

# Uncovering the Differentiation and Agency of Peasants within Palm Oil Production in Ghana: Reviewing the Literature

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**Abstract-** This paper examines palm oil production in Ghana with a focus on the Eastern part of Ghana where the production is vibrant, considering the impacts of peasant differentiation and agency, and its impacts on food sovereignty. The modernization of agrarian processes in recent times have witnessed key concerns and inclination for remedies that are market-oriented in combating poverty. Several scholars have pinpointed that, the need to interconnection of the global market-structure with small-holder farmers becomes relevant for ensuring improvement in the capacity of farmers, increased production as well as a higher income level. Notwithstanding this, there have been great concern about integration of markets within a global-scale with regards to independence and agency of local farmers concerning their role in relation to global food chain. Several challenges including; “deprivation of local farmers autonomy and their right to decide within global market-structure and food chain has been seen to affect local farmers agency”. As such, the need for enhancing local small-holder farmers autonomy through their empowerment within a localization of structures of food systems becomes important. The production of palm oil especially in the Eastern region of Ghana, where the production is vibrant faces numerous challenges. The challenges come in part within the differentiation of peasantry with so-called contract farmers and non-contract farmers. This facilitates problems that come in terms of the nature of differentiated-categories that leads to so-called contract farmers trapped on depending on foreign credits for their production, a dependence on global market structure, etc. Notwithstanding this effect, independent non-contract farmers tend to some extent to employ mechanisms that enable them to include or distant themselves within their independence.

**Keywords-** Agency, Differentiation, Ghana, Palm Oil, Peasants, Production, Small-Scale Farmers.

## INTRODUCTION

This paper examines the palm oil production in Ghana with a focus on the Eastern part of Ghana where the production is vibrant, considering the impacts of peasant differentiation and agency, and its impacts on food sovereignty. The paper is structured into four main sections. Following the introduction, the paper will begin by examining the peasantization debate. This will consider the issue of differentiation as well as market engagement. The paper will then look at the palm oil value chain in Ghana. This will examine the different structures of engagement that tends to result in outcomes and opportunities that are not equally distributed to the farmers. It will further look at the differentiated sector and categories of farmers, considering the contract farmers and the independent farmers and how this affects the agency of farmers and food sovereignty in the country. The final section gives a conclusion of the paper. The paper employs relevant literature on the study area in addressing the issue at hand.

The modernization of agrarian processes in recent times have witnessed key concerns and inclination for remedies that are market-oriented in combating poverty (Arthur 2012). Several scholars have pinpointed that, the need to interconnection of the global market-structure with small-holder farmers becomes relevant for ensuring improvement in the capacity of farmers, increased production as well as a higher income level (Arthur 2012; World Bank 2008). Notwithstanding this, there have been great concern about integration of markets within a global-scale with regards to independence and agency of local farmers concerning their role in relation to global food chain. Several challenges including; “deprivation of local farmers autonomy and their right to decide within global market-structure and food chain has been seen to affect local farmers agency” (van der Ploeg 2008). Therefore, the need for

enhancing local small-holder farmers autonomy through their empowerment within a localization of structures of food systems becomes important.

The production of palm oil especially in the Eastern region of Ghana, where the production is vibrant faces numerous challenges. The challenges come in part within the differentiation of peasantry with so-called contract farmers and non-contract farmers. This facilitates problems that come in terms of the nature of differentiated-categories that leads to so-called contract farmers trapped on depending on foreign credits for their production, a dependence on global market structure, etc (Manley and Van Leynseele 2019:655-6). Notwithstanding this effect, independent non-contract farmers tend to some extent to employ mechanisms that enable them to include or distant themselves within their independence (Manley and Van Leynseele 2019:655).

Production of palm oil in Ghana comes as a crosswalk to the food sovereignty agenda and the value chain structure. Palm oil production in Ghana is therefore encompassed by production by foreign companies within a framework of contract farming systems, as well as small-scale local production (Arthur 2012;Manley and Van Leynseele 2019:655). As noted by Fold (2008), in a quest to fulfil production targets, the multinational companies have tended to usher in independent non-contract farmers. The challenges that come with ensuring its competitiveness within the global market-structure, as well as the intend to fulfilling and realizing demands locally has facilitated a disenthral relation with regards to palm oil production (Osei Amponsah 2013;Manley and Van Leynseele2019:655). Mohd Noor, Terheggen, Gassner and Dobie (2017:5) have pointed out that “the repugnant trend of incorporation and system of inclusion that encompass the global palm oil production and industry somewhat counter-pose differentiated structured-outcomes that are evident in palm oil production of Ghana”. The differentiated-structure has created different categories of peasants within Ghanaian palm oil production; namely contract farmers (small-holder contract farmers and outgrowers and non-contract independent farmers, etc (Manley and Van Leynseele 2019:655).

Therefore, the differentiated-categories create varying outcomes and effects with regards to contract and non-contract farmers. With contract farmers coming under influence with regards to their choice of farming and dependence on foreign credits within the global palm oil market chain, as well as non-contract farmers having limited access and opportunities within the market-structure (Ofosu Budu and Sarpong 2013;Manley and Van Leynseele 2019:655-6). The next section examines the peasantization-debate, considering the nature of differentiation as well as structures of the market engagement.

#### **PEASANTIZATION DEBATE: THE NATURE OF DIFFERENTIATION AND STRUCTURES OF MARKET**

Peasant differentiation encompasses an additive and enduring change process whereby diverse groups of peasants within a society and even some who may not be within the society in question are exposed to and experience different access with regards to products of their own and others, as a result of the access they have to productive resources in a differentiated way (White 1989: 9-10). The question that comes here is not necessarily drawn with regards to a group of peasant experiencing better off livelihoods compared to other group of peasants, although this situation occurs in most cases; the key concern is with the nature of the relation that comes amongst peasants, as well as amongst non-peasants and peasants (Bernstein 2016; White 1989: 9-10).

The agrarian question of the possibility of the capitalist structure to gradually get rid of peasant systems, with a replacement of relations of class remains a crucial issue for agrarian scholars. Notwithstanding the debates about the possibility of the peasant system fading out to more class relations, the subsequent increase and endurance of peasants have sparked concerns about agency of peasants, as well as political expediency of peasants (Bernstein 2016). Studies on the saliency of peasantry and their survival have included; “re-peasantization” written by (van der Ploeg 2008), as well “return of the peasants” written by (Perez Victoria 2005).

Despite increase in number of peasants and emergence of neoliberal capitalist structure that proposes a market-centred agrarian system that embraces contracted-farmers, as well as engagement with outgrower patterns, several concerns have been raised with regards to how it adversely impacts peasant farming. The structure is seen for instance by the Food Sovereignty Movement (FSM),

as exacerbating debts and limits food security locally (McMichael 2013: 12-13). It also pickles peasants within a system of globalized competitive structure that come in exchange of inputs, which in addition facilitates privation of local farmers (McMichael 2013: 12). The globalized capitalist market-centred agrarian structure further creates a condition that transposes peasants from farm production and in a way affects their livelihoods and adversely affects food security (Khor 2000; Shiva 2000). This is due to the point that through the globalized market-centred structure, cheap goods are imported from industrialized countries to developing world (McMichael 2013: 12-13; Shiva 2000). This somewhat explains the argument of the FSM for a more localization of food systems and re-peasantization (Edelman et al., 2014 ;Manley and Van Leynseele 2019:656).

In reshaping the position of peasants within trade, it becomes important to concentrate on the capacities and abilities of peasants in market-structures and production within a food sovereign framework. Food sovereignty in this sense, encompasses “people’s autonomy with regards to defining policies on food, in deciding their agriculture and food in view of regulating and safeguarding local agricultural production, as well as trade in realizing sustainable development aims” (Peoples Food Sovereignty Network 2002).

As argued by Schneider and Niederle (2010:379-380), with a remodelling in neutralization of commodity as well as non-commodity relations, peasants are able to reactivate avenues of resistance within the restraints and contingencies that are created from capitalist food market system. Peasants within this employ several mechanisms encompassing inclusion as well as distancing from the global capitalist market-structure in exercising autonomy (Burnett and Murphy 2015: 1065). The autonomy of peasants within this, as noted by (Stock et al.,2014: 413-4) comes as a kind of independence for peasants which is collective and not necessarily based on individual liberty. Palm oil production in Ghana shows forms of patterning with elements of concurrence and interconnectedness within global and localized structures. This creates room for a kind of autonomy which is not necessarily due to technology, as well as labour but encompasses reconstruction of relations within markets (Manley and Van Leynseele 2019:658). In view of this, the paper highlights the peasant-like mechanisms that describes the nature of differentiation, as well as choice and constraints which are not equally experienced by peasants. The following section examines palm oil value chain and differentiated-categories and market-structures.

### **THE PALM OIL VALUE CHAIN AND DIFFERENTIAL CATEGORY OF FARMERS AND MARKET STRUCTURES**

Palm oil production which has a value within the global commodity-market expends varying trends of engagement that tends to bring out opportunities and challenges that are not experienced equally by farmers (Osei Amponsah 2013;Manley and Van Leynseele 2019:658). Palm production in Ghana since the 16th century was predominantly household small-scale farmer production (Arthur 2012). It was only after attaining independence in 1957 when demand for the product locally and internationally increased, that the state took larger role and established state-owned palm oil productions (Asante 2012). The state-owned companies included; “Twifo Palm Oil Plantations Limited”, “Ghana Palm Oil Development Corporation (GPODC), Benso Palm Oil Plantations, etc (Asante 2012;Manley and Van Leynseele 2019:659). As a result of falling commodity prices globally and high indebtedness of the country, particularly during the structural adjustment period, the companies were privatized (Asante 2012). Attempts were made in early 2000s to regain ownership of the companies by the state, but unfortunately due to low private-public partnerships, the state failed and the companies have remained in private hands, mostly foreign-owned (Ofosu Budu and Sarpong 2013), alongside production by small-holder farmers.

Processing of palm oil in Ghana has been dominated by large-scale multinationals, particularly (GPODC) alongside local processors. Within this, different categories of farmers have emerged. The categories include independent farmers and contract farmers namely; outgrowers and small-holder farmers (Osei Amponsah 2013;Manley and Van Leynseele 2019:659-10). This differentiation has tended to produce varying opportunities and challenges for farmers. Contract farmers for instance have access to land, credit, fertilizers, seedlings, etc (Adjei Nsiah, Nimoh and Zu 2012). They also benefit in the form of receiving services such as; preparation of the soil, extension services from the companies. The company also buys the fresh palm fruits direct from the contracted farmers

for their processing (Oya 2012). This provides some form of ready market for contract farmers. The contract farmers further earn more than independent farmers, as they have access to ready market from the companies (Manley and Van Leynseele 2019:660).

Notwithstanding all this, contract farmers have to fulfil their part of meeting targets of yield expected by the company and not sell to any other firm (Manley and Van Leynseele 2019:659-10). In addition, the multinational companies place a restriction on the variety of palm fruit to be cultivated by contract farmers in meeting the global market (Osei Amponsah 2013). They therefore expect farmers to produce the “hybrid tenera” and not the “Dura”, which is preferred by the local people (Osei Amponsah et al., 2012). Also, labourers working for the companies and on the farms are paid less, with the higher profit going to the companies (Asante 2012). This brings the question of who gets what and who does what; as the companies benefit and reinvest their investments with labourers doing much of the work.

Furthermore, the companies in quest to reach production targets open-up to independent farmers. The independent farmers in their case have freedom to exercise their choice (Adjei Nsiah et al.,2012). That is whether to include themselves within global market-structure or to distant themselves as a means of expressing their power. The independent farmers also decide whether to trade with local processors or the companies (Manley and Van Leynseele 2019:660-1).

The local processors within their scope of production have the benefit of accepting the locally preferred “Dura” Palm fruit variety from the independent farmers. In their case, they prefer the “Dura” that is locally-preferred (Osei Amponsah et al.,2013;Ofosu Budu and Sarpong 2013). This allows for some amount of food sovereignty as the local processors prefer the locally-preferred “Dura” and insists on that for its palm oil production. This further allows room for the preferences of the local people with regards to the kind of palm oil they see as traditional for their food; and as such develops a sense of ownership for it. The locally preferred “Dura” gives an oil which is much tastier and more of the red colour compared to the foreign varieties preferred by the multinational companies (Manley and Van Leynseele 2019:660-3). Also, food sovereignty movements in Ghana, including the Coalition of Farmers Against Genetically-Modified Organisms (COFAM), Food Sovereignty Ghana (FSG), etc have continuously advocated for localization of agricultural production and markets (Rock 2014). They have called for using locally preferred seed and crop varieties, for instance the “Dura” palm fruit, which is preferred by the people (Food Sovereignty Ghana 2013;Rock 2014). However, due to the great moisture value and fatty acid, it has a lower value within the global market-structure (Osei Amponsah 2013; MASDAR 2011). It is used for producing local soap by local manufacturers for local population and some neighbouring West African countries (Manley and Van Leynseele 2019:660). Notwithstanding this, the local availability of oil palm remains to some extent unreliable due to issues on the supply side challenges, as well as the global market-structure and the food and commissary subsidies that tends to bring in cheaper vegetable oils that are imported into the country (Ofosu Budu and Sarpong 2013).

From the discussions so far, it could be realized that the diverged palm oil production and market creates a tendency for peasant-like patterns. The varying categories of farmers that emerge with regards to independent and contract farmers (outgrowers and small-holder farmers) creates avenues for constraints, as well as opportunities and challenges that are not distributed and experienced equally to farmers; and also different positions with regards to exercising their autonomy in terms of production and market access (Manley and Van Leynseele 2019:667).

With regards to the local artisanal palm oil processing, it is realized that, varying options and alternatives emerges. This includes acceptance and preference for the “Dura” palm fruit which is arguably the preferred choice for palm oil production locally and the variety that is embraced for making soap locally in Ghana. It also provides options for accepting payment directly from the artisanal processors of palm oil; and also option for either farm or off-farm income (Amponsah et al., 2012;Manley and Van Leynseele 2019:667-8).

Also, the local artisanal palm oil processing depicts a form of nested-market structure that displays an amount of food sovereignty, showing some connections existing among producers of palm oil and farmers (Manley and Van Leynseele 2019:668). It further gives opportunity for the independent farmers to have some autonomy and in turn become producers of palm oil themselves if they

decide to (Manley and Van Leynseele 2019:667). The independent farmers can also ensure a value addition by deciding to become processors with regards to the “Dura” palm fruit. They could with their relations with the local artisanal processors have options within the commodity, as well as the non-commodity perimeters with regards to their reproduction and labour (Ofosu Budu and Sarpong 2013; Manley and Van Leynseele 2019:667). On the other hand, in the case of the contract farmers, it is evident that they tend to be greatly cinched to the companies. This comes with their restriction to particular variety of palm fruit which mostly is the “hybrid tenera”. They are also more often than not dependent on foreign source of credit in contrast to the independent peasants (Amponsah et al., 2012). This in a way show a difference in manoeuvres with regards to contract farmers and the independent farmers in accessing global markets and local markets integration in relation to their different levels of choice.

## CONCLUSION

The paper has reviewed literature and examined the agency and differentiation of peasants within Palm oil production in Ghana in relation to the manifold market-structures and the effects it poses for food sovereignty. It has been realized that palm oil production in Ghana, which is export-oriented has witnessed high rate of privatization; where multinational firms are the lead processors. In respect to the high demand for palm oil both internationally and locally, the multinational firms reach to independent small-holder peasants in addition to the contract farmers. Local artisanal processors of palm oil have also been vibrant in palm oil production in the country. Different categories of farmers; namely contract farmers (outgrowers and small-holder farmers), as well as independent farmers have emerged. This has led to a situation whereby different outcomes, constraints, as well as opportunities are distributed and experienced in an unequal manner by the farmers. For instance, the contract farmers have access to a provision of farm materials, fertilizers, extension services, and access to ready markets by the multinational companies. They are in turn restricted by their choice of production and market, as they are allowed by the companies to cultivate only particular variety of palm fruit, and also to sell to the companies. The independent farmers on the other hand, have the choice of cultivation and can therefore produce the “Dura” which is locally preferred and also the preference of the local processors and the local market. This to some extent allow for some form of food sovereignty. In concluding the paper, it could be stated that it is necessary to reconsider the role of markets within the food sovereignty analysis. The different categorization of farmers indicates that the space for manoeuvre is experienced differently by the categories of farmers with regards to their position and stands within the food chain, their choice to decide, and the emerging pathways of the palm oil production (Stock et al., 2014). It therefore become necessary to reconsider the relationships within the peasant category and global market-structure (Bernstein 2014). The reproduction of peasants within multi-fold market-structure could likely reach progress only within a situation where nested-markets become a feature which is reserved within the local market, which are not immersed with global market-structure (van der Ploeg 2015).

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