited land due to unresolved land tenure issues (Asante,2012,p.11), approximately 70 percent of fresh fruit bunches processed by mills come from independent small-scale farmers, making it essential to improve production and ⁵certification measures for these farmers.

2.4.0 Overview of contract farming in Ghana

According to Väth and Gobien (2014), contract farming arrangements is meant to benefit all parties involved in contract farming, that is, the farmer and the agribusiness company. One of the conditions that can allow parties in contract farming enjoy the benefits of contract farming is when contract farming arrangements recognize and give due respect to laws concerning land rights in a particular country (Von Braun and Meizen-Dick,2009 and De Schutter,2011 as cited in Väth and Gobien,2014,p.2). That is to say, laws on land must be implemented effectively to

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⁵ Certification of the oil palm production means that an oil palm producer meets all sustainable requirements in oil palm production and has a certificate in RSPO(Roundtable on Sustainable Palm Oil) and can sell their oil palm on the international market.

protect all parties in contract farming agreements to avoid one party taking undue advantage of the other.

In recent times, the government of Ghana has promoted contract farming as one of the ways of improving and modernizing the agricultural sector (Ragasa et al., 2018,p.30). There are several maize contract farming schemes in certain parts of the Northern region of Ghana where most of the inhabitants are living in poverty (Ragasa et al., 2018,p.30). The government of Ghana is trying to eradicate poverty among these farmers through contract farming arrangements. The promotion of contract farming by many Sub-Saharan governments is due to the fact that contract farming is proposed as having the potential to help farmers deal with barriers such as lack of capital, modern farming machinery and lack of appropriate seedlings that prevents them from improving and growing their farming production (Barret et al., 2012; Swinnen and Maetens, 2007 as cited in Ragasa et al., 2018,p.30). This is because, farmers in contract farming arrangements get access to financial assistance, access to modern farming logistics and technical assistance in their operations (Barret et al., 2012; Swinnen and Maetens, 2007 as cited in Ragasa et al., 2018,p.30).

Then ⁶Minister Kofi Humado (as quoted in Ragasa et al., 2018,p.32) said during an agricultural sector meeting held in Accra on May, 29, 2013 that the government of Ghana and investors are promoting contract farming as a means to "increase agricultural productivity of small farmers, give better market access and obtain critical mass of raw materials for the industry". This statement goes to show that the government of Ghana is trying to promote contract farming arrangements as a strategy to first of all, improve the lives of Ghanaian farmers and secondly, to boost the economy of Ghana. Ragasa et al. (2018), talk about the "Masara" and "Akate" contract farming schemes in Ghana. The "N'Arziki Farmers Association" set up the "Masara" contract farming scheme in 2009 by two big companies, Wienco and Yara to primarily increase the production of maize in order to reduce the poverty level of farmers in the area (Amanor,2011 as cited in Ragasa et al.,2018,p.32). The "Akate" contract farming scheme was also started in 2011 and the main aim of this scheme was for the production of maize to serve as feed for its poultry farm (Ragasa et al.,2018,p.33). Farmers who are members of these two contract farming scheme receive support in terms of fertilizer for their maize production and a market to sell their produce (Ragasa et al., 2018, p.33). All these forms of contract farming serves as a way of bringing the market to farmers who on a normal day, may find difficulty in finding market outlets for their farm produce (Christensen and Scott, 2000 as cited in Abdulai and Alhassan, 2016,p.103). Different kinds of contract farming in pineapple are being practiced in Ghana (Fold and Gough, 2008; Barret et al., 2012; Gatune et al., 2013 as cited in Wuepper and Sauer,2016, p.11) and this led to the creation of employment opportunities for most Ghanaians.

Azumah Donkoh and Ehiakpor (2016) argued that contract farming arrangement is on the rise in the Northern region of Ghana. They mention agribusiness companies such as Wienco Ghana, SAVBAN, Presbyterian Agriculture Services, BUSAKA and Karaga who assist smallholder farmers in their production and also help find markets for the farm produce of these farmers, and what this does for the farmers is that, it adds value to their produce which would give them more income in the end (Azumah Donkoh and Ehiakpor, 2016,p.2). In 2017, the government of Ghana in its quest to support farmers and also reduce food insecurity, started the

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⁶ Minister Kofi Humado was the Member of Parliament for the Anlo constituency in the Volta region of Ghana and also a Minister for Food and Agriculture from 2013 to 2014.

Planting for Food and Jobs (PFJ) project (Ansah et al., 2020,p.163), this project was aimed at the government helping smallholder farmers get access to right seeds, fertilizer and right fertilizer application and other extension services which most of these smallholder farmers lack. All these are ways and strategies the government of Ghana is employing to promote contract farming in Ghana and also improve the agriculture industry. The Guinness Ghana Brewery (GGB) in 2001 also engaged sorghum farmers in the Northern region of Ghana in a contract farming agreement (Kudadjie-Freeman et al., 2008,p.4). This project was undertaken by the Guinness Ghana Brewery company to help reduce the poverty level of sorghum farmers in the Northern region of Ghana because by entering into a contract with them, there was created a market for the sorghum and that meant more cultivation and increased profit for farmers (Kudadjie-Freeman et al., 2008,p.4).

2.4.1 Contact farming and oil palm in Ghana

Contract farming in Ghana's palm oil sector is not an isolated phenomenon but part of a broader trend in Africa. Traditionally, many farmers in the region have produced palm oil for local consumption and markets. However, with the growing demand for palm oil in both domestic and international markets, supply chains are modernizing, and new actors and smallholder contract schemes are emerging (Byerlee et al., 2017,p.23). The transformation of oil palm from a local subsistence crop to a major cash crop is accompanied by the entry of large processing companies. In Ghana, the location of these processing facilities and plantations is largely determined by land concessions granted by the government. Some companies' process palm oil produced on their own plantations, while others procure oil palm fruit bunches from surrounding smallholder farmers through contractual agreements. Smallholder farmers remain the primary producers of oil palm in West Africa, with Ghana's smallholder production accounting for 75 percent of the total palm oil supply (Byerlee et al., 2017,p.24)

Khatun, et al., (2020) argued that Ghana's commercialization of palm oil in the international market began during the colonial era but in recent times, the oil palm industry growth has dwindled despite how good it fared before. Despite a drop in its growth and expansion rate, many smallholder farmers carry on with the cultivation of oil palm in Ghana to meet the demand of at least the local market (Fold and Whitfield,2012,p.10). In other words, there are still significant numbers of smallholder farmers in Ghana who continue to cultivate oil palm mainly for local and domestic consumption.

Moreno-Peñaranda et al. (2018 as cited in Khatun et al., 2020,p.2) stipulate that, the increasing demand and usage of vegetable oil has led to the demand of oil palm due to its high yield rate. However, other countries such as Indonesia and Malaysia which are also tropical rain forest areas have gone into oil palm cultivation and thus, pose as a strong competition for oil palm farmers in Sub-Saharan Africa (Khatun et al., 2020,p.2). Agbodeka (1992 as cited in Khatun et al.,2020,p.3) states that 1820 was the year Ghana exported its oil palm for the first time.

According to Fold and Whitfield (2012), though Ghana was the first Sub-Saharan African country to market its palm oil in the international market, Malaysia, who tapped technical knowledge in oil palm production from Ghana, has excelled in the production of oil

palm more than Ghana has and many attempts aimed at growing Ghana's oil palm industry has not been successful.

Ruml and Qaim (2020) argued that, one major challenge for most smallholder farmers in Sub-Saharan Africa is the unavailability of market for selling their products, that is to say, smallholder farmers find it difficult to find a market where they can readily sell their farm produce after harvesting. Also, the oil palm sector in Ghana faces challenges such as "inadequate crop ⁷agronomic management, poor ⁸crop recovery, and soil fertility constraints..." (Jari and Fraser,2009,p.14). In other words, market availability is not the only limitation to the growth of the oil palm industry in Ghana and as such, contract farming is only one of the ways of improving the oil palm sector in Ghana.

The demand for oil palm has not gone down and most Sub-Saharan African countries including Ghana want to increase their yield so as to meet global demand especially as Southeast Asia is experiencing low cultivation due to limited land, this offers an opportunity for Sub-Saharan Africa to increase their yield and meet global demand (Rhebergen et al.,2016,p.12). In Ghana currently, there are several contract farming arrangements in place to help boost high production in the oil palm industry (Ruml and Qaim,2020,p.2).

According to (Byerlee et al., 2017, as cited in Ruml and Qaim, 2020, p.2), oil palm has been cultivated on a local level by many smallholder farmers who are not able to produce on a large scale due to lack of capital to inject into the cultivation of oil palm because its cultivation is highly capital intensive. However, the high level of demand for palm oil in its use for both domestic and industrial purposes, has exerted pressure on the oil palm industry in Ghana to produce on a large scale so as to meet local market demand for domestic and industrial consumers as well as international market demand (Rhebergen et al.,2016,p.12). Oil palm companies like Benso Oil Palm Planatation (BOPP) and Twifo Oil Palm Plantation (TOPP) which are owned by Wilmar International Limited and Unilever Ghana respectively, though own their own oil palm plantations, still have contracts with smallholder farmers who produce oil palm for them to enable them meet their production expectations (Ruml and Qaim, 2020,p.3) but BOPP is adopting "simple marketing contracts" whiles TOPP on the other hand is into "resource- providing contracts", BOPP has about 4700 ha simple marketing contract with small farmers while TOPP has about 4300 ha resource-providing contract with small farmers. In the case of BOPP's contractual agreement with the farmers, the farmers are expected to cultivate and manage the farm by themselves and sell the produce to the company at a specified time, quantity and price (Ruml and Qaim, 2020, p.3). This means that the company does not input anything into the production of the farm; farmers are only expected to sell to the company what they have harvested. In the case of TOPP, the agreement requires that farmers allocate portions of their land for the growing of the oil palm. Also, the company is required to provide farming inputs such as seeds and farm tools as well as extension services to the farmers on credit basis. The debts of the farmers are paid during the sale of their palm oil bunches to the company. The company is entitled per the contractual

⁷ Agronomic management giving proper care for oil palm such as adequate and timely irrigation since oil palm requires much water for proper growth.

⁸ Crop recovery refers to the art of saving crops after flooding or heavy downpour of rain.

agreement to be the sole buyer for oil palm bunches from the farmers (Ruml and Qaim,2020,p.3).

Various factors influence oil palm farmers' decisions regarding marketing options. Some farmers enter specific production arrangements to access services provided by buyers, such as a reliable supply of inputs, credit, extension services, or reduced transportation costs. Eligibility criteria and farmers' characteristics also play a role, with some farmers being excluded based on factors like farm size, gender, marital status, and age. For instance, according to Väth and Gobien (2014) land ownership and scale of production can influence the choice of commercialization model, with farmers owning their land being more likely to engage in contract farming arrangements

2.5 Government of Ghana's contribution to the oil palm industry growth in Ghana

In 2001, the President's Special Initiative (PSI) on oil palm among other initiatives was launched by the New Patriotic Party (NPP) under the leadership of President John Agyekum Kuffour and the one on oil palm was intended to develop the oil palm sector (Asante,2012,p.9) and reduce rural poverty but the initiative did not last. In 2017, the NPP government, under the leadership of ⁹President Nana Akufo Addo, an initiative called "Planting for Food and Jobs" was started and this was to improve Ghana's agricultural sector (Tanko et al.,2019,p.14). Under the Planting for Food and Jobs (PFJ) project, farmers were given seeds and fertilizers at subsidized rates as well as free extension services and a market to sell their products without difficulties (Tanko et al.,2019,p.14). The aim of this project was to enable Ghana become self-sufficient in its agricultural sector and to even export its surplus to international markets (Tanko et al.,2019,p.14).

According to the (MASDAR,2011) report, there are more small scale oil palm producers than large scale oil palm producers in Ghana. The report also revealed that between 1960 to 2010, Ghana's oil palm production increased from 142,000 ha to 336,000 ha though there was a drop in production from 1961 to 1962 and from 1984 to 1990 and the drop in production between these periods is attributed to the felling down of palm trees for the production of a local liquor (palm wine and akpeteshie) (MASDAR,2011,p.2.1). The President's Special Initiative (PSI) on oil palm though got stalled along the way, it contributed to the addition of 20,000 ha to Ghana's oil palm production (MADAR,2011,p.2.1).

In Ghana, organizations such as Unilever Ghana and the Ghana Oil Palm Development Corporation (GOPDC) have engaged most smallholder farmers in various out-grower schemes in order to boost production within the sector (Ntsiful,2010,p.4).

The Ghana Oil Palm Development Corporation (GOPDC) was started by the government of Ghana in 1975 with the aim of improving oil palm production in Ghana as a way of bringing diversification in Ghana' agriculture sector (MASDAR,2011,p.2.7). However, a company called Siat of Belgium in 1995 acquired 60 percent shares making them the majority shareholder of GOPDC. According to the report, the contributions of FFB by the

⁹ President Nana Akufo Addo is the president of Ghana voted into power since 2016 under the New Patriotic Party government

out-growers of GOPDC is 53 percent over the past 15 years with GOPDC contributing 39 percent from its nucleus estate while the remaining 8 percent is contributed by individual smallholders who are not part of the out-grower scheme (MASDAR,2011,p.2.8).

Twifo Oil Palm Plantations (TOPP) was also set up by the government of Ghana in 1977, Unilever Ghana which is the management for TOPP has 40 percent shares in TOPP (MASDAR,2011,p.2.11). TOPP has its nucleus estate being the main contributor of FFB for its mill as it contributes about 55 percent of FFB (MASADAR,2011,p.2.11).

Asante (2021) argued that despite the many attempts by the government of Ghana to revamp the oil palm sector over the years, the sector continues to suffer setbacks in its growth and expansion. One of the reasons for the persistent setback within the sector is the inability of policymakers to ensure the firm implementation of policies enacted concerning the oil palm sector (Asante,2012,p.6).

2.6 Theoretical Framework (Political economy of contract farming)

The theory employed by the researcher in this work is Political Economy. Bernstein (2010), states that, the study of political economy is critical in determining the "social relations and dynamics of production and reproduction, poverty and power in agrarian formations and their processes of change". In other words, political economy tends to reveal the different classes which exist within the agrarian sphere. This social relation and differences come about mostly due to capitalists involvement in agriculture as de Janvry (1981, p. 106) states, "capitalism can penetrate agriculture and transform existing social relations in a variety of ways that result in social class and land tenure configurations". Thus, capitalists' involvement in agriculture leads to the creation of different classes within rural agrarian settings which tends to benefit others giving them more advantage and privilege than others. According to Vicol et al. (2022), most agribusiness firms want to be in a more diversified arrangement with farmers and this is mostly made possible through contract farming arrangements, thus, agribusiness firms prefer contract farming arrangements to vertical integration which refers to an arrangement where the agribusiness company has total ownership of the farm and everything needed for the farm production and farmers are only hired for their skilled labor (Wislon, 1986, p.51). Through contract farming, agribusiness firms get to exercise power and control by stating the standard of product they want from farmers but all other risks associated with the production are transferred to farmers (Vicol et al.,2022,p.183). What farmers get from this agreement is access to financial support on credit basis and improved technical skills in their production ¹⁰(extension service) (Asian Devlopment Bank (ADB) 2014 as cited in Vicol et al, 2022,p.183).

Political economy takes into account the different classes which contract farming creates and all other historical phases of contract farming, unlike New Institutional Economy which does not take into account the historical aspect of contract farming (Oya, p.6), it fails to recognize the different classes and power relations at play within the context of contract farming. ¹¹New Institutional Economics neglects the politics at play in contract farming arrangements,

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¹⁰ Extension service is the provision of knowledge and information on proper farming practices such as proper application of fertilizers

¹¹ New institutional economics (NIE) takes into account the role of institutions in the growth of the economy and in this context, it refers to the role that institutions play in promoting contract farming.

does not recognize the different powers and classes within contract farming settings (Oya,2012,p.6). Little and Watts (1994) argued that contract farming is underlined by state interferences though many contract farming enthusiasts and donor organizations have a contrary view that contract farming is free from state interferences, in other words.

Wilson (1986) argues that contract farming arrangements serve as a means for capitalists to get involved in agriculture but these arrangements work well based on certain conditions such as "class position", "market structure" and "state of technology" which exists within the sector. Thus, to say, contract farming arrangements do not work in a vacuum but requires certain conditions to be in place for its execution to be successful. He goes on to describe farmers involved in contract farming as small scale producers who can either fall into the capitalists class or fall into the proletariat class based on the type of market that exist and also the type of technology available

The acquisition of land for oil palm cultivation in Ghana is underlined with political interferences (Asante,2021,p.9) which hinders access to vast of land for oil palm cultivation. In 2008, the government of Ghana started a programme called the Fertilizer Subsidy Programme (FSP) to help farmers get access to more fertilizer for their crops (Asante,2021,p.15). However, the success of this programme was hindered by political interferences such as more fertilizers being given to areas the incumbent government knows they have performed poorly so as to gain more votes from these areas during future elections (Banful,2009 as cited in Asante,2021,p.15). Thus the oil palm sector in Ghana is characterized by political interferences which stalled its stable growth. Teye and Torvikey (2018) talks about the "narrative-actor-politics" framework which argues that, the willingness of the government to give support to smallholders depends on their perception that supporting such smallholders will boost their chances of gaining more votes from them in the next elections and as such, government support for farmers differ from region to region.

The oil palm sector in Ghana is made up of three classes of growers or cultivators being (i) independent smallholders who cultivate about 10 ha (ii) medium-scale plantations and (iii) large industrial plantations/estates. Smallholders who are out-growers for agribusiness companies lose their control over the farm as all decisions concerning the farm and how it should be manned are taken by the agribusiness company and this sometimes breeds bitterness among the farmers which affects their relationship with the agribusiness company (Ofosu-Budu,2013,p.361). Contract farming thus creates an exploitative relation between farmers and agribusiness companies as Wilson (1986) asserts that, contract farming arrangements present an "exploitative relation" between smallholder farmers and agribusiness companies in that, parties do not enjoy the same level of power and control which determines how much benefit one gets from this relation.

It can be concluded that, contract farming is characterized by political interferences both on national (government of Ghana and large estates) and international levels such as the IMF, World Bank and NGOs (Teye and Torvikey,2018,p.17). There exist unequal power play and access to resources between smallholder farmers and agribusiness companies which mostly goes against smallholder farmers (Asante,2021,p.30). As Little and Watts (1994) states, "...contract presupposes some form of regulation, control and fashioning of the labor process by the contractor, relations that are practically and ideologically central to the production system." In other words, smallholder farmers under contract mostly lose their control over the entire

production of their farm and are subject to adhere to rules and regulations being laid down by agribusiness firms depending on the contract type.

CHAPTER THREE RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the techniques and methods employed in the course of this research work. It presents the steps employed, the tools used, the sampling technique, data sources and types, data collection techniques, the analytical tool used for the analysis of the data as well as the case study for the research work.

3.2 Research design and approach

Dulock (1993) states that "research design is a blueprint or plan specifically created to answer the research question and to control variance" thus a research design spells out how the research will be carried out from start to end. Research design serves as a plan developed by a researcher prior to the start of collecting data from the field to ensure that the research goes on in a more organized manner (Asenahabi,2019,p.76). Research design encompasses every other thing related to a research work such as "...the aims, uses, purposes, intensions and plans within the practical constraints of location, time, money and availability of staff" (Hakim,2000,p.1) and as such, a researcher needs a well written research design to serve as a guide through the research journey.

Primary data and secondary data were employed for this research work. Secondary data were employed through the review of literature on the various types of contract farming the history of oil palm in Ghana and the role the government of Ghana plays in the growth of the oil palm sector. For the primary data, face-to-face interviews were conducted with officials of TOPP and smallholder farmers who are out-growers for TOPP by the research assistant on how operational the current schemes being undertaken by TOPP are.

Qualitative interview was employed in conducting this research as already mentioned above. According to Hennink and Bailey (2020) qualitative research approach is used to gather in-depth information about the lives and experiences of people. This method allows study participants to express their take on issues from their viewpoint (Hennink and Bailey,2020,p.10). Thus to say, researchers do not have much influence on how participants see issues especially in situations where participants are talking about their personal experiences. Qualitative research allows one to study people in their natural environment such as their social, economic, cultural and physical surroundings and how it has affected their behavior and experiences (Hennink and Bailey,2020,p.10). Hennink and Bailey (2020) asserts that, qualitative research is mostly used to answer "why" and "how" questions pertaining to the behavior of people. In employing this approach in research, the researcher needs to form a special relationship with the participants because most of the information that participants are expected to give out are sensitive so there is the need to create an environment that allows participants to feel comfortable enough to disclose the needed information (Hennink and Bailey,2020,p.11).

3.3 Case study (study area)

A case study was chose for this research work to enable the researcher answer sub-question (ii), that is, answering question on the internal dynamics of contract farming. For this, I chose Twifo Oil Palm Plantation as the case study for this research work.

Twifo Oil Palm Plantation (TOPP) is located in Twifo Ntafrewaso in the Central Region of Ghana, this town falls under the Twifo-Attimorkwa district which is one of the 22 districts in Central which land of 1,199km region covers a area square (https://www.ghanadistricts.com/Home/District/74). According to (Huddleston, 2006, p.111), the Twifo Oil Plantation (TOPP) was set up in 1978 with assistance from 1'Agence Francaise de Develppment (AFD) and the European Union initially, the ownership was 80 percent by government and 20 percent by Mobil Oil (Ghana) Ltd. The plantation implemented a small out-grower program covering 1,650 ha, but faced massive financial and management challenges (Huddleston, 2006, p.111). At its initial inception, the plantation covered 14000 ha, but developing it to completion was never materialized because of ongoing land disputes (Huddleston, 2006, p.111).

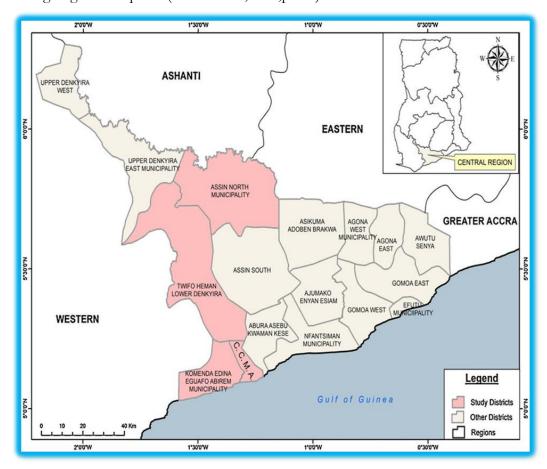


Figure 2 Map of Twifo Ntafrewaso

TOPP has two divisions which are the Ntafrewaso division and the Mampong division (RSPO report,2015 re-reaudit 2017). Unilever is the largest shareholder for TOPP as it owns 40 percent shares and as such has full management control of TOPP (RSPO report,2015 re-audit 2017). TOPP upgraded its mill capacity from 20mt to 30mt and this upgrade which began in 1998 was completed in 2000 (RSPO report,2015 re-audit 2017). Reports from the population and housing census conducted in 2021 revealed that the total population of the area is 100,851 with male being 49,998 and female being 50,853 (https://www.ghanadistricts.com/Home/District/74).

The researcher chose this company as case study because it is located in a district which is known to be one of the best districts in Ghana when it comes to agriculture and especially, its high cultivation of oil palm (Composite Budget,2022,p.6). I also chose this area because I know the town and I also know people who come from the area and I knew they could assist me in getting access to the right smallholder farmers for my interview. Knowing people from the area too helped me get easy access to the company human resource manager since these people informally told the Human resource manager about my intentions to use the company as case study for my research work and as such, I did not encounter much difficulty in contacting the Human resource manager.



Figure 3 Picture of Mill factory of TOPP (August, 2023)

3.4 Positionality

Hall (1992 as cited in Moser,2008,p.384) argued that it is impossible for researchers who may be working on the same research topic to have the same conclusion due to the reason that everyone is coming from a unique and different background with different ways of upbringing and culture. Also, "...researchers are positioned within various power structures that privilege certain voices over others..." (Moser,2008,p.384), the social settings and the institutions we belong to mostly tends to influence how we perceive things that goes on around us (Hartsock,1987 as quoted in Moser,2008,p.384). As researchers, we need to take into consideration our positions and the positions of our participants and factor it into our work (McDowell,1992,p.409).

My positionality as a Ghanaian female who has pursued higher education and even schooling overseas, getting access to respondents especially the smallholder farmers was a

challenge. This is because most Ghanaian men especially in the rural settings perceive women who have higher education as being disrespectful and unable to submit to male authority and would want to avoid dealing with them. Due to this, I needed a male figure who could talk to the farmers on my behalf before I talk to them since the farmers were all male and also knowing this, I decided to use a male research assistant. A colleague who comes from the town and also an out-grower himself spoke to the farmers before he introduced the research assistant to them. Despite this, there was a little challenge as the head of the out-grower farmers who is also a chief in the town wanted to talk to me. He called me himself and said though my colleague has spoken to him and my research assistant too has met them, he being the leader for the farmers wants to ensure that whatever information that would be given would be used for the intended purpose. He wanted to know if I am indeed a Ghanaian and whether I have been to the town before and why I decided to use their town.

As an educated Ghanaian woman, I realized immediately the need for me to exercise an act of world travelling which was necessary at the moment (Lugones, 1987,p.3). As a female researcher in an African community that have the perception that education should be for men, I had to willingly allow myself for my respondents to travel into my world by telling them about my background as a Ghanaian who only happened to get the opportunity to study abroad (Lugones,1987,p.3) and by doing that, the leader of the farmers realized that I meant no harm and I do not see myself as higher than them because of my educational level.

3.5 Background of the Research assistant

Mohammed Nasir-Deen Abdul Razak graduated from the University of Development Studies (UDS) with a Bsc. in Social Change Communication. He also has Msc. in Information Technology from the Kwame Nkrumah University of Science and Technology (KNUST).

Some of his research strengths are qualitative instruments and ethnography and these are the main reasons why the researcher decided to employ his services in the collection of data for this research work.

His interest areas include but not limited to; Project management, resource mobilization, qualitative research, advocacy influencing and intercultural and cross cultural communication. Due to his experience in conducting research interviews, he was able to adhere to all ethical related issues in the course of the data collection process. He contributed immensely to the collection of data from the field despite challenges that came up during field work.

The role of the research assistant was to undertake the fieldwork for the researcher since the researcher could not go to the field to gather data mainly due to financial constraints. The research assistant therefore went to the field and conducted face-to-face interviews with the study participants and recorded the interviews as well. Since he does not come from the town, the initial meeting with the farmers was aided by a work colleague of the researcher while the meeting with the company officials was done by the researcher through whatsapp and email correspondences. The researcher told the company about the research assistant so all he had to do was to meet those he interviewed.

3.6 Ethical considerations

Wiles (2012) states that, "ethics is the branch of philosophy which addresses questions about morality" and that, "research ethics are concerned with moral behavior in research contexts."

Thus, researchers owe moral obligation towards their respondents or participants concerning the things to do and the things that cannot be done by researchers (Wiles,2012,p.4). According to David (2015) ethical consideration in research is necessary because it ensures that researchers are made accountable to those they involve in their work and it makes them responsible in how they relate with their participants.

Since the researcher used a research assistant for the collection of data from the field, the researcher ensured that the research assistant understood the importance of ethical considerations in the context of research. The researcher reached out to a colleague who comes from the town if he could assist in reaching farmers in the town. The colleague then revealed that he is also a farmer and as such he is part of the oil palm farmers' association. He first of all spoke to the leader of the farmers' and told him about me and my research assistant. Through my work colleague, the consent of the farmers were sought and gained before the research assistant went ahead to meet them. The farmers were told by the research team, thus the researcher and the research assistant that they are allowed to drop out of the interview at any point in time when they feel they are not comfortable with anything related to the interview. At the onset, the farmers had the perception that the purpose of the interview was to bring them some form of government financial aid but we cleared that perception by telling them that the purpose of the interview was strictly academic. We knew that this might cause some of them to lose interest in the interview but it was binding on us to let them know the truth because allowing them to believe they could get any financial aid from the interview would be deceiving them to partake in the interview which would not have been ethical on the part of the research team. In the end, our fear was confirmed as many of the farmers the research assistant met on the first day of introduction refused to grant the research assistant interview by giving one excuse to the other. This drastically reduced the number of farmers that were to be interviewed.

Also, on the part of the company, all due protocols were followed in seeking permission for company officials to be interviewed. The research team gave a full disclosure of what the research was about and made them know that the research was only for academic purposes. The research team had to wait for the company to give permission before the interviews were carried out. Recording of interviews were done only after seeking permission from participants including keeping names of participants confidential.

3.7.0 Sampling technique

Sample is defined by Landreneau and Creek (2009) as "a subset of your population by which you select to be participants of your study"

According to Mugo (2002,p.1) "sampling is the act, process, or technique of selecting a suitable sample, or a representative part of a population for the purpose of determining parameters or characteristics of the whole population". It is a representation of the entire population which has been selected for the research work (Landreneau and Creek,2009,p.1). Thus, sampling has to do with selecting a portion of an entire group of participants which will be used as a representation for the entire group under study.

The study adopted a purposive sampling technique. According to (Etikan et al.,2016,p.2) purposive sampling "...is the deliberate choice of a participant due to the qualities the participant possesses". This sampling technique involves the selection of participants that have the required knowledge and experience and are willing to share them to help the researcher to understand the

research problem and the questions (Etikan et al.,2016,p.2), the selection criteria is based on requisite knowledge and experience on the phenomenon under study and for their ability to share such knowledge with the researcher. Kelly et al., (2010) states that, purposive sampling is "used to select respondents that are most likely to yield appropriate and useful information" for the research work. Participants or respondents for this research work were therefore selected based on their experience and knowledge for the phenomenon under study.

Purposive sampling technique was used because the researcher needed to interview smallholders and officials who have five years or more experience in oil palm production as well as knowledge and experience about smallholder out-grower scheme arrangements and how it works.

The researcher therefore selected TOPP officials who are directly working with the out-grower schemes and have worked for the company for five years or more. This was done to generate data on their understanding and the implementation of contract farming in TOPP. It is worth noting that the interviews conducted were face-to-face and recorded with the permission of the respondent by the research assistant, and later on, transcribed for analysis by the researcher. All interviews and recordings were done by the research assistant.

Out-grower farmers who have at least five years' experience as out-growers for TOPP were selected for the interview. In all, a total of five TOPP officials were interviewed as against the initial ten officials that the researcher intended to interview and two out-grower farmers were also interviewed as against the initial ten that were intended to be interviewed due to financial, time constraints as well as unwillingness of some participants to continue with the interview.

3.7.1 Sources of data collection

The researcher employed both primary and secondary data for this research work. Data refers to any material in its raw state that would be processed into information (Ajayi, 2016 as cited in Ajayi,2017,p.1). According to (Ajayi,2017), primary data is data that is collected firsthand from participants or respondents whereas secondary data refers to data which is already in existence and available for use by any other researcher. Secondary data was adopted in the form of literature review of the work of other scholars and government report while face-to-face interviews were conducted as a source of primary data.

3.7.2 Data processing analysis

The contents of the interviews were transcribed and deduced in relation to the research questions and subjected to in-depth examination and reviews using all relevant materials related to the study in trying to understand the patterns and the setups and study elements in this research.

CHAPTER FOUR FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter presents the thematic analysis and findings derived from the review of literature as well in-depth interviews conducted with officials of Twifo Oil Palm Plantation (TOPP) and outgrower farmers.

4.2.0 Presentation of the Research Findings

The findings of the study were presented in some specified thematic areas. A critical analysis of the content of the data was done to ensure the data was explained exhaustively in order to be understood by anyone interested in adopting the findings of the research for future studies. . The thematic areas for the discussions on interviews conducted with TOPP officials were; contract farming arrangements at TOPP, operationalization of the contract farming arrangements at TOPP. Thematic areas for discussions for out-growers were; Years of being an out-grower for TOPP, Harvest rate before and after being an out-grower and the future of the oil palm industry without out-grower schemes. The interview data were analyzed qualitatively with the theoretical groundings of the study in mind as well as the data from secondary sources. The research subjects interviewed were the officials and out-grower farmers of TOPP. Officials from TOPP were represented with (TO 1) for interview 1 with the TOPP official, (TO 2) as interview 2 with TOPP official, (TO 3) as interview 3 with TOPP official, (TO 4) as interview 4 with TOPP official, (TO 5) as interview 5 with TOPP official and the out-grower farmers were represented using (SF1) for interview with Farmer 1 and (SF2) as interview with farmer 2, and this coding was done to ensure anonymity of the research participants as was stated in the study's ethical considerations.

4.2.1 Contract farming arrangements at TOPP

To understand the various contract farming arrangements as posed by one of the research questions, the study seeks to answer and understand the various contract farming arrangements at TOPP. To understand this, it is worth noting that reliance will be on the data as was given or in the statements by the research participants. Data from the study participants indicated;

TOPP is operating out grower schemes, contracted-out scheme and all are aimed at achieving sustainable agricultural outcomes. It is quite difficult considering the challenges TOPP has faced in the past due to some of our failed schemes but however, we are not reluctant to come up with new out grower schemes that will benefit both the farmers and TOPP. Some farmers have remained loyal to TOPP and others have not, some have stayed due to the accruing benefits they derive from TOPP for their oil palm plantations. However, the schemes utilized by TOPP in administration and in the contract farming arrangements are all to achieve sustainable agricultural outcomes (TO 1, August 2023)

From the first statement in the data, it is evident the contract farming arrangements known to the study participant at the time of this research was the "out-grower schemes" and the "contracted-out schemes". TO 1 showed that there were difficulties faced by TOPP in the past and there have been some failed schemes too. One of the reasons why TOPP faced difficulties in its past out-grower projects was due to a situation whereby some of its out-grower farmers sell their products to other small scale oil palm millers which affected the operations of TOPP (Huddleston,2006,p.113). This attitude of out-growers tends to have a negative impact on the

total output the company is expected to produce. Also, indicatively the out-grower and contracted out scheme all fall under the three (3) types of contract farming given in Prowse (2012). The types indicated are market-specifications contracts, resource-providing contracts and production-management contracts. Indicatively, data from TO 2 has it this way;

The contract farming arrangements at TOPP is the out grower schemes and contracted-out scheme. These arrangements are created or enforced with agricultural sustainability and sustained outcomes in mind

(TO 2, August, 2023).

Just like the data presented in TO 1, the study participant (TO 2) also affirmed the arrangements used at TOPP being the out-grower scheme and the contracted-out scheme as the major farming contract arrangements presently used by TOPP.

4.2.2 Operationalization of the contract farming arrangements at TOPP

A key part and component of the thematic area under study to understand the internal dynamics of contract farming at TOPP was the operationalization of the various contract farming schemes and arrangements used at TOPP. In view of that, the findings from the data are presented in this section. One study participant has it this way;

The contract farming arrangements are very operational and farmers who have been on the scheme for long and those who are newly joining the scheme can attest to the fact that, the arrangements utilized are very operational and mutually beneficial (TO 1, August, 2023).

The data from (TO 1) above showed that the contract farming arrangements are quite user friendly, operational and have benefitted TOPP as well as out-growers. The data stated that the contract farming arrangements were quite representative and operational. This shows that the internal systems, implementation and management teams at TOPP have been able to tailor specific schemes which seek to benefit the farmers and TOPP as well.

Contract farming arrangements at TOPP are indeed very operational and incorporates the benefits of farmers who are on or intend to join the scheme. The schemes are designed not to exploit but to ensure that the farmers and the contracting organization (TOPP) all get the maximum benefit of the scheme

(TO 3, August, 2023)

This data presented was similar to all of the others above, however, the participant said the scheme does not exploit out-grower smallholders and this is coming from the perspective of an official of the company. The objectives of these out-grower schemes are to increase productivity, create employment opportunities and improve the income and livelihood of smallholder farmers but that is not the case at all times as these schemes or contracts create a social differentiation which allows others to accumulate more than others (Yaro et al.,2017,p.548). That is to say, contract farming arrangements may not offer the same level of benefits to parties involved in the contract and it is mostly the farmers who get to be exploited though most agribusiness firms hold a contrary view contract farming benefits all parties equally.(Yaro et al.,2017,p.548).

The various contract farming schemes at TOPP are very operational. Over the years, there have been some schemes that were used, most of which have served their purposes. TOPP has evolved overtime and as such, the arrangements utilized are quite modern, suitable and beneficial for both parties (TO 4, 2023).

4.2.3 The extent to which sustainable agricultural outcomes were factored in the design of contract farming arrangements at TOPP

This was intended to understand the extent to which sustainable agricultural outcomes were factored in the design of contract farming schemes and arrangements. In light of this, the respondents were asked series of questions to know whether or not sustainable outcomes were factored in the design of contract farming arrangements and schemes. Per the responses generated from the field data, it is obvious sustainable agricultural outcomes were factored in designing contract farming schemes. From the data generated by the study participants, one has it that;

Contract farming arrangements are just agreements between TOPP and the farmers usually on a scheme that is rolled out to ensure the oil palm sector is sustainable. We enter into contract farming arrangements with the out grower farmers to ensure their yields are better, of standard and improved. This has been on-going for years and I need not say much but just reiterate that it has benefitted a lot of farmers and has also boosted their production and I believe without a doubt that without the efforts of TOPP and the contract farming arrangements in place, agricultural outcomes in the oil palm sector would have been very unsuccessful

(TO 1, August, 2023).

From the data above, contract farming arrangements by TOPP ensure that FFB yields meet the standard of the international market. The schemes consideration of what arrangements will boost production of quality FFB showed that the design of the contract farming arrangements factored in the extent to which the arrangements would lead to sustainable and sustained agricultural outcomes.

To add to the data above, another study participant has it that;

To ensure sustainability is not quite an easy task. But I will say, TOPP has achieved sustainability by engaging reasonably with producers and the farmers on the scheme to understand their roles, the benefits and other sides of the contract, and as such they hold up all ends of the bargain. Also, ensuring the relationship is not one that is built on extorting the producers or the out-grower farmers in our case. Most contract farming arrangements fail because, some of the contracting organizations always try to put measures in place to extort the farmers or the producers they are in contract with. This will not yield any results but will only lead to an overall collapse of the scheme (TO 4, August 2023).

The data showed that to achieve sustainable agricultural outcomes was not an easy task and for TOPP, achieving sustainability was mainly on a number of factors including reasonably engaging the producers and farmers on the scheme to ensure they understood their roles and the deliverables as was expected from them.

4.2.4 Plight of smallholders under contract farming

Ghana relied on contract arrangements in its quest to bring diversification in its export crops and the need to diversify its export crops came about based on advice by the World bank and other local economists who were of the view that Ghana's dependence on cocoa as the main export commodity could make Ghana lose profits if the price of cocoa falls low on the world market (Teye and Torvikey,2018,p.18). Also, based on a past experience of the fall of cocoa price on the world market in the 1970s which had a negative impact on Ghana's economy, there was the need to diversify Ghana's export crop (Teye and Torvikey,2018,p18). These diversification within the agriculture sector led to the privatization of state owned plantations and though there was an increase in productivity of cash crops such as oil palm, some smallholder farmers did not enjoy

any benefits from these schemes (Teye and Torvikey,2018,p.18). As one of the out-grower farmers interviewed said;

I can say that the contract I have with TOPP gives me things like fertilizer, seedlings and advice on how to manage my farm properly, I feel the monies they pay me for the palm oil fruits after they take out monies for the fertilizer and seedlings is not good money for me. Sometimes, I have to borrow money from friends and relatives to support my family until the next harvest. (SF 1, August, 2023).

From the above, it can be said that contract farming schemes do keep farmers in business as they get access to farm equipment and other extension services but these are being given on credit basis for which they pay through the sale of FFBs to the company. Will (2013) asserts that farmers are motivated to go into contract farming due to certain monetary and non-monetary benefits such as increased income rate due to high yield rates, means of getting easy access to farm tools and paying later, a ready market for the sale of their products and access to extension services. But contracts do present certain disadvantages to farmers too, including but not limited to loss of control over farm management, possible indebtedness due to credit payment and inability of most farmers to put a claim on buyers to abide by contractual terms in a cases where buyers default (Will,2013,p.25). Also, smallholders who do not own their own land suffer huge rent payment by landowners especially as landowners have realized the increased demand for land in recent times and as such, if a farmer is unable to pay for the rent of the land, it is taken away from him or her (Teye and Torvikey,2018,p.18). The study also revealed that land tenure litigation hinders smallholder farmers' access to vast of land for their cultivation. One of the out-growers had this to say;

I wish I could make my farm big but a big part of the land has issues that are being resolved by the 12 Omanhene and I have to wait for the case to be settled before I can farm on it (SF 1, August, 2023).

Asante (2021) asserts that land tenure issues prevent smallholder farmers from getting access to vast of land and this problem has been going on for years now and this obstructs the high production needed within the oil palm sector in Ghana as land needed for large cultivation is not available due to prolonged land tenure litigations.

4.2.5 Challenges and how TOPP has overcome challenges

The study revealed that agribusiness companies do experience their fair share of challenges in managing contract schemes. The access to vast land for production is also a problem faced by agribusiness companies because they are not able to increase cultivation of their own plantations due to limited access to land (Asante, 2021, p. 18).

Field data also showed that the farmers get relaxed once they are signed unto the scheme. After showing enthusiasm to be rolled onto the scheme, they change and get relaxed after sometime of becoming out-growers with TOPP. One of the company officials interviewed had this to say;

We are facing very few issues here in ensuring sustainability. One is the attitude of some farmers, who act as though they are in need of the interventions but once we come through for them, they start to show us their other side. Also, government policy hasn't been favoring agricultural productivity and also the importation of farm implements, all these have hindered on and is a major challenge that TOPP has encountered in the oil palm industry (TO5, August, 2023).

¹² Omanhene is the chief of a traditional area in an Akan traditional area in Ghana

He also added that government policy is not favoring the successful operations of the scheme. Government policy is meant to support the activities of agribusiness companies for the successful operations of the schemes (Asante,2021,p.19). An instance is the President Special Initiative (PSI) on oil palm that was started under the NPP government in 2000 to support the oil palm sector's growth but failed due to weak policy implementation (Asante,2021,p.19). The initiative diverted its support towards smallholder farmers rather than supporting agribusiness companies to successfully achieve the goals of increasing high productivity through contract arrangements. The lack of support by the government during the PSI on oil palm initiative did not deter the operations of the estates but rather, the PSI on oil palm programme collapsed when the estates backed out (Asante,2021,p.19).

Field data showed that TOPP partnership or joint ownership system affects the speed with decision making. There has to be an all stakeholder inclusive meeting before major decisions can be taken and as such it is a challenge affecting the speed nature of decision making in the organization. The data showed that, if the organization was single owned by one entity it would have enhanced the speed with which important decisions can be made.

Our partnership with the government of Ghana has affected TOPP in so many ways. Firstly, we cannot take decisions except all stakeholders and partners are involved and to me it will be better if only one party specifically the private owners were taking the decisions free from government interferences since they are the ones behind the success of TOPP (TO4, August, 2023).

Additionally, one of the study participants and officials at TOPP when asked about the challenges faced by TOPP, indicated;

Some out-growers do not fully comply by the terms of the contract. Also, there are issues of government interventions in the business of the TOPP. You know in most cases in the country, the private sector departments are more effective and efficient than the government owned or public ones. Where the government is involved in issues of production, it is just bad business (TO2, August, 2023).

The data above showed some farmers are not compliant with the terms of the contract, and also showed that the issues of government having a hand in the affairs of TOPP makes it difficult especially with the issues of effectiveness and efficiency at TOPP. As indicated in the previous data, that could slow down decision making especially on issues concerning operations which may require immediate attention. There are issues of ¹³diversion by farmers which affects the amount of FFBs that farmers deliver to the company (Huddleston, 2006, p.113).

Aside presenting the challenges faced by TOPP, the data presented showed that there were some measures in place by TOPP to reduce some of the issues and challenges they faced that affected management of their schemes. From the data, one of the participants' stated;

TOPP has always restructured amidst difficulties and challenges we face. When there is an issue, we usually tackle the root cause of the issue and in the past there are some schemes that we implemented that were not favorable to farmers so there had to be a restructuring and it has helped us a lot in overcoming the issues at TOPP in our efforts to sustain the oil palm industry (TO1, August 2023).

The data above showed that, in response to some challenges faced by TOPP managing its out-grower schemes, TOPP has always restructured. From the data, it showed TOPP has a grass root approach to challenges or issues tackling, to ensure that the solutions were favorable

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¹³ Diversion refers to illegal sale of Fresh Fruit Bunches to other small scale mills rather than sending them to the estate and this is against the out-grower contract.

and long lasting. TOPP ensures that its extension officers live in villages where they have outgrower schemes in order to give constant advice and training to its out-growers, also, meetings are held from time to time with the farmers to know what may be bothering them and to hear their suggestions as well as inspection of out-grower farms are carried out ahead of payments to farmers (Huddleston,2006,p.113). These are some of the ways TOPP manages its challenges with out-growers and bringing about necessary restructuring for better operations of its schemes.

Also, another TOPP official had this to say;

TOPP has always restructured in times of difficulties and we have also engaged with our farmers and the producers on a number of levels to understand the issues that are a bother to them (TO4, August, 2023).

In times of challenges and problems encountered by TOPP, they have always engaged with their producers and farmers on various levels to understand the issues that are bothering them or hindering the achievement of the organizations broader targets, goals and objectives.

Additionally, another method employed by TOPP in resolving challenges faced in the organizations' procedures is outlined in the data extract below;

I think I will say constant engagement and restructuring. Our activities at TOPP includes extension services, and when we move out onto the field sometimes to supervise, give advice and take feedback, we sometimes address some issues that come up along the line. I will say this has helped our activities and is key in how we have overcome challenges in sustaining the oil palm industry (TO2, August, 2023).

In resolving challenges at TOPP, constant engagement and restructuring the activities of TOPP including but not restricted to extension services provided for farmers and producers, taking feedback and noting the challenges faced by farmers and the core implementers of the contract farming arrangements has helped resolved and reduced the challenges faced by TOPP in trying to achieve its targets.

4.2.6 Efforts by the government of Ghana to improve the oil palm sector in Ghana

This section was relatable to the theory on which the study was premised, thus, political economy. The analysis of the theory extends to understand the power dynamics and interplay of government and state actors and how it affects Ghana's oil palm sector. In political economy, we discussed that contract farming is characterized by issues of power relations and dynamics in all settings or structures in society (Oya, 2019,p.6). It has been argued that in order to increase productivity in the oil palm sector and meet both local and international demand for oil palm, there will be the need to increase the yield rate of FFBs being produced by both agribusiness companies as well as the production of smallholders (Huddleston,2006,p.115). Huddleston (2006) asserts that the government of Ghana through the PSI oil palm programme started the planting of new genetic seedlings meant to replace unhealthy seedlings. He said:

The government through the President's Special Initiative in Oil Palm has devised a systematic and consistent replanting policy to replace this large hectarage of untested genetic materials (Huddleston, 2006:115)

It was revealed that only 70,000 ha has been planted with quality genetic seedlings by the private oil palm sector out of a total of 248,000 ha which needed to be planted and this led to low productivity rate (Huddleston,2006,p.115). The study revealed that despite the Ghana government's support for the growth of the oil palm sector, Ghana though exports some amount of oil palm, it also imports oil palm so as to meet domestic market demand (Ofosu-Budu,2013,p.357). In other words, Ghana is not able to achieve self-sufficiency within the oil

palm sector as it has to rely on imports before it can even meet domestic demand. The PSI in oil palm which was a government initiative was believed by many Ghanaians that it would be a success owing to the fact that it was started by the then NPP government, the initiative created what was called "a corporate village enterprise (COVE) model" which was meant to give smallholder farmers much control over their production (Asante, 2021, p.24). The objective of the PSI in oil palm was to achieve a 200,000ha of oil palm from the establishment of a 5000ha of each plantation but due to the failure of the program, the oil palm sector was able to achieve only 20,000ha of oil palm through the PSI oil palm program (Asante,2021,p.24). The PSI in oil palm program failed because smallholder farmers and buyers had different interests which the government did not have the needed resources to satisfy the interests of both parties (Asante, 2021, p.25). This is because buyers felt the government of Ghana should have supported them through the PSI oil palm program by giving them much control over the execution of the entire program but as it was, the program rather gave smallholder farmers much direct control over the management of their farms and this in a way took control out of the hands of buyers (Asante, 2021, p.25). Asante (2021) argues that one of the reasons for the failure of the PSI in oil palm was because it lacked the backing of buyers, when they withdrew from the program because they felt their interest was ignored by the government. He said;

The fact that the PSI-Oil Palm collapsed without the support of the estates (Asante 2012) demonstrates the holding power that these estates wield in terms of policy affecting how the chain operates (Asante, 2021:25).

This means that the buyers/estates possess lots of power to decide how these arrangements should work and as such, what smallholders may say or want does not matter because in the end, they give the market for smallholders to sell their products. Another factor that prevented the success of the PSI in oil palm was due to misunderstandings within the New Patriotic Party which started the program (Asante,2012,p.28). The Ministry of Food and Agriculture (MoFA) did not give the programme its support because the ministry felt they were not given the needed recognition and invitation for their involvement and support of the program (Asante,2012,p.28). There were also allegations that the ruling New Patriotic Party (NPP) started the program in order to win future elections and not for the purpose of alleviating poverty of beneficiaries (Asante,2012,p.28) and as such, though the PSI in oil palm was a good initiative to support the oil palm sector by the government, power dynamics did not allow the success of the program.

The study also revealed that though the Ghana government has enacted many policies to support the agriculture sector in Ghana, this same government enacted policies that go against the growth of the sector. One study participant has this to say;

It has helped the oil palm industry by providing the necessary and needed policies and laws to ensure the atmosphere is conducive enough to support businesses and institutions; however the negative aspects are a lot. For instance, removal of subsidies on agricultural inputs, importation duties and taxes are just too high and when we have to import somethings for our operations, the cost is just unbearable. Hence, I will say the government has contributed both ways in sustaining the sector as well as slowly killing it by imposing these needless taxes (TO 4, August 2023).

This means that policies on subsidies and taxes by the government are not favoring the growth of the oil palm sector. For instance, the Fertilizer Subsidy Program (FSP) which was started in 2008 was to support only food crops and not cash crops like oil palm and actors in the

oil palm sector believe the program should have included the oil palm sector as well since they also apply lots of fertilizer for their production (Asante,2021,p.15).

The final section under study was to understand the contributions of contract farming in achieving self-efficiency in the oil palm sector of Ghana. As seen from the above, the government of Ghana has put in measures aimed at supporting the oil palm sector and some of these measures are the initiation of the PSI in oil palm and also the privatization of oil palm plantations. Data provided by one of the study participants indicated;

I have been able to continue my farming due to the arrangement I have with TOPP because things are very expensive these days and without this arrangement, I may not be able to purchase the inputs for my farm (SF 2, August, 2023).

The above indicates that some farmers are able to continue with their farming because they are out-growers for TOPP and this allows them to get access to farm tools on credit basis to be paid later during the sale of FFBs. As indicated by Will (2013), smallholders get into contract farming as a way of getting access to farm inputs such as seedlings, fertilizers and extension service on best farm practices and all these are provided on credit basis to the farmers by the company.

According to Will (2013), there are no plans in place to determine the success of contract farming but amendments can be made through the execution process through experiences by both buyers and sellers. It is the desire of those in contract farming, that is smallholders and agribusiness companies, to increase their income and profits through contract arrangements (Will,2013,p.26). The study revealed that, in recent times, the growth of the oil palm sector is highly dependent on agribusiness companies (Ofosu-Budu and Sarpong, 2013, p. 350). Although contract farming arrangements within the oil palm sector was to increase productivity rate so as meet domestic demand for oil palm but contract arrangements are not being productive due to issues of trust between the various actors involved in the contract (Adjei-Nsiah et al.,2012,p.216). The study revealed that out-growers of TOPP are not always loyal to the company and due to this, the company hardly works towards improving the incentives given to out-growers (Ghansah, 2004 as cited in Huddleston, 2006, p.114) and low incentives or motivation to outgrowers negatively influences them to engage in the diversion of FFBs to other small scale mills rather than bringing it to TOPP which in turn affects the production rate of the estate. The oil palm sector has over the years been trying to meet domestic demands and raise its export rate but this aim has been elusive as the industry has been unable to meet the demand of importers such as India and China (Kyatun et al., 2020, p.4). The study revealed that in Ghana, land tenure litigations is one major problem for estates as well as smallholders to increase their cultivation rate, as TOPP has not received land titles to the lands they purchased and this prevents them from cultivating most part of the land they have purchased (MASDAR,2011,p.1.8), this problem is also being experienced by smallholders who do not own land and have to cultivate on the land of others, this requires them to give one third of their produce to landowners at the end of the harvest (MASDAR,2011,p.1.8). This means that though estates as well as smallholders are willing to cultivate oil palm on vast of land, they are not able to do so due to limited access to land. In the case of TOPP, the indigenes in the Twifo traditional area are asking that their land should be given back to them since they feel the land was taken away from them by the Ghana government without their consent and no compensations have been paid to them by the government nor the estate (MASDAR,2011,p.1.8).

The government of Ghana believed that the estates could help increase production of oil palm in Ghana but that has not happen as majority of oil palm producers are still independent smallholders whose numbers keep increasing and hence their production while the production rates of the estates rather fall (MASDAR,2011,p.1.15). In 2002, estates contributed 28 percent of oil palm but this rate dropped to 19 percent in 2009 (MASDAR,2011,p.1.15). It has been argued by (Ruml et al., 2022) that the cultivation of oil palm is very capital and labour intensive and due to this, many smallholders in the rural settings are not able to cultivate in large quantity. Agribusiness firms who are meant to offer credit facilities to such smallholders are not willing to do that because most of them are not under contract with them and this limits smallholders access to adequate capital facilities which would enhance their production (Ruml et al.,2020,p.28). Independent smallholders in Ghana are being encouraged to go into contract arrangements with estates because a study conducted by Ruml et al. (2022) revealed that smallholders who are under contract are able to increase their yield rates as well as income rate as compared to smallholders who are not under contract. This is because smallholders under contract get access to credit facilities and extension services that gives them access to best farming management practices and also a market to sell their FFBs no matter the quantity, on the other hand, smallholders who are not under contract lack any form of assistance in their cultivation and they do not also have a market where they can sell their products and this leaves them producing on small scale and selling to the local market directly (Ruml et al., 2022, p. 34).

Also, it was revealed through the study that independent smallholders account for about 70 percent of oil palm producers in Ghana but their oil palm cannot be sold on the international market because they do not have RSPO certification (Khatun et al.,2020,p.4). Policies on attaining RSPO certification fail to include independent smallholders who though form a high percentage of oil palm producers in Ghana (Khatun et al.,2020,p.9). The estates tend to control independent smallholders access to seeds and market for their produce and also, independent smallholders do NOT get any form of support on best farming practices, not even from the government of Ghana (Khatun et al.,2020,p.10). Independent smallholders access to support for their production is limited because the estates, NGOs and government extension officers believe that the inability of Ghanaian independent smallholders to come together and form a group makes it difficult to offer them any form of assistance (Khatun et al.,2020,p.10). The MASDAR (2011) report argues that cultivation by out-growers is of high quality because they are given training on best farm practices by the estates as compared to independent smallholders who do not receive any form of training in their cultivation.

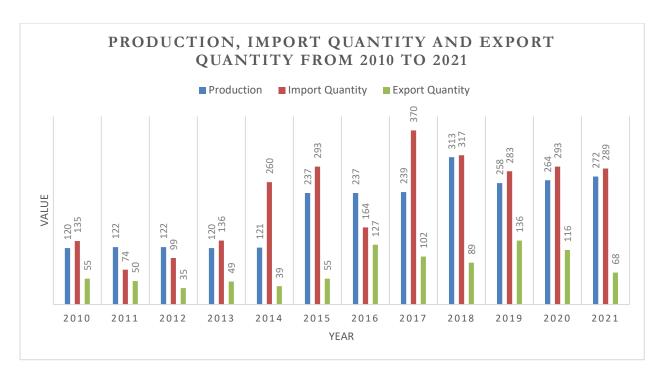


Figure 4 graph of Ghana oil palm performance from 2010-2021

Source of data: FAOSTATS

The data above depicts Ghana's production, export and imports rates of oil palm from 2010 to 2021. It shows that Ghana's production rate though increased from 2015 upwards, Ghana has always needed to import more oil palm than it produces and exports. From the graph above, it shows that Ghana needs to produce more oil palm twice more than what it is producing now. To achieve self-sufficiency in its oil palm sector, policy within the oil palm sector must take into consideration all classes of producers and support must be given to all producers within the sector in order to boost the oil palm sector's production towards achieving self-sufficiency. Like my uncle, most of these independent smallholder oil palm producers lack support that would boost their production level which would lead to increased income and improved livelihoods.

CHAPTER FIVE CONCLUSION AND RECOMMENDATION

5.1 Conclusion

This research work was aimed at examining the contributions of the government of Ghana in developing the oil palm industry in Ghana with Twifo Oil Palm Plantation (TOPP) as the case study. The main question the research sought to answer was "How is the government contributing to the achievement of self-sufficiency in the oil palm industry in Ghana?" The study adopted the political economy theory with a focus on contract farming and the class dynamics it creates within the agrarian setting.

The study revealed that several attempts have been made by several Ghanaian governments starting from the colonial era to grow and expand the oil palm sector in Ghana. The oil palm sector has received support from donors such as the World Bank and the IMF for it to become one of Ghana's leading cash crops so that Ghana would not have to put all its investments in cocoa which is currently Ghana's leading cash crop following a drop in the price of cocoa which affected the economy of Ghana. It was revealed that despite support given to the oil palm sector, producers are unable to produce to meet the demand of the local market and as such, Ghana continues to import oil palm in order to meet its domestic demands of both household and commercial consumption. The inability of Ghana to boost production of its oil palm led to the closure of Ameen Sangari a company in Ghana which was established in 1919 and closed down finally in 2020 (Amarteifio, 2020, as cited in Asante, 2021, p.16). Support given by donors and the government of Ghana should not be done discriminately as to whether a group of producers are under contract agreements or independent producers looking at the fact that majority of the oil palm producers in Ghana fall under independent smallholders, refusing to support independent smallholders only goes against the growth of the oil palm sector of Ghana in general.

The study also showed that Ghana's oil palm sector is made up of the estates who manage large plantations, out-growers who are in contract with the estates and independent smallholders who either sell their FFBs to the estates or to the local market directly, independent smallholders however forms about 70 percent of oil palm producers in Ghana. Independent smallholders however, do not receive support from estates, NGOs and the Ghana government on how to improve on their production practices so as to increase their yields though they form majority of oil palm producers in Ghana. Support should be given to independent smallholders at least by the government of Ghana as they form majority of oil palm producers in Ghana and as such, when their yields increase, Ghana stands to benefit from it. Again, the study showed that policy implementation within the oil palm sector is largely influenced and controlled by the large estates because they wield so much power within the industry and their lack of support for any government initiative within the sector would lead to a failure of such an initiative, an example is the PSI in oil palm, one of the government's initiative to support the oil palm sector, which failed because the estates withdrew their support. Government policies should be void of external influences especially by the large estates as this hinders independent smallholders from receiving support for better management of their farms.

The study again revealed that, TOPP is one of the major estates in Ghana who engage out-growers under contract arrangements. Through this contract, out-growers get access to farm inputs as well as extension services on credit basis whereby they pay off through the sale of their FFBs to the estate (TOPP). Management of these contracts come with challenges for both out-grower smallholders and agribusiness companies. Through contract, smallholders lose control in major decision making in the day-to-day management of the farm. The estates have a challenge whereby out-growers engage in diversion of FFBs to other small scale mills though the contract agreement prohibits them from engaging in diversion. Contract agreements should give equal opportunities and benefits to all parties. The study also revealed that contract farming is only one of the ways to help grow the oil palm sector in Ghana but this needs to be backed by government policies for its effective operation.

5.2 Recommendations

Based on the findings of the study it is recommended that the government should enact policies that includes giving support to all producers within the oil palm sector. This is to ensure that independent smallholders get the necessary support in order to enhance their production.

There should be easy access to credit facilities for independent smallholders living in rural areas to help them increase their production and yield rates and to improve the quality standard of their FFBs.

Also, independent smallholders should organize themselves in a group and have a common goal as this would make it easy for them to get support from the government and other donor agencies. The Ghana government and other NGOs should assist independent smallholders in getting RSPO certification for their production which would add value to their production.

Appendix 1 Interview guide

TOPP Officials

- 1. What is your role at TOPP?
- 2. How long have you been working with TOPP?
- 3. What contract farming arrangements are utilized at TOPP?
- 4. How would you describe TOPP's contractual relationship with out growers?
- 5. How operational are the various contract farming arrangements utilized at TOPP?
- 6. What challenges does TOPP face in ensuring sustainability in the oil palm industry?
- 7. How has TOPP overcome challenges in managing its out-grower schemes?
- 8. How would you describe the role TOPP has played in sustaining the oil palm sector in Ghana?
- 9. How has government policies contributed to the management of schemes?

Smallholder out-growers of TOPP

- 1. How long have you been an out-grower oil palm farmer for TOPP?
- 2. How would you describe your harvest rate before and after entering into contract arrangement with TOPP?
- 3. How have you benefited for being an out-grower with TOPP?
- 4. Will you encourage other farmers to enter into contractual agreement with TOPP based on your experience as an out grower?
- 5. How do you see the future of the oil palm industry without contract farming schemes?
- 6. What challenges do you face as an out-grower for TOPP

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