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Palm oil production

A Ghanaian soap opera: Lucy and the palm oil mill



Lucy Aboagye is full of drive. Since she started operating a palm oil mill – a so called cramer – with her sisters and husband, her life has changed immensely. She has turned her back on Accra, the 2-million-strong capital city she did not much care for, and returned to her home town of Asuom in the east of Ghana, where she is now a member of a newly founded cooperative that produces palm oil in line with organic and Fair Trade criteria without pesticides or chemical fertilizer.

In 2006, Lucy, who had already been working in the 'oil business' for some time, was asked by the US non-government organization 'Fearless Planet' to facilitate contact between palm oil farmers and a US-American company that was looking for organic and fair trade certified palm oil to make its products. However, the more Lucy found out about the project, the more involved she became.

The company concerned – the Californian family-owned Dr. Bronner's Magic Soaps, the largest producer of natural soaps in the United States – did not just want to buy palm oil, but engage in long-term, high-volume supply contracts.

Lucy helped locate farmers who were willing to grow and process their palm produce in accordance with these strict specifications. Sometimes it was not easy to explain to families why they should join a cooperative set up by a private company, why they should no longer use chemical fertilizer and pesticides, or why their farms should be officially certified and subjected to regular controls. However, the long-term purchase gu-

arantees and fair prices that this would bring ultimately convinced them to go into business with Dr. Bronner's. 'Before, we knew nothing about Fair Trade and organic certification. We couldn't afford to advertise and there was no one to show us how to manage a palm oil business effectively,' said Lucy about the situation at the outset.

Then, when the search started for someone to run a new cramer for Dr. Bronner's, Lucy did not have to think about it twice. She convinced her sisters to join her and, together, they got down to business. Back at the start, even Lucy would never have dreamt that her decision to get involved with Dr. Bronner's Magic Soaps would eventually have all the makings of a soap opera itself.

Palm oil from Ghana is not yet able to compete on the global market

In Ghana, palm oil production is at the top of the agribusiness development agenda. The demand for palm oil is not only growing in the food sector, but also in industry where it is used, for example, in cleaning agents. The government is investing in the cultivation of more resistant and, above all, high-yielding oil palms and is promoting the use of new seed among small farmers.

In spite of these efforts, Ghanaian palm oil often falls short of international quality standards for food and cosmetics. Traditional cultivation and processing on smallholdings also prevents the cost-cutting advantages that characterise economies of scale, leaving Ghana unable to compete pricewise on the global market. The growing market for organic and Fair Trade products offers a good opportunity here. However, without the support of international buyers, Ghanaian farmers are unable to switch to organic cultivati-



on or produce the quantities they need to, not to mention meet the costs of certification in line with internationally recognised standards.

Organic and Fair Trade as the basis of long-term supply relationships

Dr. Bronner's Magic Soaps is precisely such a buyer. A company with German origins, it switched its supply of raw materials to products from certified organic provenance in the year 2003. In 2006, company management decided only to purchase raw materials that were produced in accordance with Fair Trade criteria. In 2007, Dr. Bronner's and the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) embarked on a development partnership (PPP) to help smallholders in Ghana make the change to organic cultivation and thus establish the basis for certification of their palm oil. Again, this partnership was facilitated by the US NGO Fearless Planet, which has worked with other groups of women from developing countries, such as Lucy and her partners, to produce and market their own goods.

Together the partners set out to find small farmers willing to manage their palm groves in accordance with recognised ecological criteria. Farmers were given the know-how and cultivation methods they needed at special training programmes which also served to prepare them for the certification process.

In cooperation with Fearless Planet, a new oil mill was built and equipped. This mill is operated by Lucy and her sisters – they already employ 40 people and process the harvests of around 150 small farmers. Dr. Bronner's supports ongoing operations by helping with the accounts and ensuring compliance with production standards and technical management. The company also provides the

capital needed to operate the mill, so that the women do not have to shoulder any of the financial risk. A long-term contract regulates the gradual transition of the mill's ownership over to the women who are operating it.

At the same time, within the cooperative, an internal control system was set up consisting of six workers with agricultural training who constantly monitor compliance with cultivation and processing standards. The organic and Fair Trade seal was awarded to the cooperative in 2009 by the independent Swiss Institute for Marketecology (IMO). Through annual controls, IMO now makes sure that the strict quality standards – that correspond with both US-American and European norms – are being met sustainably.

Production capacity is to grow further

After two rounds of adding processing equipment the cramer has quadrupled production capacity. It now supplies all of Dr. Bronner's oil needs and several European companies have shown interest in buying organic fair trade palm oil from the project. 'We want to carry on expanding and to increase our production capacity, so that in the future we will be able to supply other customers and create more jobs in the village,' explains Lucy; which is why she is looking for other smallholders to join her cooperative.

Since 2009, Lucy's commitment has grown even stronger. This is the year her son was born; and his future is now secure thanks to her income from the cramer. Ultimately, he is to have a good education and – who knows – maybe even study abroad one day. For a perfect happy ending to the story, Lucy and her husband Nana have named their son Gero, after Gero Leson, the project manager in charge at Dr. Bronner's.

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For more information see: www.develoPPP.de

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