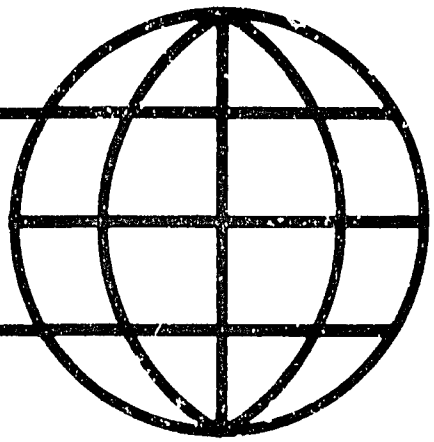
COOPERATIVE AGREEMENT ON HUMAN SETTLEMENTS AND NATURAL RESOURCE SYSTEMS ANALYSIS



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CONTRACT FARMING IN THE OIL PALM INDUSTRY: A COMPARATIVE STUDY OF THE COTE D'IVOIRE AND GHANA

Contract Farming in Africa Project
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PREFACE

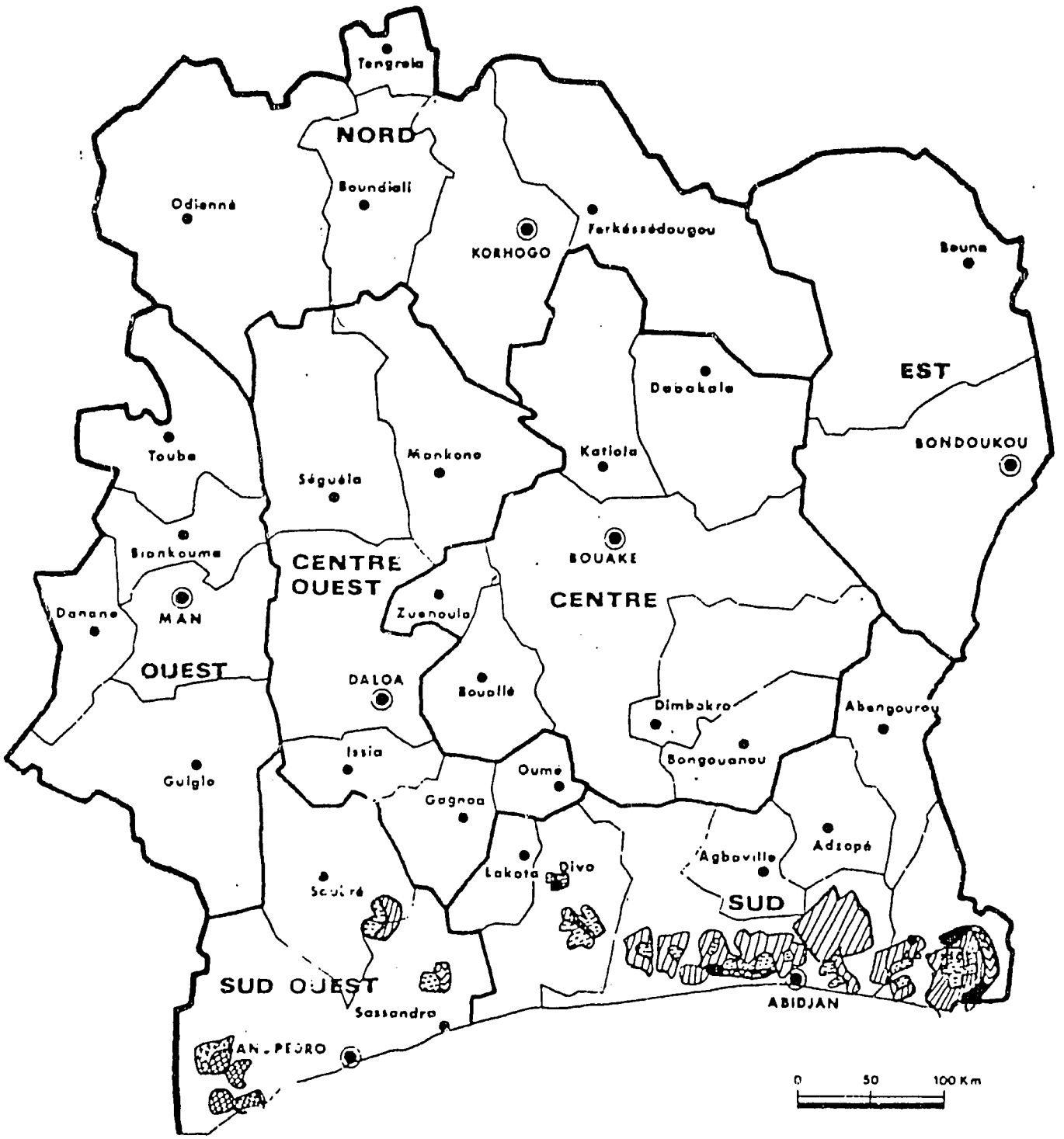
This Working Paper is part of a larger research project on Contract Farming in sub-Saharan Africa conducted by the Clark University/Institute for Development Anthropology Cooperative Agreement on Settlement and Resource Systems Analysis (SARSA) for the Africa Bureau of the US Agency for International Development (AID).

For purposes of this study, contract farming is defined by three fundamental characteristics: (i) a futures or forward market in which a buyer or processor commits in advance to purchase a crop acreage or volume; (ii) the linkage of product and factor markets insofar as purchase rests on specific grower practices or production routines and input and/or service provision by buyer-processors; and (iii) the differential allocation of production and marketing risk embodied in the contract itself. Contract farming includes, therefore, the large-scale nucleus-estate/outgrower schemes associated with, for example, palm oil in West Africa and sugar production in Kenya; the parastatal, export-oriented smallholder schemes associated with tea, tobacco, and coffee in Central and East Africa; and a multitude of private schemes producing fresh fruits and vegetables for canning, drying, and direct export to international markets.

Contract farming in a variety of institutional forms has been present in North America since the 1930s, but it has recently become more important in Third World states, particularly throughout much of Africa. The objective of this study is to assess the form, organization, and impact of a diversity of contracting arrangements in sub-Saharan Africa, based on both secondary literature and field research in seven countries (Gambia, Nigeria, Ivory Coast, Ghana, Kenya, Malawi, and Senegal). The case studies have been carefully selected to represent the primary commodities and the diviersity of institutional forms of contract farming. A final report, based in part on the representative case studies, will indicate the conditions under which contract farming emerges; assess the distribution of costs and benefits to the principal actors, including growers; and evaluate the role of contract farming with respect to donor and host-government policies, technology transfer, and institutional development.

Michael Watts and Peter Little

THE IVORY COAST



Limite de département

Limite de région

Chef-lieu de département

Industrial & village plantation complex

Village plantations

Industrial Plantations

Extention in Industrial & village plantations

Extention in Vil. Plant.

CONTRACT FARMING IN THE OIL PALM INDUSTRY
A COMPARATIVE STUDY OF THE COTE D'IVOIRE AND GHANA

Introduction

In much of the recent debate about Africa's economic crisis, the performance of the agricultural sector has loomed very large. The reasons for this increased prominence are readily apparent. Agriculture remains the mainstay of the political economies of much of sub-Saharan Africa, employing over 75 percent of the active labor force, contributing disproportionately to export receipts of all but the handful of oil- and mineral-exporting countries of the continent as well as providing the bulk of the basic food needs of the continent's growing population. The latter role has been largely assumed by women on the continent.

There is a growing consensus among analysts and policy makers that the performance of the agricultural sector has failed to keep pace with both the food needs of the continent and the financial requirements of the post-colonial African state. Africa has been lagging behind Asia and Latin America in per capita food production since the mid-sixties. To make up for the shortfall in production, African states have had to spend significant proportions of their export earnings on food imports as well as depend on international good will in the form of food aid. The volume of food imports grew by 9 percent per annum between 1971 and 1980 for sub-Saharan Africa, whereas the continent's agricultural terms of trade deteriorated by 7.7 percent per annum during the same period. Quite clearly, an import food strategy cannot be sustained under those circumstances.

While these and other manifestations of the agrarian and economic crisis are not open to serious debate, there is much less unanimity over the determination of the causes. For some analysts, it is the nature of Africa's incorporation into the world capitalist system and the inherent inequalities in the linkage that are largely responsible for the current crisis. To these analysts, the crisis is largely structural and requires for its resolution some measure of disengagement from the world system, increased attention to domestic and regional food needs with emphasis on collective self reliance at local and regional levels.

This inward-looking strategy has been assailed by those analysts who believe that Africa's role in the international division of labor is justified because the continent enjoys a comparative advantage in the production of agricultural and industrial raw materials; these assailants blame Africa's economic malaise on contingent factors (drought, pestilence, political instability, oil price hikes) and a combination of lack

of political leadership and lack of managerial expertise resulting in poor execution of development plans.

Consistent with the above view, adherents advocate a continuation of Africa's inherited role, albeit with emphasis on improving price incentives for farmers, streamlining input delivery and marketing systems through privatization, and drastically reducing the role of the state to the provision of physical infrastructure, especially tarmac and feeder roads.

Whatever the reasons for the current economic and agricultural crisis in Africa, one thing is certain. The kinds of agricultural strategies implemented by African policy makers and their external associates are reflective of certain (mis)understandings about the prospects as well as problems that have faced African agriculture over the years since the attainment of formal political independence (OAU, 1979; World Bank, 1981; 1984).

The dominant official view (not always made explicit) at the time of independence was that Africa's peasant producers could not be relied upon to continue to satisfy the financial requirements of the emergent post-colonial state. Their landholdings were much too small to allow for the efficient adoption of modern technologies and agronomic practices. The gulf between the social standing of extension agents and peasant producers, the pervasive lack of numerical literacy among the latter, made communication intractable. The patchwork of landholdings as well as the dispersal of village settlements made input delivery a horrendously expensive proposition.

It was presumed that without consolidating the land under the control of the state, introducing a uniform land code, and increasing landholdings among "progressive farmers," agriculture would languish in the doldrums for a long time to come. While some states such as the Cote d'Ivoire have been largely successful in bringing much of the land under state control, others such as Ghana have had much less success in their attempts to seize control of the land. Control is still vested in traditional elites---heads of families, clans, lineages and chiefs. Whenever the higher interests of the state dictated, however, the state has been able to pressure these traditional elites to release land.

Not surprisingly, despite rhetorical support for the small farmer, the dominant strategy for dealing with the food and agricultural problems of the continent has consisted of large scale state-sponsored production and encouragement to private capitalist farming (Hill, 1977). As in the case of Ghana under I.K. Acheampong (1972-78), different combinations of the two strategies are possible and are often pursued in tandem. Given official misgivings about the ability of the peasantry to

generate the required productivity increases, Bjorn Beckman may be right in arguing that these dominant strategies are intended to bypass rather than transform the peasantry (Beckman, 1981; Shepherd, 1981).

Contract Farming: Premises and Promises of an Alternative Form of Production

However, state-sponsored production has been no more successful at mediating the contradictions in the political economy of agriculture in Sub-Saharan Africa (Daddieh, 1984; 1987). The failure of state intervention via the state farms (Dadson, 1968) and the seriousness of the decline in production in the seventies made Africa ripe for intervention by a number of extracontinental actors in this vital sector of the African economy. A key actor in this context is the World Bank, although other important players such as the Commonwealth Development Corporation (CDC), the European Economic Community (EEC), the German Development Agency, and the Canadian International Development Agency (CIDA) have all left their mark on this sector.

This study reports on investigations into just such an intervention by examining the oil palm industry in the Cote d'Ivoire and Ghana. Among our primary concerns were: 1) the emergence of contracting in the two countries at particular junctures and the evolution of the contracting form since its inception; 2) the premises and promises of contracting and any gaps between promise and performance; 3) conflict and conflict resolution between contracting parties; and 4) impact of contracting on local and regional political economies. Before turning to the two cases, it is worth considering in a general way contracting as an alternative form of agricultural production and the rationale sustaining its adoption.

Consistent with the dominant view of agriculture in planning ministries in Africa, but also cognizant of the existing structure of agricultural production involving millions of smallholders who cannot be easily dislodged without social and political consequences, the Bank and other external actors have sought to promote the expansion of smallholder production through contract farming and outgrower schemes. With minor modifications here and there, this intervention has involved the creation of a crop authority that provides inputs to large numbers of smallholders and markets their crops, thereby combining "support and supervision by technical field staff with collection of repayments by deduction from returns." "It is being used successfully with crops which are subject to monopoly situations and centrally processed..." (Williams, 1981:24). A number of projects such as those in the oil palm industry in the Cote d'Ivoire and Ghana establish their own nucleus plantations and processing plants and then incorporate smallholders as contracted

outgrowers, providing additional supplies to supplement the nucleus plantation's own output. While the methods of production are prescribed by the firm, the price at which the firm buys the crop is set by the state.

Smallholder outgrower contracting schemes promise several advantages. They promise smallholders access to inputs and technical advice that they might not otherwise secure. Although these inputs are paid for out of deductions from deliveries to crop authorities or processing firms, the cost to smallholders is reduced either because of state subsidies or because bulk purchasing of inputs results in savings that are then passed on to smallholders. Moreover, deductions from deliveries imply that the lack of cash to pay for these inputs upon delivery need no longer act as a barrier to peasant access to vital agricultural resources. There is also the promise of a high loan recovery rate under such a scheme.

Furthermore, it is anticipated that skills acquired through adaptation to modern agronomic practices involving adherence to strict timetables for planting and harvesting, for the application of specified quantities of fertilisers and insecticides, the need for keeping accounts, etc., would be transferable to other economic pursuits, with implications for higher productivity gains. More importantly, smallholders are also assured a ready market for their crops. Since market insecurities create disincentives to increased peasant production, the new buying arrangement is expected to encourage sustained peasant production.

An additional promise is that such schemes open up settlements in the hinterland to road traffic and to a host of new influences leading to social change. The new settlement patterns that have often emerged as a result of such schemes have been permissive of a more efficient provision of improved services such as schools, clinics, consumer markets, and clean water. Where contract farming involves the participation of foreign private capital, the combination of the provision of these services that are perceived to be beneficial to the local community, the active involvement of the state in securing the land, and the integration of the smallholders into the production process can mitigate some of the tensions and conflicts over land alienation and compensation (Glover, 1984).

With these premises and promises of contract farming as an alternative form of agricultural production in the Third World, we turn now to an examination of our case studies of the oil palm industry in the Cote d'Ivoire and Ghana.

Genesis of Contract Farming in the Cote d'Ivoire and Ghana

The extant historical evidence suggests that the oil palm is indigenous to Africa and has flourished naturally (unhusbanded) for centuries throughout the coastal zone. The palm tree had been a highly-valued tree crop in village communities stretching from Sierra Leone to Zaire because virtually every part of the tree could be utilized for some important purpose. Among its enduring qualities is its ability to flourish with a minimum of husbanding even in areas considered unsuited by villagers for producing staple food crops. It was permissive of intercropping (a permanent feature of traditional African farming systems) and it also seemed both indestructible and unlimited.

Its production cycle lasts for a period of twenty five years or more, producing fresh fruit year-round, although there are seasonal variations in yield. The proliferation of palm trees without any special husbanding and even in the face of continued cutting down and periodic bush fires gave the tree an ageless and limitless quality. The high-yielding varieties of oil palm currently in use in the Cote d'Ivoire and Ghana start producing after only four years, take nine years to reach peak production, provide a decade of peak harvests, then five years of declining harvests, after which a process of replanting new seedlings must be initiated (Hermann, 1981). It is, however, the end products that have made the palm tree such an irresistible crop.

The fresh fruits are processed into palm nut soup and palm oil. The red oil is used as seasoning in a number of local dishes and as cooking oil. It is also used in some village communities for the manufacture of black soap (kondu). Before the advent of the kerosene or electricity, palm oil served as parafin for lighting indigenously manufactured lamps. The kernels were also processed into oil; this particular oil was an important traditional body lotion and medicine. It was used to rub down the newly-born and their mothers. In some communities it was customary practice to rub down the elderly before their habitual sun-bath to keep their bodies supple and youthful. It is also used to dress hard-to-heal wounds. It is also reported that the roots are burned into charcoal and given as a drink to facilitate the expulsion of the placenta (Interviews; also Boni, 1985:187-190).

The tapped sap of the oil palm is the source of the legendary palm wine that is consumed daily in Africa and features so prominently in all important traditional ceremonies, including marriages, funerals and religious offerings. In deed, palm wine is to the village communities of coastal Africa what beer is to the urban populace.

Palm products, primarily palm oil and palm kernels, could nct remain African products for very long once Europeans discovered how valuable they were. They began to feature prominently among the emergent export commodities in EurAfrican

exchange relations during the so-called Era of Legitimate Commerce. This entry of palm commodities into EurAfrican exchange relations was at first facilitated by the discovery of palm oil as a substitute base raw material for the manufacture of soap and margarine.

It is interesting to recall that among the earliest attempts at manufacturing in Africa, the processing of palm oil and palm kernels in Cameroons, The Cote d'Ivoire, Ghana, Nigeria, and Zaire predominated. The United Africa Company (UAC) and Unilever Brothers were prime participants in these efforts. But if the manufacture of soap and margarine provided the initial stimulus for European merchants to encourage the gathering and processing of palm fruits into oil and kernels, the discovery of other industrial applications of palm oil---glycerine, lubricating oils, wax and paraffins, printing inks, etc.---made the oil palm an irresistible crop for careful nurturing, including scientific/genetic research by British Botanical Gardens and by the French Oleaginous Institute (IRHO).

At the turn of the century, a serious effort was made to promote oil palm production and exports in Africa. In the Cote d'Ivoire. Europeans were the first to establish oil palm estates in 1912-13; exports grew from 6,000 tons of palm oil and kernels to a peak of 22,602 tons in 1925. Prices collapsed during the depression of the 1930s and 1940s, seriously undermining exports from the country. Exports fell precipitously to a paltry 1095 tons of kernels, and no oil whatsoever, in 1947. Even the 1950 opening of an oil processing mill at Acobo did not appear to have helped the situation because smallholders in nearby communities failed to supply the mill with adequate fresh fruit. By 1959, the Cote d'Ivoire was already a net importer of palm oil (Boni, 1985; Hermann, 1981:170).

Similarly in Ghana, European demands initially stimulated the production (gathering), processing and export of these twin oil palm products. By 1880 they had become major items of trade with the Gold Coast. Exports reached an all-time peak of 20,000 tons of palm oil and 40,000 tons of palm kernels in 1884, the year of the formal partition of Africa among European powers at the Berlin Conference. After 1884, the exports of palm oil and palm kernels began an inexorable decline.

The low price offered the African peasant was the single most important reason for this decline. European merchants paid peasants very low prices because they claimed the quality of the exports was low due to inefficient preparation. The lack of adequate transport facilities inflated transport costs so that very little surplus income remained from the sale of palm oil and kernels after transport costs had been deducted.

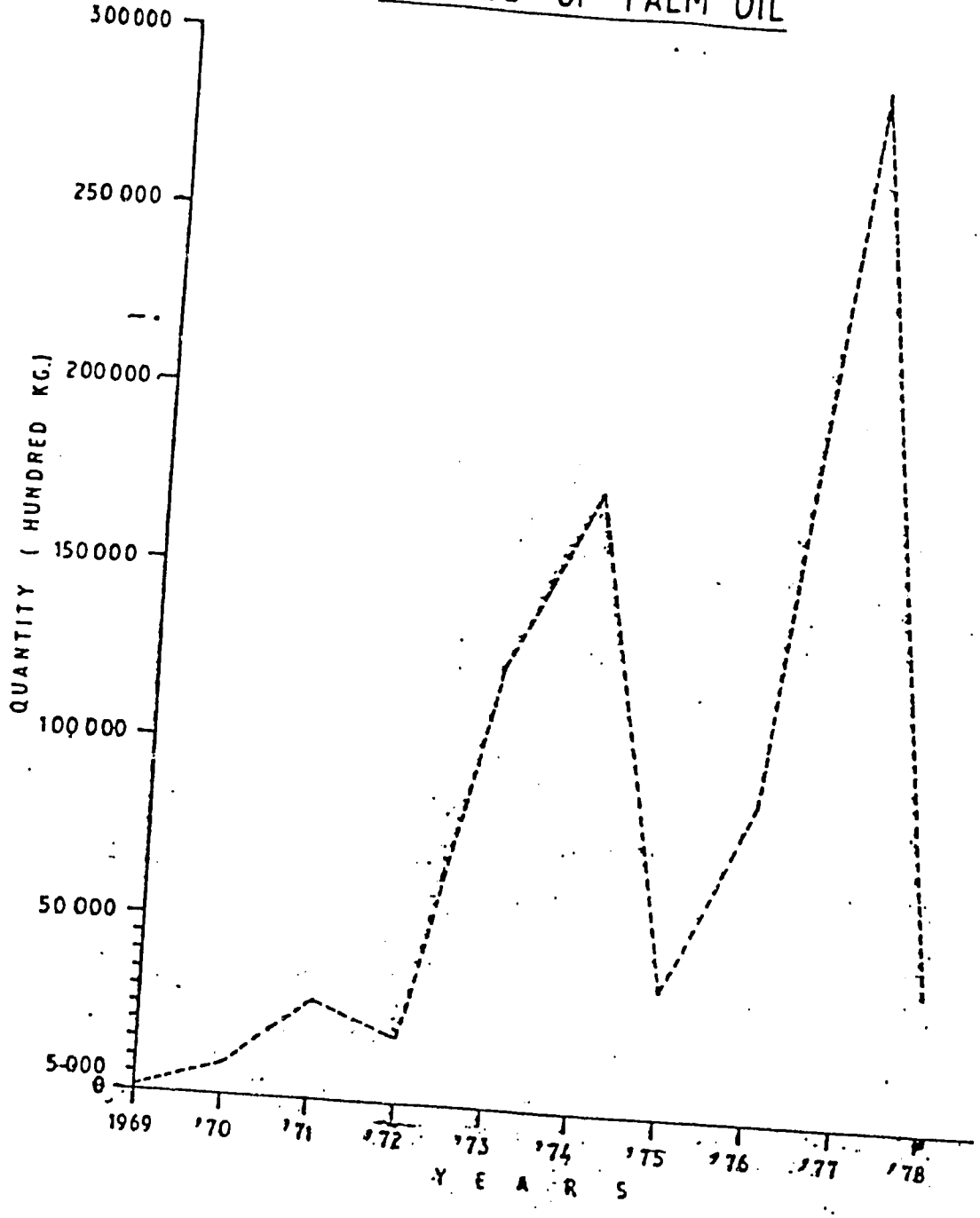
Europeans tried to revive the industry and even established

the first oil palm estates in Sese and Prestea in the Western Region. In 1913, the colonial government in Ghana promulgated the Palm Oil Ordinance prohibiting the cutting down of palm trees for making palm wine in an attempt to boost oil palm exports. Notwithstanding the passage of the Ordinance and the relative success of the Prestea and Sese estates and their processing mill, the local communities seemed rather unimpressed. The importance of the crop continued to be eclipsed by another more lucrative tree crop---cocoa (Szereszewski, 1965). And so, the quantities exported never exceeded 500 tons in most years. Hence, like the Cote d'Ivoire, Ghana had become a deficit oil palm producer by 1960. The national leadership in both countries was compelled to intervene to arrest the situation.

To summarise briefly, the oil palm is indigenous to the coastal regions of the two countries under study. Palm products, primarily oil palm, palm kernals and palm wine, had always played a major role in the social, economic and religious institutions and relations of indigenous societies in both countries. They became significant items of EurAfrican exchange in the immediate post slavery era. Despite earlier efforts by European interests in both countries to stimulate production, the impact of the depression of the 1920s and 30s and the affluence popularly associated with alternative crops, particularly cocoa and coffee, combined to undermine the expanded production of the commodity. By the time of independence, not only had exports of palm oil from the two countries diminished rather markedly, but production could no longer even satisfy domestic demand. Both the Cote d'Ivoire and Ghana were being forced by growing internal demand to resort to importation to meet shortfalls in production. In the Cote d'Ivoire, the importation of palm oil was averaging five thousand tons during the early sixties. The indicative figures for Ghana are reflected in figure 1.

As the trend toward increased domestic consumption of palm oil continued in the sixties and future projections were calculated, a number of African states were alarmed enough by the actual and potential foreign exchange losses that they decided to institute some corrective measures. In other words, the immediate background to the search for an alternative production strategy was the shortfall in production and the flight of foreign exchange that the import strategy represented. Just as importantly, both countries had inherited an agricultural economy that was heavily dependent on a single commodity, cocoa for Ghana and coffee for the Cote d'Ivoire. A major concern at independence was how to manage this colonial inheritance. The prevailing development paradigm prescribed import-substitution industrialisation and a diversification of agriculture, both of which could be achieved through the successful implementation of the oil palm strategy. Moreover, it has also been suggested that oil palm was less prone to the degree of price fluctuations that had come to characterise the other traditional commodities like

IMPORTS OF PALM OIL



cocoa and coffee (Hermann, 1981).

The Role of the Ivoirian State

Given the prevailing development ideology of the time and the financial requirements of the state, it is not surprising that both the Cote d'Ivoire and Ghana embarked upon an oil palm promotion strategy immediately following the attainment of independence. In 1961 an oil palm promotion strategy, the Plan Palmier, was elaborated in the Cote d'Ivoire and brought to fruition in 1963. As can be seen from Table 1, much of the gains was actually made within a very short period between 1967 and 1970. During that period, expenditure on oil palm accounted for 45 percent of all state agricultural investment in the Cote d'Ivoire. Oil palm represented the single largest state investment in the 1960s. Between 1963 and 1973, about 35 billion F CFA were invested in the oil palm sector (Boni, 1985:123).

By African or even Third World standards of relative sectoral distribution of public expenditures, the share of Ivoirian state investment going to oil palm was substantial, in deed; but so was the potential for capital accumulation by the Ivoirian state and other investors. And so, roughly a decade and a half after the Plan Palmier was launched, a total of 15 industrial oil palm complexes, each complete with its own plantation (nucleus estate), processing mill, administrative block, a "city" for cadres with a center for social events, villages for mill and plantation workers, and some self-settling ges had been completed. By 1978 these industrial plantations alone covered an area of 52,000 hectares or some 57.9 percent of total oil palm plantations in the country. With the exception of those of Djibi, Frescoe, and Mopoyem, each of these integrated complexes exceeded 2,000 hectares. One of the earliest and most important of these complexes, that of Ehania, covers an uninterrupted area of 12,159 ha (see Table 2). There are an additional 17,059 hectares belonging to various private capitalist iist individuals and associations, either European or Ivoirian (Boni, 1985:27-31; 185).

Although the oil palm strategy has been experiencing serious financial and managerial inertia in recent years, as reflected in the deterioration of the parastatal's working capital (Table 3) or the fall in net earnings (Table 4), the success of the industrial and village planting programs is remarkable. The willingness of international capital to enter into an alliance with the Ivoirian state and provide generous funding for the program was partly responsible for this success. As Table 5 reveals, international capital provided 68 percent of the capital needed to launch the program, with the European Development Fund and the World Bank both contributing 31 and 20 percent of the capital respectively. The state has just completed negotiations with international financiers for capital to enable Palmindustrie

TABLE 1

Growth of Industrial Oil Palm Plantations (ha.)

Plantations	1963	1964 1965	1966 1967	1968 1973	1974 1978	Total
Eloka	824	1857				2681
Anguededou		908	1927			2835
Toumanguie	454	1740	826	261		3281
Ehania			2127	8283	1749	12159
Tiegba Irobo		816	1334			2150
Tamabo			1142	1105		2247
Boubo			1953	2420		4373
Yocoboue			1406			1406
Bolo			703	2839		3542
Soubre			718	3914		4632
Dabou	1794	721	799	158		3472
Fresco				75		75
Djibi				400		400
Iboke-Dewake					6300	6300
Okrouyo					2452	2452
TOTAL	3072	6042	12935	19455	10501	52005

Source: SODEPALM-PALMINDUSTRIE

TABLE 2

Relative Distribution of Smallholder and Industrial Oil Palm Plantations, SODEPALM-PALMINDUSTRIE, 1977-1978

Groupings	Smallholder Plantation Size	%	Industrial Plantation Size	%	Total Size	%
Group Abobo	9,728	76.0	3,078	24.0	12,806	100
Bingerville	1,275		2,681			
Abobo	1,323					
Attinguie	1,408					
Anyama	3,160					
Alepe	2,562					
Djibi			400			
Group Abossio	10,428	40.3	15,440	59.7	25,868	100
Toumanguie	2,831		3,281			
Adiake	2,404					
Ehania	5,193		12,159			
Group Dabou	10,616	62.7	6,307	37.3	16,923	100
Anguededou			2,835			
Dabou	10,616		3,368			
Mopoyem			106			
Group Divo	7,089	27.8	18,425	72.2	25,514	100
Irobo			5,803			
Boubo	3,084		4,373			
Bolo	2,488		3,542			
Soubre	1,517		4,632			
Fresco			75			
Group Sud-Ouest	41	0.05	8,752	99.5	8,793	100
Okrouyo			2,452			
Iboke	41		6,300			
Dewake						
TOTAL	37,902	42.1	52,005	57.9	89,904	100

Source: Palmindustrie, quoted in Boni, L'Economie de Plantation, p. 28.

TABLE 3

Working Capital of the Palm Parastatal
1973-1979

Fiscal Year	Parastatal(s)	Working Capital (billions of current CFA)
1973	SODEPALM Group	0.9
1974	SODEPALM Group	3.0
1974/1975	SODEPALM Group	2.0
1975/1976	Transition to SODEPALM/ Palmindustrie	- 3.1
1976/1977	SODEPALM/Palmindustrie	-11.7
1977/1978	Transition to Palmindustrie	-14.4
1978/1979	Palmindustrie	-16.4

Source: SODEPALM Group, SODEPALM/Palmindustrie, and Palmindustrie financial reports.

TABLE 4

Palmindustrie Production, Revenue and Net Earnings

	1980	1981	1982	1983	1984
Total Production ('000 tons)[a]	192.4	169.6	205.4	204.1	207.1
of which Palm Oil (%)	80.7	80.6	74.9	70.0	69.3
Average World Market Price (CFAF '000/mt)	124.0	153.0	160.0	166.0	314.0
Total Revenue (CFAF billion)	22.6	18.2	22.7	27.1	57.6
Net Profit (loss) (CFAF billion)	(9.3)	0.2	0.9	0.9	9.2

[a] Palm oil, palm kernel oil, palm kernel cake, coconut oil and coconut cake.

TABLE 5

Sources of Capital for Planned Palm Program:
SODEPALM Group 1969

Source	Amount (Millions of CFA)	(Percent of Total)
Government of the Ivory Coast	7,164	22
Caisse Autonome d'Amortissement	1,203	4
National Agricultural Development Bank	1,952	6
Total Ivory Coast	10,319	32
European Development Fund	9,965	31
World Bank	6,293	20
Caisse Centrale de Cooperation Economique	2,762	9
European Investment Bank	2,527	8
Fonds d'Aide et de Cooperation	119	-
Total International	21,666	68
GRAND TOTAL	31,985	100

Source: Adapted from Jean-Francois Talon, "Le Groupe SODEPALM" (thesis for diplome d'etudes superieures, Universite d'Abidjan, October 1972), p. 78.

TABLE 6

Planned Palm Program: Aggregate Projections

(In ha.)	1986	1987	1988	1989	1990	Total 86-90
Replanting	6,984	8,031	8,691	9,459	9,409	42,574
Densification	300	300	300	300	300	1,500
New plantations	2,823	5,055	5,800	4,500	2,450	20,628
TOTAL	10,107	13,386	14,791	14,259	12,159	64,702

Planned Palm Program: Projections by Industrial Estate

(In ha.)	Replanting	New Plantations	Total
Ehania	12,006	2,250	14,256
Neka	-	7,100	7,100
Toumanguie	6,141	-	6,141*
Iboke	5,000	-	5,000*
Irobo	5,114	-	5,114
Blidouba	-	5,100	5,100
Boubo	4,258	-	4,258
Anguededou	3,555	-	3,555
Tamabo Nord	-	3,100	3,100
Soubre	2,276	-	2,776*
Dabou	-	2,470	2,470
Eloka	2,459	-	2,459
Bolo	1,765	608	2,373
TOTAL	42,574	20,628	64,702**

* 500 ha. for densification
** 1,500 ha. for densification

Source: Afrique Financement Agriculture, Mai 1986, No. 16, p. 272.

to initiate a major program of replanting between now and 1990 involving some 42,574 ha and the establishment of 20,628 ha of new oil palm plantations (see Table 6). In other words, a total of 64,702 ha of new and replanted plantations are to be established by 1990. According to Afrique Financement Agriculture, the total cost of the is $184.9 million (70 billion F CFA), of which $147.7 million will be spent on the plantation program: industrial plantations, $82.4 million; small plantations, $58.5 million and medium-sized plantations, $6.8 million. During the first phase, $27.3 million will also be spent on oil mills.

Palmindustrie will assume $78.7 million of the cost of financing the new program; the Fund for Extension and Renewal (FER) will provide $10.6 million, the small and middle peasants will assume $28.8 million, while the EEC, the CDC, and the World Bank will each put up $13.4 million. An additional $26.6 million will be shared equally by the European Development Fund and the European Investment Bank (see Table 7).

In both the preceding phase and the next phase currently under way, the dominance of the industrial plantations or nucleus estates in the strategy is clearly discernible. Since these industrial plantations were managed by PALMINDUSTRIE (in which the state held 72.4 percent of the capital) on behalf of SODEPALM (which formally owned them), the dominance of these industrial plantations is coterminous with the dominance of the Ivoirian state. And yet smallholder plantations are no less significant. In deed, smallholder outgrowers were considered an integral part of the Plan from the very onset. The European Development Fund (EDF), a major financier of the project as we shall see below, even made it a condition for its involvement that the Ivoirian Government undertake eventually to turn over the industrial plantations to smallholders. Underlying this interest in the smallholder may have been a real interest in privatizing the role of the Ivoirian state so that it would not get too entrenched in the oil palm industry. Needless to say, the Ivoirian state had no intention of presiding over the dissolution of its role and thereby relinquishing control over the major capital accumulation represented by the planned oil mills and industrial plantations (Marcussen and Torp, 1982; Marcussen, 1984; Hermann, 1981:182; Pillet-Schwartz, 1978).

State-Peasant Alliance: Compatible Interests?

Be that as it may, smallholder outgrower plantations or plantations villageoises have increased over the years to cover an area of 37,902 ha, representing 42.1 percent of total oil palm plantations in the Cote d'Ivoire. These are cultivated by some 8,582 smallholders and their families, not to mention some 6,000 wage earners employed by these smallholders. Together with the industrial plantations and private capitalist plantations, they

TABLE 7

Allocation of External Financing to Major Project Categories (US$ Million)

	CCCE	CDC	EDF	EIB	IBRD	TOTAL
Industrial Plantations	3.4	3.6		7.2	5.3	19.5
Smallholder Plantings	2.7	2.2	13.3		2.5	20.7
Medium-sized Plantations	2.5	1.5			1.2	5.2
Oil Mills		6.1		6.1		12.2
Research	1.4				1.3	2.7
Technical Assistance	2.7				2.7	5.4
Effluent Treatment	0.7					0.7
Project Preparation Advance					0.4	0.4
TOTAL	13.4	13.4	13.3	13.3	13.4	66.8

Source: World Bank Report, p. 25

had increased the total of oil palm plantations in the Cote d'Ivoire to 106,963 ha by the end of 1978.

It has been suggested that the state promotes smallholder plantations because it is concerned about providing opportunities not only for peasant producers of the Cote d'Ivoire to diversify their sources of income, but also to acquire new and modern techniques of production. What may be good for the peasant is almost invariably a bonanza for the state. Diversification implies that surplus extraction from the peasantry is spread over a few more commodities so that the exactions appear less onerous. The peasants' own motivation for involvement in the scheme is primarily financial. They hope to raise their cash incomes and hence their standard of living. They would, thus, normally continue to cultivate and tend their crops for as long as the price being offered is considered just or attractive and/or other alternatives are unavailable or nonremunerative. As we shall see for the Cote d'Ivoire, the smallholder outgrower program has passed through two phases that reflect changing perceptions of the peasantry with respect to its conception of justice and the available alternatives.

Before proceeding further, we need to look at how the alliance has been nurtured over the years. The smallholder outgrower scheme involves a contractual agreement between SODEPALM-PALMINDUSTRIE and Ivoirian peasant producers in which the former undertakes to provide technical advice and supply inputs such as seedlings, fertilizer, and wire nets (used to protect the young palms from rodents) in return for which the smallholders agree to deliver their entire output to PALMINDUSTRIE. As enunciated in Article 1 of the Contract prepared by PALMINDUSTRIE, the object of the contract "is to establish the conditions for the production of the oil palm and/or coconut with the technical and material support of PALMINDUSTRIE. The planter or group of planters agree to scrupulously respect the terms of the contract. PALMINDUSTRIE will disseminate all the essential techniques and other knowledge leading to an increase in the productivity of the crop and labor." Article 3 stipulates that the smallholder applicant must meet the following requirements: be owner of the land presented to PALMINDUSTRIE and be recognized as such by the village Chief and the District Administrative Chief; candidates over 40 years of age must have a co-debtor; the land must be within a 20 km radius of a mill; must be close to a road that is motorable throughout the year; the land must be ecologically suitable to oil palm or coconut production. Finally, the planter or group of planters agrees to cultivate an area compatible as much with his labor force as with his management capability.

To the extent that the above clauses are respected, PALMINDUSTRIE undertakes under Article 4 of the Contract, "within the limit of possibilities," to assist the planter in securing

financial aid or subsidies from the State and loans for acquisition of inputs and equipment from the National Bank for Agricultural Development (B.N.D.A.) In addition to providing technical advice, seedlings, fertilizer, etc., PALMINDUSTRIE assumes responsibility for the collection and buying of the fruits from plantations created under the contract. Harvesting and collection of the fruits require an extensive network of feeder roads whose construction and maintenance is the obligation of PALMINDUSTRIE but often subcontracted to another parastatal such as MOTORAGRI.

Other smallholder responsibilities include carrying out the orders of field extension agents, adhering to the agricultural calendar with respect to land clearing, burning, planting, weeding, applying fertilizer, and harvesting on designated dates. It is also the responsibility of the smallholders to transport the fruit to designated collection points by the roads. There is a ban on intercropping which smallholders must also uphold. Table 8 provides a schematic overview of the division of labor between SODEPALM-PALMINDUSTRIE and smallholders.

Article 21 of the Contract also stipulates that in the event that the smallholder plantation is abandoned or the owner dies, the management of the plantation will be taken over by the company until full restitution of the loans taken to establish the plantation is made. The plantation may be returned to the owner or his heirs when the company is satisfied that the smallholder himself or his heirs are now in a position to provide proper management (see Appendix 1).

All indications are that contracting smallholders have generally complied with these regulations especially during the early stages of planting because that is when the parastatal can exercise the greatest leverage. Smallholders need the high-yield hybrid seedlings for planting that can only be obtained from the company. Smallholders also depend on the subsidy and cash advanced by the state and disbursed by the company in order to establish their farms. Without this financial support by the state, most peasants would not have been in a position to participate in the oil palm program (Interviews in Abidjan).

According to Hermann (1981:190), individual smallholders received a subsidy of 65,800 F CFA per hectare during the 1960s and early 1970s. The total cost of establishing one hectare of oil palm was estimated at 143,800 F CFA. In addition, smallholders received a cash advance of 20,000 F CFA per hectare from the state to cover the costs of clearing and tending their palm plantation. Smallholders were given a six-year grace period before they had to repay their 78,000 F CFA/hectare debt to the company, by which time their palms would be producing close to their peak. Thus, as Herman concludes, "participation in the palm program did not require smallholders to make a net cash outlay in any years" (Hermann, 1981:190).

TABLE 8

Division of Labor Between Smallholder and SODEPALM for Cultivating Oil Palm

Year	Farmer	SODEPALM
0 (Year of planting palms)	Clearing land Preparing land for seedlings Sowing cover crop Planting seedlings Tending crops	Layout and spacing of seedlings Provision of seeds for cover crop Provision of palm seedlings Provision of fertilizer Provision of grillwork
1	Weeding Spreading straw Applying fertilizer Maintaining "rounds" of bare earth around each palm	Giving technical advice Providing fertilizer Supervision
2	Weeding Spreading straw Applying fertilizer Maintaining "rounds"	Supervising operations Giving advice Providing fertilizer Checking for plant disease
3	Weeding Applying fertilizer Maintaining "rounds"	Supervising operations Giving advice Providing fertilizer Checking for plant disease
4	Same as year 3 Plus: harvesting and transporting ffbs. to roadside	Same as year 3 Plus: collecting ffbs

Source: Translated and adapted from SODEPALM, "Les Plantations Villageoises," p. 15.

As I indicated earlier, these subsidies, cash advance, and the price structure of the 60s and early 70s combined to attract close to nine thousand peasants to the scheme. By and large these smallholders lacked formal education. And although there are variations in the size of their landholdings, the vast majority are small peasants. As Table 9 indicates, their plantations range in size from 1 ha to a little over 10 ha. Smallholdings of between 2-5 ha are the most numerous. The average size of smallholder plantations is 4.41 ha. Clearly, contract farming in the Ivoirian oil palm industry has been permissive of smallholder participation, although, as indicated earlier, there are pressures to promote the middle peasantry or capitalist farmers in the next phase of the industry.

The Ghanaian Case

Like the Cote d'Ivoire, Ghana embarked on an oil palm promotion strategy soon after achieving political independence. The CPP government of Dr. Kwame Nkrumah did not require much prodding in this regard, partly because of the anticipated growth in domestic demand for oil palm and palm products in the near future and partly because oil palm fit nicely into its industrial promotion strategy. Furthermore, the processing of various oleaginous crops, among them palm oil and coconuts, had been one of the areas singled out in Sir Arthur Lewis' commissioned report on industrialization on the eve of independence (Lewis, 1963).

Unlike the ambitious and sustained program pursued by the Cote d'Ivoire, however, Ghana's appeared schizophrenic; it seemed to oscillate between left and right ambivalence (Marshal, 1976). Under Kwame Nkrumah (1957-66), the pendulum swang clearly in the direction of state farms. The industrial/nucleus estate-smallholder outgrower combination was not unknown (Okyere, 1979), but there was an unabashed preference for socialised production under the aegis of the state farms.

According to the Ghana State Farms Corporation (Stafarms) Second Annual Report of 1963-64, "Up to and including 1963, the total acreage under oil palm was 6,126 acres. By the end of 1964 a total of 8,469 acres had been planted, an increase of about 2343 acres representing 38.2 percent. Yields from the acreage in production for 1963 were 3,103 tons of palm fruits, 1,142.58 tons of palm oil, and about 482.27 tons of palm kernels. In 1964, 4,120 tons of palm fruits were produced" (Stafarms, 1964:14).

Much of that production of fruits was processed into palm oil by the Stafarm Mill at Sese in the Western Region. The palm kernels, amounting to a paltry 550.71 tons, were exported to overseas markets in 1964. Since there was still a great deal of scope for increased production, it was proposed to bring the total acreage under Oil Palm to 16,063 by the end of 1965

TABLE 9

Distribution of Village Plantations by Subprefecture in 1979[1]

Subprefecture	Area	Percent	No. of Planters	Percent	Average Area Per Plantation (ha.)
Alepe	1,898		458		4.14
Anyama	4,094		989		4.14
Bingerville	3,798		683		5.56
Bonoua	1,897		555		3.42
Dabou	7,909		1,756		4.50
Grand-Bassam	23		7		3.28
Grand-Lahou	329		98		3.36
Jacqueville	560		103		5.44
Sikensi	686		280		2.45
TOTAL ABIDJAN	21,594	57.0	4,929	57.4	4.38
Aboisso	3,887		913		4.26
Adiake	4,561		1,121		4.07
TOTAL ABOISSO	8,448	22.3	2,034	23.7	4.15
Divo	2,036		370		5.50
Guitry	1,778		356		4.99
Fresco	13		3		4.33
TOTAL DIVO	3,827	10.1	729	8.5	5.25
Gueyo	2,021		415		4.87
Sassandra	607		123		4.93
Soubre	1,364		340		4.01
Tabou	42		12		3.50
TOTAL SASSANDRA	4,034	10.6	890	10.4	4.53
TOTAL	37,903	100.0	8,582	100.0	4.41

[1] There was no new planting during the 1978-1979 agricultural season.

Source: Statistiques rurales 1979.

(Stafarms, 1964:14). While peasant producers were encouraged to diversify their production by cultivating oil palms, no special institutions and programs were devised to nurture their participation beyond rhetorical encouragement.

Rural development received a lot more fanfare as the basis of development under Dr. Busia's Progress Party government (1969-72). However, Busia and his military predecessors seemed more eager to sell off the state farms to private capitalists than to streamline their operation for efficient production or to distribute them to small farmers. Following the six year interregnum of the Ankra military and Busia civilian rule (1966-72), Acheampong responded to continuing declines in oil palm production and subsequent palm oil imports by initiating The Special Agricultural Scheme, an adjunct of the twin Operation Feed Yourself (OFY) and Operation Feed Your Industries programs. Under this scheme, private companies whose profits had not been repatriated because of lack of foreign exchange were asked to forgo repatriation in the short term by reinvesting their accumulated surplus in agricultural projects in the country either on their own or in partnership with indigenous investors.

The Acheampong military government was clearly in favor of large-scale capitalist or commercial production although, as they all do, it did recognise the continuing role of "traditional small-scale farms." The premise for this preference was that "undoubtedly, commercial farming admits of the use of modern techniques which in turn result in higher yields per acre." As the Budget Proposals for Fiscal Year 1974/75 of the National Redemption Council put it (Min. of Finance, 1974:21-22):

> The unfortunate aspect of the country's agriculture, however, is that its massive support of the economy can be attributed to only one crop---cocoa. The country still continues to spend a sizeable portion of its hard-earned foreign exchange on food imports. Due to lack of raw materials, most of which can of course be grown locally, quite a sizeable number of our industrial plants operate at about 50 per cent below their installed capacity. The Government cannot sit idly by in such a situation.
>
> To this end, the Government is determined to ensure that the third phase of the O.F.Y. program achieves the targets set for it. Important among these are the production of (a) more food to feed the people, (b) sufficient raw materials for our industries, and (c) cash crops for export. This is obviously a herculean task to which the country has set itself, and its successful accomplishment will naturally require extensive mobilization of our resources in terms of manpower, capital and technical know-how.

The Role of the Ghanaian State

The Acheampong government was convinced that foreign capital could be cajoled to deploy its enormous financial resources and technical expertise to the benefit of the Ghanaian state and nation. This alliance was to be forged between international capital and the private Ghanaian capitalist class, brokered by the state itself. Thus, Ghanaian participation in the equity of all projects undertaken under the program was to be not less than 40 percent. Where the Ghanaian partners are not available the Government would enter into a partnership with interested foreign investors and the Government's equity holding under such circumstances will be 40 per cent. Quite clearly, the role envisaged for Ghanaian capital in this context is one of being a junior partner despite the Government's claim that it was "in line with its policy of self-reliance."

To facilitate the intended alliance between foreign and Ghanaian capital on the one hand and the state on the other, the State undertook to secure the required amount of land for these new commercial farming ventures by alienating communal lands through its Executive Instrument. The acquired land would be leased by the state to interested companies at considerably less than their market value. Additional incentives were also provided to sugarcoat the alliance with international capital in the form of generous tax breaks and exemptions from duties on capital imports. As spelled out by the Government (Min. of Finance, 1974:23), these tax and other concessions included:

(1) Automatic exemption from payment of import duty and levy on machinery and equipment.
(2) Automatic tax holiday for 5 years.
(3) Prompt granting of import licences.
(4) Guaranteed immigrant quota.
(5) Waiver of Selective Alien Tax.
(6) Accelerated depreciation for plant, building, equipment, dams, access motorable roads and other capital works.
(7) Exemption of management staff from tax relating to furnished accommodation on the farm.

What about the future transfer of the accumulated dividends of those companies that would opt to participate in the alliance? Special transfer facilities were created by the state that were intended to accelerate the transfer of those dividends. Oil palm was particularly attractive to these foreign companies because it was singled out for special treatment. The relevant formulation is that: "Where the crop cultivated by an investor has a gestation period of more than one year such an investor will, for the first 5 years of the gestation period, be granted an annual transfer (out of accumulated dividends) of 5p per C1.00

invested. The same facility will apply to any additional investment made for the expansion of the project. In the special case of oil palm plantation the rate of transfer shall be 15p per C1.00 investment" (Min. of Finance, 1974:23).

Peasant-State Alliance: Contract Farming in Ghana

In this balancing off of the interests all various classes including the international bourgeoisie in Ghana, the state under Acheampong could not bypass even the peasantry with impunity. For unlike the Cote d'Ivoire where much of the land for the oil palm program had been carved out from already established forest reserves or from land minimally suited to the cultivation of cocoa, coffee, or food crops (Boni, 1985:27), the Ghanaian plantations were actually going to expropriate land owned by the peasantry. To create a stake for the Ghanaian peasantry so that the expropriation of their land might be a less bitter pill to swallow, the state made the incorporation of outgrowers into these projects one of the cardinal conditions for their approval.

> As the Government noted (Min. of Finance, 1974:22):
>
> To ensure Ghanaians' involvement in the scheme the large-scale farms would provide for outgrowers. In this system of farming the foreign companies would be expected to undertake nucleus farms capable of producing certain critical levels of output. The investors would then provide finance and technical services to a group of farmers who would cultivate similar crops, the output of which will be marketed through the outlets of the business houses.

The state would broker the relationship between the Ghanaian peasantry and the investors by establishing minimum guaranteed prices for all commodities cultivated under the scheme. These prices were to reflect the prevailing international prices and production costs.

To sum up, in both the Cote d'Ivoire and Ghana the history of prior production, the availability of land suited to production, the growing gap between internal demand and supply, the potential for accumulation, and the fact that promotion satisfied import substitution industrialisation, all predisposed the new states and external associates toward promoting oil palm production and processing. In the Ghanaian case, there was the additional incentive to create conditions for the short-term postponement of repatriation of accumulated dividends. Consequently, the role of the state and international capital was preponderant in both cases.

A Tale of Three Projects

Benso Oil Palm Plantation (BOPP) Limited

It is in this context that three major oil palm development projects were evolved in the Western, Central and Eastern Regions with the active participation of the Ghanaian State. BOPP, situated at Adum Banso, about 42 km. north of Takoradi in the Western Region, is a joint U.A.C. International-Ghana Government venture and managed by U.A.C. The site for the project was acquired by the State under an Executive Instrument dated September 23, 1976 as part of its equity and leased to BOPP for a period of 50 years at a rent of C1.50. The rent was said to be subject to review after 10 years. The total acreage agreed upon was to be not less than 12,000. By Executive Instrument No. 121 of 8th October 1976 as amended by Executive Instrument No. 65 of 1977, the State compulsorily acquired 16,750 acres for use by BOPP.

In accordance with the concessions anticipated under the Special Agricultural Scheme, the Heads of Agreement granted BOPP a five-year tax exemption, with the added proviso that any loss incurred thereon might be carried forward to commence with the first financial year of BOPP in which its output of oil palm exceeded 1,000 tons. The State also agreed to prompt granting of adequate import licence applications as well as the necessary immigration quotas to enable BOPP to employ an expatriate staff of seven.

Additional services to be performed by the state under the Agreement included the provision of adequate communications including a direct telephone connection (on normal commercial terms) and either direct postal collections and deliveries or convenient access to the public postal service; construction and maintenance of local roads permitting access to the plantation and capable of supporting heavy truck traffic (undertaking does not extend to the plantation's internal roadways, the construction and maintenance of which will be the sole responsibility of BOPP). The State also undertook to grant BOPP all such licences as may be necessary to enable it to generate its own electricity for the purposes of its business and to supply ancillary housing.

Of particular interest to our research was the fact that the agreement provided for the development and maintenance of the following facilities by BOPP to encourage smallholder outgrower production:

1. Provision at cost of suitable seedlings

2. Advice on cultivation

3. Guaranteed purchase of all fruit grown by outgrowers and delivered by them to the mill (at such prices as shall from time to time be determined by the Board of BOPP)

4. Sufficient capacity in the mill to process fruit purchased from outgrowers.

The agreement also stipulated that BOPP shall be required to support a maximum of 3,000 acres under smallholder outgrower cultivation. Fully a decade after the Agreement was signed, however, BOPP has not provided the kinds of services, particularly those enumerated above, that are promotive of smallholder outgrower participation. All indications are that BOPP has no intention of promoting outgrower production. BOPP's attitude is conditioned by the fact that it has been able to procure adequate fruit both from its own estate and from deliveries by Twifo Oil Palm Plantation (TOPP) and peasant producers in the area. In 1982 BOPP provided transportation to area peasants producing fruits so that they were able to deliver their fruits to the mill. In 1983 the transportation service was curtailed although BOPP was still taking fruits from producers who could organize their own transportation to the mill. The increase we observe for 1983 from private peasant producers in the area was not due to a reinstatement of the transport service but rather to peasant dissatisfaction with Kerekou, a private Ghanaian competitor to BOPP. Peasant producers complained to us that payment for fruits was often delayed and they also suspected cheating by Kerekou agents who weighed the fruit.

BOPP was clearly preferred over Kerekou because the company paid the price set by the state, which was a little bit higher than that offered by Kerekou. However, in the Adum Banso area, transportation was the single most important constraint on deliveries. Since Kerekou provided the much needed transportation, most peasants had no choice but to accept his price, payment schedule and weight declarations. The 1984 figures represent deliveries largely by middle peasants who had the means to organize transportation to BOPP. Some of the fruit purchased by BOPP in 1985 was from the middle peasants in the area. Much of it, however, was from the venture in the Central Region, Twifo Oil Palm Plantation (TOPP), which was awaiting the construction of its own mill. Since March 31, 1986, BOPP has stopped purchasing from private smallholders because of a mini crisis in the Ghanaian oil palm industry---the glut of palm oil on the market.

The fact that the UAC has reneged on its outgrower obligation is serious enough, but it is hardly the only draw-back of the Agreement. In November 1983 an official memorandum acknowledged that the State's share of the company, based in large part on the valuation of the land that was subsequently leased to the Company, was inadequate, "bearing in mind the cost of acquiring the land," but went on to suppose that the lease would have to be executed. In fact, the cost to be borne in mind is several times over the C1 million valuation that was the basis

of the Ghanaian state's equity. Ironically, BOPP could from time to time pose as the champion of area peasants, as evidenced by a BOPP management letter dated January 26, 1983 and despatched to the Secretary for Finance:

> As per letter attached dated 21.1.83 farmers in Sections 15 to 22 and supplementary have not been paid compensation for their crops, although the compensation has been worked out since 1979.
>
> We request that payment of compensation is made as it is overdue, and in order that farmers may enjoy their dues.

The issue is, of course, more complex. Delay in the payment of land and crop compensation is only part of the underlying tension that has characterised the relationship between local peasants, their chiefs, various local spokespersons, a motley of law chambers and all three companies on the one hand and the state on the other. The assessment of the actual value of various crops and the land itself has stimulated much conflict and litigation. As one Chamber, Obeikre, Ofei & Co., argued in a letter to the Chief Land's Officer on November 24, 1977, "Clients not accepting the amount of compensation based on rates which were fixed in 1946, i.e. 50p for matured cocoa tree and 25p for oil palm respectively." The letter goes on to say that since the prevailing price of oil palm and cocoa seedlings was not below one cedi each, "our clients say that they're willing and prepared to accept C5.00 for each oil palm and cocoa tree destroyed."

One of the more ill-advised aspects of a program designed to achieve self-sufficiency and encourage the participation of Ghanaians is the destruction of two large-scale operations owned and managed by Ghanaians. One of them, Fadetco, had 300 acres of oil palm at Adum Banso. In 1976, the plantation was 5 years old and some of the trees were already bearing fruit. The other, Tranquility Farms, initiated in 1972 in response to OFY, consisted of 80 acres although the total holdings amounted to 787 acres. At the time of the destruction in 1976, the company had been granted a loan by the Agricultural Development Bank to expand cultivation from 80 to 200 acres. The destruction not only cost the State C2.5 million in assessed compensation for the two ventures and added to its financial burdens resulting from the alliance with UAC International, but it revealed in greater relief that in the struggle between local and international capital, the state under Acheampong served the dominant interest of international capital.

Twifo Oil Palm Plantations (TOPP) Limited

Like BOPP, TOPP grew out of the economic and political

requirements of the Ghanaian state that involved meeting increasing domestic demand for palm oil out of local production and staving off profit repatriation pressures from foreign companies in the mid-seventies. Even more than BOPP, TOPP involves an alliance between the state and a variety of local branches of international capital, Mobil Oil Corporation of the U.S., now known as Mobil Holdings (UK) Limited of the USA (Mobil); Paterson Zochonis & Co. UK, now known as Paterson Zochonis Plc. of UK (P.Z.); Paterson Simons & Co. (Africa) Limited of UK (PASICO). Together these companies have 12.15 percent of the shares in TOPP. By far the largest shareholder is the Central Regional Development Corporation (CEREDEC), which currently enjoys 85.1 percent of the shares in the company.

The international financier of the plantation development and management is the EEC by way of a ECUS 12,863.00 loan to the Government of Ghana. The mill, with a processing capacity of 20 tons of fresh fruit bunches per hour and scheduled to begin a test run in December 1986 and actual operation in March or April 1987, is constructed with funding from CDC (f3,000,000.00), De Nederlandse Investeringsbank Voor Ontwikkelingslanden N.V. (N.I.O.) of the Netherlands (Dfl 10,000,000.00) and the Nederlandse Financierings---Maatschappij Voor Ontwikkelingslanden N.V. (F.M.O.) of the Netherlands (Dfl 9,000,000.00).

TOPP began its lease on life with a feasibility study conducted by a CDC team and accepted by the Ghana Government in 1975. The report resulted in the founding of TOPP as a private company. Currently the largest agro-industrial complex in the Central Region of Ghana, it will comprise an oil palm estate of 4,800 ha, equipped with a 20 ton per hour mill when fully operational.

To facilitate the cultivation of oil palm fruits for processing into palm oil, the state acquired 10,000 ha of land in the Twifo-Hemang Traditional Area, some 70 km north of Cape Coast under the Hemang Lands (Acquisition) Decree 175 "NRCD 332 of February 21, 1975." To date, 3,700 ha of land have been cultivated. An additional 1,100 ha of land are expected to be cultivated with oil palms by the end of the first quarter of 1987.

In contrast to BOPP, TOPP has a clear program of smallholder outgrower contracting. The smallholder scheme is controlled and managed by CEREDEC, although TOPP is responsible for providing planting materials, technical advice, training of extension personnel, and is obligated to purchase smallholder fruits through CEREDEC. The fruits are to be collected by TOPP, weighed and recorded in the field, and sold to the mill. Loan deductions and payment for management services will be made from the revenue from fruit sales. Under the scheme, 300 farmers are intended to

be allocated a total of 1,500 ha, although financing had been difficult to arrange and the planting had fallen behind schedule. Each smallholder is to be alloted 5 ha, of which 4 ha will be devoted to oil palms and the remaining 1 ha to food crops. Table 10 provides some indication of present achievements and future projections.

The selection of smallholders is based on the decision of a committee made up of:

1) the District Administrative Officer;
2) the Chief of the area;
3) the Chief Farmer;
4) the Scheme Manager;
5) a representative of CEREDEC.

The selection criteria are as follows:

1) someone who has lost land to the project;
2) a healthy and physically fit person;
3) a married person with children;
4) who has knowledge of farming;
5) in the age range between 21 and 45, but preferably between 28 and 35.

In 1983 an initial group of 20 peasants was selected to participate in the smallholder scheme, but as only 44 ha oil palm were planted in Phase 1, only 11 people were allocated plots---8 male and 3 female. They were all area residents and all had lost land to the project. The average age of the group was 56 years, the youngest being 45 and the eldest 67 years of age. Two-thirds were between the ages of 50 and 60. This median age was undoubtedly too high, given the hard physical labor involved in oil palm production and the long-term debts that are contracted under the scheme. Their recruitment was a calculated attempt at cooptation. It was felt that involvement of these traditional notables would help to defuse the hostility toward the project and win new converts. If the case of the GOPDC (analysed below) is anything to go by, the profile of smallholders is not likely to deviate much farther from this first group, in spite of what a report by TOPP suggests. There is likely to be a smattering of women smallholders, but the scheme will still be dominated by men; the median age will drop some, but it will still remain relatively high for reasons that are explained later; most of the smallholders are likely to have very little formal education.

An interesting organizational variant of the contracting arrangement is that CEREDEC actually clears and plants the smallholder land and nurtures the palm trees for about 8 months before allocating it to the smallholder. In contrast to the Cote d'Ivoire, the creation of a functioning Smallholder Association is made an integral component of the peasant-company

TABLE 10

Twifo Smallholder Oil Palm Project
Present Situation and Development Schedule

	Pre-project period			Project Development Schedule[1]				
	End of 1984	End of Sept. 1985	Expected by end of 1985	1986 (yr.1)	1987 (yr.2)	1988 (yr.3)	1989 (yr.4)	Total
Land cleared (ha.)	155	205	230	150	350	350	350	1,500
Oil palm planted (ha.)	124	164	184	80	320	320	280	1,200
Food crops' plots (ha.)	31	41	46	20	80	80	70	300
No. of Smallholders	31	41	46	20	80	80	70	300

[1] Schedule as presented in Draft Financial Proposal

relationship. For that is the way in which TOPP intends to implement its incentive policy involving the delivery of one-third of the palm oil to smallholders at wholesale prices.

As it may have been apparent from the foregoing analysis, the TOPP-CEREDEC arrangement represents an institutional innovation. It might be recalled that CEREDEC is by far the largest shareholder in TOPP. The percentage of shares held by CEREDEC has actually grown over the years while other shareholders have been unable (or unwilling?) to increase theirs. CEREDEC shares are, in reality, Government of Ghana shares that in turn are international loans voted to TOPP in the form of equity held by CEREDEC. Thus far at least, the relationship has proved more vexing than innovative. While a UK management consulting team, Harrison Fleming Advisory Services Limited, manages TOPP under contract from the EEC, CEREDEC, a Regional Development Agency, controls and manages the Smallholder scheme. Understandably, the Regional Manager is jealously guarding the project as the brainchild of CEREDEC. Meanwhile, planting materials and technical inputs are expected to be provided by mill management. Needless to say, progress on the smallholder contracting scheme had been very slow partly because of unresolved tensions between TOPP and CEREDEC management and the lack of disbursement of funds for the smallholder project.

Meanwhile, TOPP aspires to provide as complete a system of productive and social infrastructure as is financially feasible in order to attract and maintain a steady labor force. Hence, a comprehensive program aimed at providing employees at all levels with suitable accommodation has been initiated. The program envisages the construction of 33 executive bungalows, 44 supervisor and senior clerical quarters, 166 staff and 500 laborer quarters. As in the Cote d'Ivoire, these would be locationally separated in the north, south, and center of the project. A proposal to have CEREDEC initiate a similar housing program on farms belonging to contracting smallholders has been shelved because it is feared that the subsequent deductions from the sale of fruits might alienate the peasants from the scheme, even assuming that the requisite financing could be marshalled.

To sum up, TOPP has a rather embryonic smallholder contract farming infrastructure controlled and managed by CEREDEC. In contrast to BOPP, however, both TOPP and CEREDEC are unequivocally committed to the expansion of the smallholder contracting scheme, provided external funding for it can be attracted and sustained.

Ghana Oil Palm Development Corporation (GOPDC)

By far the most important Ghanaian project as far as smallholder contracting is concerned is the Ghana Oil Palm Development Corporation (GOPDC). It is a World Bank-Ghana

Government Joint Project situated in the Kade-Kwae area of the Eastern Region of Ghana, some 90 miles northeast of Accra. It is meant to be operated as a full-fledged corporation. In contrast to the other two projects, therefore, there exist no Heads of Agreement for GOPDC. It was established by Executive Instrument 1000. But that in itself is not as asset; the tension between Ghanaian peasants and the state over the primary object of production, the land, is not predicated on the type of instrument that is utilized to acquire it. Thus, although the State has acquired 21,000 acres, peasants have blocked access to some portions of the land by the corporation.

Notwithstanding the intractability of the land acquisition problems, GOPDC had managed to meet its first phase projections by the closing date of December 31, 1982. By the deadline, a total of 5,143 ha had been cultivated, compared to a targeted total of 5,200 ha (including about 1,200 ha under smallholder/outgrowers). Some 320 peasant households are participating in the project as smallholders/outgrowers. Harvesting of fruits began in December 1982 on the nucleus estate and in June 1982 for some smallholders. When the second phase of the project is completed some time in 1990, the nucleus estate and smallholders/outgrowers will each comprise 3,850 ha for a total of 7,700 ha. The total number of employees would then increase to 2,000 from the current figure of 1,800, and smallholder/outgrower population would increase to 1,150 households.

As already indicated, GOPDC is a more bona fide nucleus estate and associated smallholder type of operation. This case has a lot more in common with the Ivoirian examples we examined than with the TOPP. Perhaps this is not by accident since the plantation manager and other expatriate management staff had actually worked in the Ivory Coast. In contrast to the Ivoirian case, however, these smallholders are not owners of the land but rather tenants cultivating land belonging to the corporation and leased to them for the sole purpose of producing oil palm for the corporation.

The original project design anticipated that each contracting smallholder would be given 20 acres, of which 17.5 acres were to be devoted to oil palm production and the remaining 2.5 acres reserved for food crop cultivation for meeting household food needs. While the "pioneer" smallholders were allocated 20 acres each, late-comers (1981-82) had to make do with 10 acres (2 for food crops) because of lack of land availability following a freeze on portions of the acquired land as a result of ongoing litigation.

Land clearing, burning, planting of oil palm and the sowing of cover crop seeds were the responsibility of the

smallholder/outgrower. These are all very laborious tacks requiring a great deal of physical strength and/or lots of farm hands. It is for this reason that the criteria for selection of smallholders/outgrowers are virtually identical in both TOPP and GOPDC as well as in the Ivoirian case. It explains the insistence that the smallholder/outgrower must be married and have children (the more the merrier) living at home. The initial size of the family was set at seven: man, wife and five children. That criterion has apparently been relaxed.

The notion of household labor was even more critical in the Ghanaian than in the Ivoirian case because in contrast to the latter, which continued to enjoy an abundant flow of relatively cheap labor from the Sahel, labor shortage had become a very serious bottleneck in the Ghanaian agricultural system. Labor was, consequently, not only expensive but area residents who were not participating in the scheme were notoriously averse to selling their labor power to their neighbors. Furthermore, the corporation was eager to prove the lucrativeness of the venture and attract increased peasant participation. If smallholders/outgrowers had to turn to the volatile labor market the effect would be to lower smallholder returns and create disincentives that would surely lead to violations of the contracts.

The smallholder/outgrower agrees to "develop and maintain the farm in accordance with the Conditions laid down by GOPDC from time to time." Some of these conditions stipulate that planting of palms should be completed by July 30th of the planting year; no planting of cassava is allowed; no plantain should be encouraged; and puereria planting is compulsory. Inter-row weeding is said to be "compulsory" for all smallholders and must be performed 3 times a year at 4 month intervals. The schedule for circle weeding is the same as that of inter-row weeding but circle weeding is said to be "obligatory" (see Appendix II).

For its part, the corporation provides such services as survey and pegging, and it employs chainsaw gangs to fell and log the trees. The project also provides cover-crop seeds, oil palm seedlings, fertilizer, wire nets and field boots (a coveted item on the plantation). Collection of the fruits is organized by the corporation and deducted from smallholder/outgrower sales.

GOPDC offers a few other social amenities such as a clinic and an elementary school. The clinic is opened to everybody in the area. However, while the services are "free" for factory and estate workers, area residents have to pay user-fees. The clinic is superintended by a nurse on location and is visited by a medical officer who is in residence every Wednesday. Enrollment in the school, on the other hand, is currently restricted to children of the nucleus estate.

GOPDC enjoys tremendous leverage over the smallholders/outgrowers. In contrast to SODEPALM/PALMINDUSTRIE, GOPDC's leverage extends several years beyond the planting stage. This is because unlike Ivoirian smallholders who are owners of the land on which they cultivate the oil palms, the Ghanaian smallholders (though not the outgrowers) are tenants. As such, they were more susceptible to coercion by GOPDC management. Recalcitrant tenants could, indeed, be kicked off the land. The corporation's files contain several examples of just such threats being issued by management. Moreover, the fact that the development of the smallholder plantation takes place in phases increases the coercive power of the corporation. As the contract affirms:

> (1) Development of the 4 ha should be by recommendation by GOPD depending on the previous performance of the Smallholder. Thus development of 4 ha is NOT AUTOMATIC.
> (2) Thus, Smallholders who fail to maintain the 3 ha to a satisfactory standard and did receive 3 (three) previous warrings from the Plantation Manager would not be recommended to continue the development of the 4 ha for the Phase 2.
> (3) Smallholders who have been recommended to develop the 4 ha but do not complete heaping and burning by the 30th April of the second year of planting will have his/her plot reallocated (see Appendix 2, p. 3).

While the lease agreement details the obligations of the tenant and penalties to be applied by GOPDC in the event of default, it is silent on possible sanctions against the corporation in the event of a breach of contract. And breaches there have been, according to our interviews with smallholders/outgrowers. The most frequently cited ones include nondelivery of seedlings so that smallholder plantations go unplanted; plantations that burned down as a result of one of West Africa's worst droughts in 1983 have not been fully replanted because of lack of seedlings. In Coker, one of the participating villages, we were informed that even though seedlings were not supplied after land had been cleared, when smallholders planted food crops they were destroyed on orders. Meanwhile, some officers of the corporation were asking for a 50 percent share of maize when planted. Collection of ffb was reported to be irregular, leading to rotten fruits. Collection agents demand "dashes" before collecting fruits; sometimes several trips to the estate to inform them is required; weighing of ffb is done in the absence of smallholders or their representatives. Other non-lease grievances included: rude corporation officers; lack of building materials for farm houses even though the brick factory has been established; lack of transportation to and from smallholders' plantations; finally, a perception that GOPDC is more interested in outgrowers than in smallholders.

One of the central concerns of this research is to ascertain the identity of those who are participating in contract farming and their motivation for doing so. In other words, we were interested in the socioeconomic background of contracting smallholders/outgrowers. Is the contracting arrangement biased in favor of capitalist farmers and/or urban elites (the so-called weekend planters of the Cote d'Ivoire or the telephone farmers of Nairobi, Kenya?). Or are peasant producers well represented? What is the relative distribution of landholding, and what are the attendant implications for income generation and rural social differentiation? Or put in another way, what is the impact of contracting on individual households as well as on area political economies?

Summary of Survey of Smallholders/Outgrowers: Ghana

We interviewed a random sample of 140 smallholders/outgrowers in eleven villages in the Kade-Kwae area in the course of several months. In our sample there are 100 male and 11 female smallholders and 22 male and 7 female outgrowers. What follows is a summary of those findings that shed some light on the questions raised above.

Our sample indicates that the vast majority of the smallholder/outgrower population have received very little formal education. Of our male population only 2 have had a university education; 8 have secondary/technical school education and 13 are graduates of teacher training colleges. The rest have had no formal education whatsoever (the majority) or have gone through the middle school (no predictor of functional literacy). Of the 18 women in our sample, 4 have had no formal education, 7 terminated after primary school, and another 7 completed middle school. Thus, although there are indications that the Ghanaian literate community has been supplementing its income through various forms of agricultural pursuit, it has not penetrated the GOPDC project. Here, oil palm production remains largely a preserve of local residents without formal education.

What they do have plenty of is several decades of farming experience, particularly in cocoa and food-crop production. Between them, they share several hundred years of farming experience. Only 14 of our male sample and one female had less than 10 years of farming experience each. Each of the rest had more than 10 years' experience, with those enjoying more than 25 years of farming experience clearly dominant. The same is true of our female population, with 5 of them enjoying between 26 and 30 years of experience and another 5 topping 30 years and more.

As can be expected from this experiential longevity, our smallholder/outgrower population is well advanced in years. The 51-60 and above 60 age cohorts are the single most important

groups, with 33 and 26 males and 9 and 1 females respectively. The 46-50 category is also fairly well represented with 20 males and 5 females. While our sample contains no females under 40, there were a few males in that category. Three of them were under 30; 12 were between the ages of 31 and 35 and another 7 were between 41 and 45. As is true of the agricultural sector as a whole, the oil palm sector is dominated by people not only with less formal education but they are also aging. We think that this age structure is symptomatic of the control exercised by traditional elders over the distribution of land under traditional tenure arrangements as well as of the criteria for the selection of participants in the project. This is not to say that the criteria were wrong; on the contrary, they were sensible and have probably helped to defuse an otherwise tense situation. They lead, however, to the kind of age structure that might pose problems for productivity down the road.

Consistent with the age structure and the requirements of the industry itself, we might expect that most of the contracting peasants would be married. Indeed, all with the exception of a 75 year old male and 6 females are married. Another female said she was divorced. According to our sample, 20 of the men had 2 wives each; another 3 had 4 wives each and 2 more had upwards of 4 wives. The majority were monogamous. Not surprisingly, over half (72 men and 10 women) each had between 5 and 9 children. Another 36 men and 2 women had over 10 childr .. While only 12 men and one woman indicated that they receive no help on the plantation from these children, the rest did use the labor of wives and children in establishing their plantations. The availability of household labor, the age of the plantations, coupled with the fact that labor is less readily available for hire and is also expensive have militated against the widespread use of hired labor. Our data show that only 19 smallholder/outgrowers employ wage labor. Seven males and two females employ between one and two workers; five males and one female employ more than five workers; and four males employ between three and four workers. While this should be comforting to project management for now, it is instructive that the third most frequently mentioned investment aspiration behind education (for one's children) and continued farm maintenance is the desire to hire labor (to maintain the plantation).

Wives were particularly important in meeting the food needs of the household on the acreage set aside by the project for that very reason. Since intercropping was so pervasive, so central to peasant conception of food security here, it was important that the project adopt such a strategy if it was to then insist that smallholders/outgrowers refrain from engaging in the practice. And it may have worked in ensuring peasant compliance (there are several indications that this was observed more in the breach), but its long-term impact on rural hunger is, at best, uncertain. Already, close to a quarter of our sample does not cultivate food

crops and not more than ten people sell on any significant scale (we were told that the area set aside for food production is often the least fertile part of the plantation). This does explain the brisk food market that is developing on the estates and in the area and the persistent demands/petitions for food through the World Food Program.

As for the social background and general orientation of those who were attracted to the contracting scheme, we have already indicated that GOPDC fulfilled its intention to draw people with previous farming experience. To be sure, as in the case of TOPP, a handful of area chiefs have been coopted to give initial respectability to the contracting scheme, but there was no indication that they had been given larger acreages or favored in the allocation of scarce inputs. In addition to farmers displaced by the project, contracting has attracted people with quite a catholic spread of other occupations. A female and fourteen male teachers have abandoned that noble profession to join the ranks of contract farmers. Five drivers, including one formerly with GOPDC, have also joined. Others include a former GNTC storekeeper, a retired Machine Operator for Akosombo Textiles, a Security Officer for Consolidated African Security Trust, a Field Assistant in the Ministry of Agriculture, a former Planter at the Oil Palm Research Institute, 3 laborers with the Forestry Department, another retired Machine Operator with the Ghana Fibre Industry, 2 tailors and 2 seamstresses, an active Reverend Minister (one of 6 absentee planters we uncovered), a former timber contractor, a retired mass education officer; a Union Carbide personnel manager, a retired electronic technician from the military, a field assistant, headman and assistant plantation manager (employees at GOPDC before their moonlighting was snuffed out), a retired policeman, a dispenser, and a mason.

Survey of Outgrowers in Ehania, the Cote d'Ivoire

Researchers interviewed a random sample of 52 outgrowers in the Ehania complex, one of the oldest complexes in the Palmindustrie ensemble. The structure of participation revealed some unanticipated surprises. One of these was the strong representation of a younger generation of producers in the sample. Those interviewed ranged between the ages of 23 and 61. There were 26 producers under the age of 40 and another 26 above 40 years old. The Ivoirian producers of oil palm in the Ehania sample are evenly split between those who are under 40 years of age and those above 40, with the largest concentration of farmers, 11 altogether, between the ages of 41 and 45. The youngest planter was 23 years old, the three oldest planters were 60, 61 and 67 years old.

The pioneer outgrowers (those whose participation in the Plan Palmier dates back to the early 1970s) have relatively

larger total landholdings vis-a-vis the newcomers to the industry. Each of the 13 Ehania area outgrowers who had participated prior to 1976 had total landholdings of between 6 and 10 hectares, and another 12 owned above 11 hectares. Not surprisingly, they devoted a much larger proportion of their total landholdings to oil palm production.

By contrast, a majority of those who came into the industry in the post-1975 period owned between 6 and 10 hectares. This is clearly an indication of diminishing land recources in an area of heavy commodity production, but it is also worth noting that although only 5 farmers in the post-1975 generation of the sample owned more than 11 hectares of land, these were also by far the largest landowners. Together, the five of them owned a total of 109 hectares, an average landholding of 21.8 hectares, which is far above the norm in the area. Two of these farmers owned 34 hectares each; another two owned 23 hectares each and a fifth farmer owned 18 hectares.

While this pattern of land distribution in the Ehania area does indicate some measure of rural social differentiation based on land ownership, it is not to be equated with the emergence of a planter bourgeoisie. The data here are consistent with the evidence furnished by J.-M. Gastellu and Affou Yapi (1982) to challenge the notion of a planter bourgeoisie. They remind us that these larger farmers participate directly in the production process even if they do not perform the most arduous of the farming tasks. They have not engaged in the extended reproduction of their farms. They are not different from the population of their villages either by social origin, educational level, or age.

Eight of the planters in the pre-1975 category devote between 3 and 5 hectares of their landholdings to oil palm production. Another 13 own between 6 and 10 hectares each of oil palms whereas 3 have oil palm farms of above 11 hectares. What is equally important to note is that the pre-1975 category of planters still keeps a significant amount of land under other cash crops, especially cocoa and coffee. Indeed, 12 of the planters have between 3 and 5 hectares under cocoa/coffee. Another 4 planters have between 6 and 10 hectares under cocoa/coffee. An equal number of planters, 9 in number, have ommitted as much land to cocoa/coffee as they have to oil palm. The relative newcomers, too, have a diversified cash crop mix.

This may well be one of the most important distinguishing characteristics of West African peasant behavior. Unless compelled by constraints of ecology and/or land and labor availability, African peasant producers have a tendency to hedge against the likelihood of the terms of exchange going against them by diversifying their sources of income through simultaneous participation in several commodity-producing activities. It

reflects a desire to hedge against crop price collapse or the vagaries of the weather and plant diseases. The mix, however, makes it virtually impossible to calculate the impact of participation in the oil palm industry on individual household and community welfare in a milieu in which accounts are not kept separately for commodities, if kept at all. The researchers gave up trying to estimate incomes data from recollections of these farmers.

In conformity with this orientation, peasant producers also pay some attention to meeting their basic needs of foodstuffs. Given the intensified competition for land and labor---increasingly scarce resources within the household and community---few commodity producing households are able to meet their subsistence needs from their own farms. In our sample roughly half of the planters interviewed indicated that they did not produce enough food to feed their families, while another half said that they did. They were thus dependent on the market for many of their subsistence needs. There are three reasons frequently cited for the discrepancy between this primordial peasant orientation to subsistence needs and the ability to meet them: 1) the small size of food farms; 2) the neglect of food farms because of labor constraint and 3) large families. Of those families who were having difficulty meeting their basic needs from farms tended by their families, 15 cited the small size of food farms, followed by 11 who cited the labor constraint leading to farm neglect and another 7 who saw the large size of their families as representing too many mouths to feed.

The majority of farmers cultivated considerably less food than they did cash crops. Most food farms were under 2 ha and were meant largely for subsistence. When it is recognized that 24 of the planters in the sample had a family size of between 5 and 9, another 15 planters had over 10, and only 13 had a family size of between 1 and 4, it becomes clear why producing families can at best only hope to meet their own subsistence and not produce a surplus for the market, and why, in fact, many have to depend on the market for their basic food needs. Paradoxically, one of the very conditions that make it possible for peasant households without a lot of capital to engage in successful commodity production---a reasonably large family to provide labor support services---also imposes serious limits on overall income levels in the countryside, and hence on rural capital formation, because so much of what is earned is spent on food and other household obligations.

The dependence on the market for basic food needs is one indication of the penetration of the cash nexus into the Ivoirian countryside. It is also a reflection not just of the penetration of capitalist relations of production in the countryside but its coexistence with precapitalist modes and relations. While sons continue to work for their fathers and wives for their husbands

without pay, such familial labor contributions are supplemented by hired labor on a fairly regular basis. By contrast to our Ghanaian sample, only 3 farmers in our Cote d'Ivoire sample did not employ wage labor. All three, incidentally, are migrant or stranger farmers. Moreover, only 2 of the sample did not receive regular help from family members. One of the two is a school principal. Given his status in the community, the fact that his landholdings were the largest in our sample, and that he was one of only 2 farmers hiring 4 agricultural workers on a permanent basis, it is not surprising that family members were not involved in the production process.

Furthermore, the modalities of compensation combined both precapitalist and capitalist elements/forms. One of the more interesting aspects of this combination is reflected in the diversity of modes of payment of agricultural wage earners. No minimum wage legislation is respected in this case, a situation generally considered to be to the advantage of agricultural workers since nationally-legislated minimum wages are notoriously low. Various combinations are identified. In some cases the wage laborer is lodged and fed. In some he is housed but not fed. In some cases the arrangement calls for a monthly payment. In still others, wage earners are paid yearly. In some cases, especially cocoa/coffee farmers, the laborers are partly compensated in the form of a third of the crop. In other words, a great deal of flexibility is introduced into wage labor employment.

Moreover, just as sons and wives may be compensated at a later date for unpaid labor services through a gift of land or a portion of a farm, so migrant workers may come to transform themselves into peasant producers in their own right through the hospitality of their hosts. In our sample 10 of the farmers were strangers: 2 were from Burkina Faso, 1 from Mali and the rest were Ivoirians from outside the region. Indeed, gifts and inheritance made up by far the largest proportion of land transfers in the area. Only 5 people in our sample indicated that they had actually bought land from village elders. What explains the involvement of Ivoirian peasants in the Plan Palmier?

Asked why they entered the oil palm industry, most of the planters replied that they were attracted by the monthly income it brought. While most farmers still see cocoa as more profitable, they welcome the steady income that oil palm brings throughout the year. Another important influence on peasant willingness to engage in oil palm production is the fact that palm oil is a traditional staple. Both implicitly and in practice, farmers are aware that there exists an alternative market for palm fruits and that in the event of sustained unattractive prices being offered by the state, they could turn to it (see Fraternite Matin's cartoon on the subject).

A PARALLEL MARKET
FOR OIL PALM FRUIT

Source: Fraternité Matin (28 May 1980).

Scene: A marketplace.

Government Agent: "But you, SODEPALM farmer--this is where you are selling your palm nuts??!!"

Farmer: "Yes! If the government won't pay well, what else can I do?"

In fact just such a situation occurred in 1974-75 when so much of the oil palm was diverted and sold on the open market that Palmindustrie faced the worst production crisis in its history. In other words, while the state and Palmindustrie exercise a great deal of leverage over the producers through the contract and pricing mechanism, producers of palm fruits have occasionally taken covert, individualised action to defend their interests. Again, sale on the parallel market, and neglect of farms, the two most important actions by oil palm producers, are covert and individualistic rather than collective class action. The answers to our question on the desirability of an oil palm growers' association belied two basic tendencies among the Ivoirian peasantry. In contrast to the Ghanaian cases where either Management (TOPP) was actually seeking to institutionalise a Growers' Association as part of the normal channels of communication between the peasantry and itself or the smallholders had taken the initiative on their own (GOPDC) and use it to pressure the state, plantation management, and headquarters through numerous letters or memos to meet certain demands/needs, virtually no one in our Ivoirian sample had thought about that possibility. In any case, upon reflection, most thought it was not necessary or that having one would not make any difference.

Impact of contract farming in the Cote d'Ivoire and Ghana

It is much too early to tell exactly how important the impact of the three schemes we have examined in Ghana will be on the national and regional political economies. Certainly the state is counting on them to save the country some foreign exchange in the short term and in the long term even stimulate foreign exchange earnings through exports. A successful program of oil palm development would also help to diversify Ghanaian agriculture and reduce dependence on cocoa. If the Ivoirian experience is anything to go by, this outcome is certainly possible. Although Ivoirian exports are still heavily dominated by cocoa and coffee, palm oil and palm kernels, along with banana, rubber, and pineapples, have provided additional revenue for the state (see Table 11). The oil palm program has been permissive of important extraction from the peasantry and accumulation by the Ivoirian state through the mediation of the Caisse, the price setting and, in the case of oil palm recently, the marketing arm of the state.

Quite clearly, the Ghanaian program has a much longer road to travel before this objective is achieved. GOPDC is already concerned that the cost structure of the industry will not allow the corporation to be competitive on the world market unless the price paid for fresh fruit bunches is significantly rolled back soon. In this context, it must be recalled that the Ghanaian state has been surprisingly more supportive of the peasantry

TABLE 11

Summary of Landholdings Devoted to Cash Crops in 1979 in the Forest Zone

Departments	Coffee	Cocoa	Oil Palm	Coconut	Rubber	Banana	Fresh Pineapple	Frozen Pineapple	Total
Abengourou	84,000	89,000	-	505	149	1,855	15	-	175,524
Bondoukou	68,500	55,000	-	-	-	-	-	-	123,500
Abidjan	85,500	122,000	29,729	15,769	17,309	5,580	10,290	8,670	294,847
Aboisso	70,500	29,500	15,868	5,914	-	1,609	300	-	123,691
Adzope	50,000	58,000	-	-	-	78	240	-	108,318
Agboville	25,000	31,500	-	-	-	2,086	1,950	-	60,536
Bouake	102,000	33,000	-	120	-	-	3,000	-	138,120
Dimbokro	186,000	75,500	-	-	-	-	-	-	261,500
Bouafle	116,500	42,000	-	-	-	-	-	-	158,500
Daloa	165,000	115,000	-	344	-	-	-	-	280,344
Divo	77,000	138,500	25,514	-	-	-	900	-	241,914
Gagnoa	53,500	85,500	-	552	-	-	-	-	139,552
Danane	65,500	10,500	-	-	-	-	-	-	76,000
Biankouma	21,500	3,000	-	-	-	-	-	-	24,500
Guiglo	39,500	6,500	-	144	-	-	-	-	46,144
Man	85,000	14,000	-	-	-	-	-	-	99,000
Sassandra	56,500	38,000	8,793	7,248	12,955	-	-	-	123,496
Total	1,351,500	946,500	79,904	30,596	30,413	11,208	16,695	8,670	2,475,486
Percentage	54.6	38.2	3.2	1.2	1.2	0.5	0.7	0.4	100.0
Percentage of total landholdings of forest zone	8.2	5.7	0.5	0.2	0.2	0.07	0.15		15.02

Source: Boni, L'Economie de Plantation en Cote d'Ivoire Forestiere, p. 37.

engaged in oil palm production relative to other peasant producers. The current price for palm fruits is more than remunerative. Our guess is that after the industry becomes self-reproducing prices will start to decline. There are already pressures in that direction. And this outcome is all the more likely given that even the Ivoirians are finding it a difficult going in recent years because their cost of production is significantly higher that that of the nearest competitor, Malaysia (see Table 12). In the interim, international loans are being contracted that will have to be paid for sooner or later.

Meanwhile, at the local level, the schemes have created serious social dislocation for those whose crops had been destroyed before adequate valuation and compensation had been made and especially for those whose villages were destroyed and are still awaiting resettlement elsewhere. For other villagers, the projects have opened a window to the outside for them. Feeder roads that have been constructed to villages as result of the projects are going to be maintained permanently; that is, as long as the projects exist. This system of feeder roads has opened the villages to increased motor traffic, with all that implies for the exchange of commodities and "revolutionary" ideas.

In the Cote d'Ivoire, from 1963 to 1979, a total of 5,000 km of feeder roads were opened up by SODEPALM-PALMINDUSTRIE, costing 35 billion F CFA. Five mechanized road work brigades had to be created for the task. Villages had to be constructed from scratch and equipped with electricity, water, cultural centers, churches, markets, etc. These have been replicated on a smaller scale on the industrial estates in Ghana. What Ghanaian villagers are demanding is an extension of some of these services to their communities. Their hostility toward the projects would probably remain undiminished for as long as they perceive themselves to have been "exploited" by the state.

As indicated earlier, one of the major influences on peasant participation in the oil palm industry in both countries is the regular monthly income it makes available. For the most part, this prevents the problem of liquidity that is faced by many rural populations and allows them to plan their expenditures better. Overall, significant capital has been injected into the rural economies of the Cote d'Ivoire as a result of the oil palm program. SODEPALM-PALMINDUSTRIE is reported to have channelled almost 8.4 billion F CFA to smallholders in payment for fresh fruit bunches during the period 1966-79 after deducting for debt service to the company of 580 million CFA and cash payments for tools, fertilizer and field hands (Hermann, 1981; see Table 14).

While this gross income is important, most observers are agreed that the program has failed to ameliorate rural income distribution, cultivation techniques, or peasant incomes. Most

TABLE 12

Cost of Production of 1 ha. of Smallholder Plantation in 1979 (in FCFA)

Age of Plantation	n-1	n0	n1	n2	n3	n4	n5	n6	n7	n8 & n9
1-Expenditure										
a. Tools	1,350	1,350	675	226	225	650	650	6,950	26,950	30,950
b. Clearing	50,000	22,500	25,000	15,000	12,500					
Planting										
Weeding										
Fertilizer										
Harvest						14,500	16,500	19,000	20,500	22,500
Total	51,350	23,850	26,175	15,225	12,725	15,150	17,150	25,950	47,450	53,450
2-Gross Revenue		8,000[1]	3,000[1]	3,000[1]	3,000[1]	38,000[2]	55,000	80,000	100,000	120,000
3-Net Revenue		-15,850	-23,175	-12,225	-9,725	+22,850	+37,850	+54,050	+52,550	+66,550

[1] Suvention SODEPALM
[2] Production

Source: Boni, L'Economie de Plantation, p. 348.

of the benefits have accrued to larger and more profitable plantations whose proprietors tend to be urban- or semi-urban-based weekend farmers rather than local peasants. Boni (1985:360) has calculated that about 40 percent of smallholders' income is spent on labor and other inputs. The rest is spent on the household budget as well as on occasional expenses and luxuries.

The level of peasant income is partly a reflection of lower yields on smallholder plantations relative to those on the industrial estates or on plantations belonging to proprietors who have important non-agricultural sources of income and partly a reflection of the exactions of the state. Lower yields and the price at which the state buys the fresh fruit bunches make it uneconomical for labor to be hired year round, as they have to in the oil palm industry. In deed, next to larger proprietors, farm hands seem to reap the most benefits from their involvement. Under these conditions, it is not surprising that our Ivoirian investigation in the Ehania area turned up hardly any labor-saving technologies owned by these smallholders.

Summarizing the 1973 work of Pillet-Schwartz in the Ebrie region surrounding the Eloka oil mill, Hermann (1981:198-199) wrote:

In spite of SODEPALM's efforts to modernize peasant agriculture, Ebrie farmers generally adopted oil palm without altering their traditional pattern of social activity. Ebrie men customarily devoted only about one-sixth of their day to agriculture. Rather than augmenting the total amount of time they spent on cultivation, local peasants spent less time on their other crops, or---their preferred solution---hired field hands. Employing agricultural laborers had paid handsome dividends in coffee and cocoa cultivation. Unfortunately, the returns per hectare of oil palm make field hands uneconomical on all but the largest holdings. Furthermore, laborers for oil palm must work year round: a more expensive proposition than hiring laborers for a few months to help cultivate and harvest coffee or cocoa during the peak season.

A single field hand earned about 36 thousand CFA per year in 1972, more than the average gross revenue that year for a hectare of producing oil palm.

A most serious consequence of the oil palm program is the reduction in the area under food crop cultivation as a result of the disappearance of the forest. Although the ecological implications of deforestations are important and have begun to be felt in the Cote d'Ivoire and Ghana, it is the attendant food situation that is more worrisome. Food purchases have become necessary and important for most smallholder households. With the massive deforestation attendant upon the expansion of the oil

palm program and the intensification of commodity production more generally in the southeast and east of the Cote d'Ivoire, food crops have become less plentiful and more expensive. Considerable amounts of domestic staples are still produced in the East but the distance from large populations or the consumer market and the high transportation costs, makes their impact on the food situation uncertain (Boni, 1985:390-392).

One of the factors affecting food availability is that the new crops are not grown in association with food crops. We have seen how Palmindustrie, TOPP and GOPDC all prohibit the intercropping of food crops. While the Ghanaian project designers have sought to mediate the consequences of this interdiction by setting aside one or two hectares for food crops, the output of these plots is not enough to feed participating families. Because the scope of the Ghanaian program is still limited, it is possible to stimulate production from contiguous nonparticipating communities so that a sustained market in domestic staples can take hold. The periodic market on the estates is a start in this direction.

In sum, the Plan Palmier has generated important foreign exchange revenues for the Ivoirian state, promoted diversification of agricultural exports and the establishment and expansion of agroindustry, and channeled resources into rural areas but it has not significantly raised the incomes, hence the welfare, of its smallholder population. The lack of an appreciable increase in the incomes of all but a few true wealthy planters (these have accumulated in part because they have other plantations under cocoa and coffee cultivation), has meant that little technology is transfered and adopted. The Ghanaians, for their part, hope to replicate the success of the Ivoirians without any of the deleterious side effects. All indications are that they will have a much tougher time of it.

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Il est convenu ce qui suit:

ARTICLE 3

CONDITIONS GÉNÉRALES

La demande du candidat-planteur pour être agréée doit satisfaire aux conditions suivantes:

- Etre propriétaire du terrain présenté à PALMINDUSTRIE et être reconnu comme tel par le Chef de village et le Chef de la circonscription administrative de la localité;
- Présenter un co-débiteur pour les candidats de plus de 40 ans d'âge;
- Avoir son terrain situé à un rayon égal ou inférieur à 20 kms autour une huilerie de PALMINDUSTRIE;
- Etre situé à proximité d'une piste carrossable toute l'année;
- Le terrain présenté doit satisfaire aux exigences pédologiques et topographiques du palmier à huile ou du cocotier.

Le planteur ou le groupement de planteurs garantit l'exploitation d'une superficie correspondant tant à sa disponibilité en force de travail qu'à ses capacités de gestion.

ARTICLE 4

FINANCEMENT DES OPÉRATIONS

Pour autant que les clauses du présent contrat soient respectées, PALMINDUSTRIE s'engage, dans la limite des possibilités, à aider le planteur ou le groupement de planteurs de palmiers et/ou de cocotiers à obtenir:

De l'Etat, les aides ou subventions prévues,

De la B.N.D.A.
- les crédits de campagne nécessaires à l'acquisition des in-puts;
- les crédits pour l'acquisition des biens d'équipement.

OBLIGATIONS DE PALMINDUSTRIE

ARTICLE 5

CRÉATION DE L'EXPLOITATION

PALMINDUSTRIE apportera au planteur ou au groupement, l'appui technique nécessaire pour la mise en valeur des superficies concernées. A cet effet, elle s'engage à fournir le matériel végétal ainsi que les matériels et in-puts dont le financement (sous forme de prêt remboursable ou d'avance gratuite) aura été accordé par ailleurs.

Ces fournitures seront cédées suivant les dispositions spécifiques consignées dans un document et acceptées par les intéressés à l'occasion de chaque campagne.

ARTICLE 6

CONDUITE DE L'EXPLOITATION

Dans le cadre de la conduite des exploitations, PALMINDUSTRIE met à la disposition du planteur ou du groupement de planteurs, l'encadrement leur permettant de maîtriser les opérations techniques conduisant à l'accroissement de la productivité de leur travail et à l'amélioration de leur revenu.

ARTICLE 7

Au plan de la lutte phytosanitaire, PALMINDUSTRIE assure le contrôle et donne les conseils pour les traitements nécessaires au maintien du bon état sanitaire des plantations.

ARTICLE 8

PALMINDUSTRIE s'engage à assurer la collecte et l'achat des régimes et du coprah dès l'entrée en production des plantations dont la création a fait l'objet du présent contrat.

ARTICLE 9

Dans le cadre d'un groupement de planteurs de palmier à huile et/ou de cocotier, PALMINDUSTRIE s'engage à l'aider le cas échéant dans sa gestion administrative et financière.

ARTICLE 10

PALMINDUSTRIE s'engage à fournir aux institutions financières du pays, notamment la B.N.D.A., les éléments techniques nécessaires à l'octroi de crédit de création, d'extension ou de campagne au bénéfice du planteur ou du groupement.

OBLIGATIONS DU PLANTEUR OU DU GROUPEMENT

ARTICLE 11

Le planteur s'engage à exploiter lui-même ses terres.

ARTICLE 12

Le propriétaire non résidant ou le groupement s'engage à désigner les personnes physiques qui seront en permanence sur l'exploitation pour l'exécution de toutes les opérations culturales demandées par PALMINDUSTRIE.

ARTICLE 13

La ou les personnes physiques désignées s'engagent à obéir aux agents d'encadrement sur le terrain et à exécuter toutes les tâches qui leur seront demandées.

ARTICLE 14

Le planteur, le groupement, ou le co-débiteur mandataire s'engage à respecter scrupuleusement, sur l'ensemble des parcelles de palmier et/ou de cocotier, les directives suivantes:

ACTIVITÉS	PÉRIODE
A) — Nettoyage sous-bois - Abattage - Ebranchage - Tronçonnage	De Septembre à Janvier
B) — Brûlage - Rabattage du brûlis - Semis graine de couverture - Préparation des piquets	De Janvier à Mars
C) — Piquetage - Trouaison	De Mars à Mai
D) — Planting - Pose de grillages	15 Mai à 15 Juillet
E) — Eradication des mauvaises herbes, ronds - Epandage d'engrais	Août à Novembre
F) — Rond - Rabattage de la plante de couverture - Remplacement - Epandage d'engrais	Janvier à Sept.
G) — La récolte aux dates fixées et aux rythmes techniques retenus par les responsables sur le terrain.	
H) - Le rassemblement des régimes aux "abords" des pistes de collecte et sur les aires indiquées par les techniciens sur le terrain.	

ARTICLE 15

Pour faire face à toutes les exigences, tant techniques qu'économiques inhérentes à la culture du palmier et du cocotier, le planteur ou le groupement s'engage à respecter le calendrier agricole et les échéances d'acquisition des équipements et des matériels tel qu'il aura été défini par PALMINDUSTRIE.

ARTICLE 16

Le planteur ou le groupement s'engage à ne pas pratiquer de cultures intercalaires en dehors de celles qui sont autorisées par PALMINDUSTRIE et suivant les normes techniques prescrites.

ARTICLE 17

Le planteur ou le groupement s'engage à rembourser la totalité des prêts consentis par PALMINDUSTRIE à partir de la deuxième année de récolte et souscrits dans le cadre de l'opération jusqu'à remboursement complet.

ARTICLE 18

Le planteur ou le groupement s'engage à livrer la totalité de sa production à PALMINDUSTRIE.

ARTICLE 19

Afin de faciliter les opérations financières, le planteur ou le groupement optera, par une demande adressée à la Direction Générale de PALMINDUSTRIE,

a) - Pour un virement bancaire

b) - Pour un paiement à vue.

ARTICLE 20

Le planteur par le présent contrat, s'engage à accepter que le recouvrement de sa dette envers PALMINDUSTRIE soit effectué par précompte automatique au moment de la paie.

ARTICLE 21

En cas de déchéance constatée par abandon de la plantation, ou par décès du planteur, l'exploitation et la gestion de la plantation reviendront à PALMINDUSTRIE jusqu'au remboursement total des prêts engagés pour sa création. La parcelle reviendra au propriétaire ou à ses ayant droits après que PALMINDUSTRIE ait établi que celui-ci (ou ceux-ci) sont en mesure d'assurer son exploitation correcte.

ARTICLE 22

Le planteur ou le groupement s'engage à ne pas se livrer à des abattages ou à des ventes parallèles sans une autorisation expresse de PALMINDUSTRIE.

ARTICLE 23

Tout manquement à ses engagements de la part du planteur ou du groupement, entraînera la perte de sa qualité "d'encadré" avec le cas échéant une poursuite judiciaire.

Fait à ..... le .....

Lu et Approuvé
Le planteur et son héritier (ou son co-débiteur) ou le groupement (signature de 3 Délégués dûment mandatés).

Le Directeur Général de
PALMINDUSTRIE

Vu pour accord
Le Sous-Préfet

Vu pour accord
Le Chef de Village

APPENDIX 2

EXECUTIVE INSTRUMENT

E.I.30

STATE LANDS (KWAE-SITE FOR GHANA OIL PALM DEVELOPMENT CORPORATION) INSTRUMENT, 1976

WHEREAS the Supreme Military Council is satisfied that special circumstances exist by reason of which it appears to the Council to be expedient that the land specified in the Schedule to this Instrument should be declared under subsection (1) of section 1 of the State Lands Act, 1962 (Act 125) to be land required in the public interest and the Council hereby declares that it is so satisfied:

NOW, THEREFORE, in exercise of the powers conferred on the Supreme Military Council by subsection (1) of section 1 of the State Lands Act, 1962 (Act 125) as amended by the State Lands Act, 1962 (Amendment) Decree, 1968 (N.L.C.D.234) this Instrument is made this 11th day of March, 1976.

1. The land specified in the Schedule to this Instrument is hereby declared to be land required in the public interest.

2. This Instrument shall be deemed to have come into force on the 5th day of September, 1975.

SCHEDULE

All that piece of land containing an approximate area of 22119.87 acres situate at Kwae in the West Akim Abuakwa District in the Eastern Region of the Republic of Ghana lying to the North-West of Otumi Village and to the East of Mamang River Forest Reserve and and bounded on the North-east by Akim Abuakwa Lands measuring on that side 20,200 feet on the South-east by Akim Abuakwa Lands separating it from Otumi Village measuring on that side 47,200 feet on the South-west by Mamang River Forest Reserve and Aiyaola Forest Reserve measuring on those sides a total distance of 23,750 feet and on the North-west by Akim Abuakwa Lands measuring on that side 44,600 feet which piece of land is delineated on Plan No.LD.8816/53946 attached hereto and thereon shewn edged pink.

N.B. The land the subject matter of the above-mentioned Executive Instrument is now vested in the Supreme Military Council on behalf of the Republic of Ghana free from any encumbrance whatsoever.

A copy of the Plan referred to in the Executive Instrument may be seen during business hours at the Offices of the Chief Lands Officer Cantonments, Accra and the Clerk of Council, ASAMANKESE LOCAL COUNCIL, ASAMANKESE.

Any person claiming a right or having any interest in the land he subject matter of the above-mentioned Executive Instrument or hose right or interest in any such land is affected in any such manner shall, within 3 months from the date of the publication of the above-mentioned Executive Instrument, submit writing to the Chief Lands Officer Cantonments, P. O. Box 558, Accra.

(a) particulars of his claim or interest in the land;

(b) the manner in which his claim or interest has been affected by the Instrument:

(c) the extent of any damage done:

(d) the amount of compensation claimed and the basis for the calculation of the compensation.

By Command of the Supreme Military Council.

GENERAL I.K. ACHEAMPONG
CHAIRMAN OF THE SUPREME MILITARY COUNCIL

CONDITIONS FOR THE DEVELOPMENT AND MAINTENANCE OF SMALLHOLDERS PLOTS

A. DEVELOPMENT - 3 Ha. Phase I

(i) Underbrushing starts in November/December after plot allocation in October or November preceding the year of planting.

(ii) Heaping and Burning should be completed by the 31st March of the year of planting.

Smallholders who DO NOT complete HEAPING and BURNING by the end of March of the year of planting should have their plots re-allocated and reimbursed with the cost of operations up to the stage of development. The cost of operations shall be computed according to existing COPD and Smallholders rate.

(iii) All Smallholders should finish planting palms and pueraria by 30th July of the year of planting.

Smallholders who DO NOT finish planting palms/pueraria by the stipulated period would be allowed to develop the 4 Ha. PHASE II only on the recommendation of authorised COPD staff. Smallholders who are NOT RECOMMENDED to develop the 4 Ha. would be required to maintain the 3 Ha. and the 4 Ha. re-allocated to another Smallholder.

(iv) No cassava should be planted in the plots.

(v) No plantain should be planted in the plots.

(vi) Pueraria planting in the plots is important and COMPULSORY.

COPD agents and employees would be empowered to remove cassava and plantain stands from the plots of defaulters, and defaulters would be consequently ejected from the land or not allowed to develop the Phase II (4 Ha.) depending on the circumstances.

B. MAINTENANCE OF PLOTS

(i) WEEDING

(a) Interrow Weeding - 3 times yearly. Compulsory for all Smallholders - every 4 months.

(b) Circle Weeding - 3 times yearly. Obligatory for all Smallholders - every 4 months.

(ii) FERTILIZER APPLICATION

Sulphate of Ammonia, Muriate of Potash and other fertilizers as recommended by COPD employees or agents should be strictly followed - Every Smallholder is obliged to apply fertilizers.

/2...

(iii) ABLATION

This is a necessary operation which needs to be followed monthly by holders whose plots are more than 16 months.

(iv) PESTS AND DISEASES

Pests and diseases when detected should be reported as soon as possible to the employees or agents of GOPD responsible for Smallholders/Outgrowers Scheme for control.

(v) DRAINS CONSTRUCTION

Drains must be constructed and frequently maintained in plots which are liable to floods and water-logging during the rainy season. If this is not done, then GOPD shall construct the drains and charge the cost to the Smallholder.

C. PHASE II - DEVELOPMENT

(i) Development of the 4 Ha. should be by recommendation by GOPD depending on the previous performance of the Smallholder. Thus development of 4 Ha. is NOT AUTOMATIC.

(ii) Thus, Smallholders who fail to maintain the 3 Ha. to a satisfactory standard and did receive 3 (three) previous warnings from the Plantation Manager would not be recommended to continue the development of the 4 Ha. for the Phase II.

(iii) Smallholders who have been recommended to develop the 4 Ha. but do not complete heaping and burning by the 30th April of the second year of planting will have his/her plot re-allocated.

(iv) Planting of palms should be finished by the 30th July of the planting year.

(v) No cassava should be planted.

(vi) No plantain should be encouraged.

(vii) Pueraria planting is compulsory.

D. MAINTENANCE OF PLOTS

(i) WEEDING

(a) Interrow Weeding - 3 times yearly. Compulsory for all Smallholders - Every 4 months.

(b) Circle Weeding - 3 times yearly. Obligatory for Smallholders - Every 4 months.

(ii) ABLATION

This is a necessary operation which needs to be followed monthly by holders whose plots are more than 16 months.

/3...

(iii) PESTS AND DISEASES

Pests and diseases when detected should be reported as soon as possible to the employees or agents of GOPD responsible for the Smallholders/Outgrowers Scheme for control.

(iv) DRAIN CONSTRUCTION

Drains must be constructed and frequently maintained in plots which are liable to floods and water-logging during the rainy season. If this is not done, then GOPD shall construct the drains and charge the cost to the Smallholder.