The Case of Ghana’s President’s Special Initiative on Oil Palm (PSI-Oil Palm)

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ACRONYMS AND ABBREVIATIONS

AGOAAfrican Growth and Opportunity Act
AgSSIP Agricultural Services Sub-Sector Investment Program
BOPPBenso Oil Palm Plantation Ltd
COVECorporate Village Enterprises
CPOCrude Palm Oil
CSIRCouncil for Scientific and Industrial Research
EDIFExport Development Investment Fund
ECOWASEconomic Committee of West African States
FBOsFarmer-Based Organization
GHcCedi, the Ghana currency
GOPDCGhana Palm Development Company
GPRS IGHana’s Poverty Reduction Strategy I
GPRS IIGrowth and Poverty Reduction Strategy II
HIPCHighly Indebted Poor Country
MASLOCManagement of Micro-finance and Small Loans Centre
MoTIMinistry of Trade and Industry
MoTIPSIMinistry of Trade, Industry and Special Presidential Initiatives
MOTI, PSD and PSIMinistry for Trade and Industry, Private Sector Development and President Special Initiatives
NorPalmNational Oil Palm Plantation Ltd
NPNPPNew Patriotic Party
OPRIOil Palm Research Institute
OSOUt-grower Support Units
PresidentHis Excellency, John Agyekum Kuffour, President of Ghana 2000-2008
PSIPresident’s Special Initiatives
PSI-Oil PalmPresident’s Special Initiative on Oil Palm
TBETheory-Based Qualitative Evaluation
TOPPTwifo Oil Palm Plantation Ltd
UNCTADUnited Nations Conference on Trade and Development
ABSTRACT

How can a programme fail when it is initiated and instituted by the most powerful politico-administrative elites of a country? Launched under the auspices of the President and Government of Ghana in 2001 and monitored by an Inter-Ministerial Facilitation Team, programmes coming under the President’s Special Initiatives (PSI) have grounded to a halt by the end of 2007. This study analyses the politics of policy formulation and implementation with regard to the President Special Initiative Oil Palm project under the NPP government. It focuses on the idea of ‘political settlements’ to illuminate how combinations of fractionalization, divided coalitions and/or consensus among different contenders for power combine with other structural limitations to accelerate the failure of pro-poor policies.
PART I. INTRODUCTION

1.1 Introduction
The study of the PSI-Oil Palm provides an opportunity to determine how what is desired ceases to become feasible in pro-poor productive-sector policy programming. Through an investigation of the palm-oil industry in Ghana, this productive-sector case study examines the role of elites in the formulation, implementation, success and/or failure of pro-poor productive-sector initiatives in Africa. The study focuses on an initiative launched by the former President of Ghana, the Honourable John Agyekum Kufuor, the government and the New Patriotic Party (NPP), in 2001 and known as the President’s Special Initiative on Oil Palm (PSI-Oil Palm). This project formed part of a set of four President’s Special Initiatives (PSIs) that were designed to promote diversity and wealth creation in the productive sector in rural areas.

The PSIs were officially portrayed as an opportunity to accelerate poverty reduction in a more sustainable way. The idea was to add value to non-traditional export and domestic commodities, thereby generating substantial profits and employment along the chains and contributing to poverty alleviation. The principal objective of the PSI-Oil Palm was to promote the oil-palm industry to become a pillar of national growth and rural employment in the Ghanaian economy. This was to be achieved by developing an oil-palm industry that could deliver palm oil-based value-added products for the domestic and sub-regional markets in the short term, and in the longer term extend the sector into the world market. However, the PSI-Oil Palm, like other programmes within the President’s Special Initiatives, stalled. What role did elite contenders for power play in this? How much did structural limitations contribute to the failure of the PSI-Oil Palm?

1.2 Background: President’s Special Initiatives and Wealth Creation
Ghana gained independence from Britain in 1957, and for the best part of the last fifty years it has worked to achieve a more sustainable economy by employing her abundant natural resources to diversify the economy, increase the speed of development and achieve more equitable growth. Despite these efforts, the country continues to depend on a few commodities (mainly cocoa and gold) and international aid. Former President John Agyekum Kufuor envisaged the President’s Special Initiatives as an opportunity to create a ‘Golden Age of Business’ stimulated by public-private partnerships and the creation of over 100,000 jobs. The strategic intent of the PSIs, according to the NPP government, was to move Ghana’s economy beyond HIPC status and reduce the country’s over-dependence on aid and donor support and a few commodity exports by finding new pillars of growth. This intention is captured in the opening statement of the PSI-Oil Palm document:

Over the last 20 years Ghana’s economic performance has been inconsistent, with generally slow growth rates averaging 4.6%. The key reason has been Ghana’s over-reliance on two key commodity exports and aid/grants from the donor community to fund investment and growth. As these sources have suffered sharp variations over the years, so has the economy moved from one crisis to another depending on the performance of cocoa and gold prices.
on the world markets and the mood of donors at any point in time. Ghana cannot continue to depend on this narrow, unreliable base to grow fast enough to move the economy beyond its current HIPC status. The major challenge facing Ghana therefore is to find new pillars of growth….

(Government of Ghana, 2002:1).

The President’s Special Initiatives are generally perceived as an important leadership initiative by the NPP government, calculated to take full advantage of the United States’ African Growth and Opportunity Act (AGOA), the US response to the global poverty agenda. Ghana did not adopt a specific national AGOA implementation strategy. Seeking ownership of its policies, the NPP government promoted a strategy of poverty reduction through accelerated export development, seeking to maximize the benefits of AGOA for national development through Ghana’s preferential access to international markets. At this crucial time of stiff global industrial competition and productive efficiency and AGOA’s scaled-down trade restrictions, removing import tariffs and quotas on such huge variety of local products was perceived by the NPP political elites as a great opportunity for Ghana (Asante et al., 2011). AGOA had the reconstituting effect of encouraging the different sectors of the Ghanaian economy to work in concert. The intensive drive to export was expected to trigger industrialization as domestic producers adjust by expanding and diversifying to add value to local products. Industrialization would increase employment by absorbing redundant labour, and fuller employment would hopefully improve incomes and standards of living.

The NPP government launched the PSI programme in September 2001, transforming the Ministry of Trade and Industry (MoTI) into the Ministry of Trade, Industry and Special Presidential Initiatives (MOTIP-SI) with the aim of developing its industrial sector policies to champion Ghana’s drive to expand its markets to global levels of competitiveness. The PSIs were originally intended to cover accelerated development for many local products. However, the NPP government quickly realized the huge task involved and decided to focus on developing four items as potential drivers of economic growth and wealth creation and targeted these sectors for special support: textiles and garments, salt mining, oil palm, and cassava starch production.

In design and objective, in many ways the PSIs had the potential to reach the diversified industrialization levels capable of meeting the huge US market demand. The PSIs were modelled on a public-private partnership in which the state mobilizes financially and technically, and through ownership empowers smallholder private businesses and farmers to organize production while raising private investment to finance and manage production for export. The nature and type of public support and private-sector participation varied in each of the PSIs. All four PSIs, though, received government-directed support to secure land, capital and essential resources to jumpstart the industry or facilitate its expansion. For those in agro-processing especially, since few in the industry had contiguous tracks of land, the

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1 AGOA is a unilateral United States strategic trade programme signed into law in 2000 by then President Bill Clinton to cover an eight-year period from October 2000 to September 2008. AGOA was later extended to 2015 in 2004 through amendments signed into law by then President George Bush.

2 AGOA builds on but expands the duty-free provision of the Generalized System Preferences (GSP) by offering free tariffs on 7,000 products to eligible Sub-Saharan African countries in exporting to the US market.
The NPP government recognized that, for Ghana to be competitive on the world market, it was necessary to acquire large-scale plantations of a minimum of 5000 Ha. Yet the land-tenure system in Ghana has traditionally been a barrier to large-scale plantation development. The PSI-Oil Palm therefore attempted pro-poor government-led expansion of the existing oil-palm industry. It was a novel strategy which facilitated the expansion of the land under cultivation by smallholder farmers, yet protected the bundle of rights of the common farmer and those having usufruct of the land. The PSI-Oil Palm approach sought first to link farmers to existing mills, then to establish new mills by inviting strategic investors to participate. The objective was to encourage farmer ownership in new processing mills under the Corporate Village Enterprise or COVE concept. In essence, with the PSI-Oil Palm, the NPP government sought to reconcile the nuances of traditional with the demands of modern agriculture in an attempt to harmonize the two systems, thus permitting the desired transformation in agricultural productivity.
By designing the PSIs as ‘special initiatives of the President,’ the programmes were conceived as ones which would be accorded maximum political, financial and technical support. Consequently, their implementation was designed to assure speed and avoid the delays associated with the red-tape typical of regular government programmes. The PSIs were initially located in the presidency and put under the oversight of competent individuals trusted by the President. A general PSIs Secretariat was created, as well as separate secretariats for each of the four PSIs. National coordinators were employed to man each of these secretariats. The PSI-Oil Palm National Coordinator, though under the authority of a minister, reported directly to the President and Cabinet. Later the PSI Secretariat was moved to the sector level, where responsibility for implementation was transferred to the sector Ministry of Trade and Industry. Then, in 2005, the PSIs were incorporated into Ghana’s Growth and Poverty Reductions Strategy (2006-2009) and thus rendered eligible for financing through the central government budget. Despite being mainstreamed into the development policy framework of the national development plan or GPRS II, implementation of PSI projects was still limited, ad hoc and rather ineffective, while regular government and GPRS-related projects were being systemically and incrementally financed and implemented. Very quickly the three other PSIs (textile garments, salt and cassava starch production) collapsed.

The PSI-Oil Palm appeared to survive longer. However, by late 2007, within five years of being launched, implementation of the PSI-Oil Palm had completely stalled. Farmers were waiting for ‘rescue’ financing from the government in order to avert complete collapse. Very little ‘rescue’ money was actually received. And at the time of this research, many farms were found to be overgrown and unmaintained. Rural out-grower farmers had become completely disillusioned. Many Out-grower Support Units (OSU), staffed by workers employed to provide support and extension services, had not been paid for several months. District coordinators of the PSI nationwide had been indirectly dismissed, that is, asked to leave their posts and submit reports and documents on all items in their possession to the national headquarters by the end of September 2006. Both farmers and support staff were completely disillusioned.

1.3 Arguments and Questions
What accounts for the challenges in the implementation of the PSIs in general and the PSI-Oil Palm in particular? What role did inter-/intra-elite political or administrative conflicts and cooperation play in this situation? This paper proposes that, in conceptualizing processes of elite pro-poor policy decision-making in the African context, it is especially important to focus on the interests, actions, reactions and motivations of different elite players. And it is imperative to explore in this progression how combinations of fractionalization among different contenders of power, divided coalitions among ruling political elites and/or consensual politics among state and bureaucratic elites combine with developmental and other structural limitations to affect the outcomes of programme implementation. To substantiate this proposition, the paper proposes a paradigm that examines the political processes through which state elites create and implement policies and programmes. It attempts to answer two basic questions about pro-poor productive-sector initiatives in Ghana:
i. What influences state elites in their choice of pro-poor productive-sector policies?

ii. Under what conditions do state elites support or oppose the implementation of pro-poor productive-sector policies and programmes?

These two questions address several specific settlement challenges of the PSI-Oil Palm programme. The ruling NPP had a particular interest in choosing oil palm as a potential pillar for pro-poor growth. The programme faced both the structural and administrative challenges typical of development problems in the South. There was conflict of interest among the political elites and between them and the bureaucratic elites over the implementation of the PSI-Oil Palm. The study investigates these challenges and explores the settlement efforts made to resolve challenges and conflicts in order to transform disagreement and opposition into determined support and cooperation in the implementation of the PSI-Oil Palm. The study was conducted between 2009 and 2011.

1.4 Methodology

Early in this study, a theory-based qualitative evaluation (TBE) was carried out to ascertain the degree to which elites followed through with implementation of the PSI-Oil Palm programme. The rationale for choosing a theory-based evaluation approach was to enable a step-by-step assessment of the PSI-Oil Palm’s project design development and implementation processes. The TBE approach generally brings out ‘the assumptions on which the programme is based in considerable detail: what activities are being conducted, what effect each particular activity will have, what the programme does next, what the expected response is, what happens next ...’ (Weiss, 2000: 408). To this extent the TBE approach also involved a process evaluation – an assessment to determine whether there had been systematic implementation and whether planned activities were carried out regularly or not carried out well. The TBE approach, in essence, permitted a definition of the programmatic hypothesis of the PSI-Oil Palm, as well as a definition of the ultimate programme objective.

A mixture of random and purposive sampling methods was adopted to select participating PSI-Oil Palm villages and communities in a total of eight districts in seven of Ghana’s ten regions. These were observed in order to appraise the formulation and implementation phases. Five districts were chosen from the more traditional oil palm-growing areas in Western, Eastern and Ashanti Regions. One district each was selected from the Brong Ahafo, Central and Volta Regions.

Focus group and semi-structured interviews were the main data-collection tools employed to collect primary data for analysis in this assessment. Focus group discussions were carried out with beneficiary out-grower farmers and associations of farmer-based organizations (FBOs), palm oil companies and nurseries participating in the PSI-Oil Palm programme. The results from the focus groups became the basis for semi-structured interviews with the politico-administrative elites and business elites involved in the evolution and implementation of the PSI-Oil Palm. This included the PSI-Oil Palm technical support staff or Out-growers Support Unit offering extension services on the ground to farmers, technical staff and directors of the PSI-Oil Palm project within the Oil Palm Research Institute (OPRI) of the Council for Scientific and Industrial Research (CSIR), the Technical Advisor, current and past Coordinators of the PSI-Oil Palm Project at the PSI-Oil
Palm Secretariat, bureaucrats in the Extension Department of the Ministry of Food and Agriculture and Special Advisors associated with the PSIs in the Ministry of Trade and Industry. Secondary documents obtained only recently after almost two years of resistance from current officers in the PSI-Oil Palm Secretariat (under a new government) assisted to some extent in the verification and analysis of primary data.\(^3\)

### PART II. THE PRESIDENT’S SPECIAL INITIATIVE IN OIL PALM: PROGRAMME THEORY AND OUTCOME

#### 2.1 Palm Oil for Export

Oil palm is a tree which produces bunches of fruit containing oil-palm kernels. Palm oil is the oil produced from the flesh of the oil-palm species, *Elaeis guineensis*. The oil-palm tree can produce two types of oils: palm oil from the fruit of the nut, and palm kernel oil from the nut within the kernel. There are two types of palm-oil production in Ghana: production for industrial use and production for food consumption, palm oil being a vital ingredient in local Ghanaian cooking. Palm oil has become the most versatile and most competitive vegetable oil in the world because of its numerous food and non-food uses. Extracted crude palm oil is refined into two different products, one used in edible processed foods, the other in detergents and margarine. Palm kernel oil is also used in the soap, cosmetic and confectionary industries and extensively in African cuisine. Oil-palm seedlings have a gestation period of three years, after which they start bearing fruit. Peak harvesting of fruits does not occur until ten years after planting. Global palm-oil production and trade rose steeply and continuously from the 1970s. This development was accompanied by a sharp rise in the share of palm oil in the global vegetable oil trade, resulting in a significant growth in global consumption. The top three suppliers of palm oil on the world market are Indonesia, Malaysia and Papua New Guinea respectively, which account for approximately 85% of global supply. The three biggest importers of palm oil were China, India and Pakistan.

The ideal environment for sustainable oil-palm production in Ghana is the rainforest. The deciduous forest agro-ecological zones are also able to sustain production, but to a lesser extent (Essiamah, 1992). Figure 1 below shows the sites of the formal oil-palm industry and the demarcation of the oil-palm belt as located predominantly in the Eastern, Western and Central regions, though there is also some production in the Ashanti, Brong Ahafo and Volta regions. The Eastern region has the best land for producing oil palm in Ghana.

As of 2001, when the PSI-Oil Palm project was being conceived, the formal palm-oil industry included four large estates comprising both oil-palm plantations and processing mills. These included the Benso Oil Palm Plantation (BOPP) in the Western Region, the Twifo Oil Palm Plantation (TOPP) in the Central Region, the Ghana Palm Development Company (GOPDC) in the Eastern Region and the National Oil Palm Plantation (NORPalm) in the Western Region. The industry also had four medium-size private estates (GOPDA, 2000; Foli, 2010). There were also numerous small-scale mechanized mills.

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\(^3\) It took over two years to obtain documents directly from the PSI Secretariat and PSI-OP Secretariat. The first coordinator and originator of the programme, Mr Kwasi Poku, who had resigned in course of the intra-party conflict, was now resident in Liberia. After making contact Kwasi Poku most generously supplied report documents on the design and monitoring of the project.
which accounted for the bulk of palm oil for domestic food consumption and the ethnic food market. Traditional manual household production and small-scale informal semi-mechanized production also supplied palm oil for food consumption. All these, however, did not have the volumes to supply the industrial-use export market. The President’s Special Initiative in Oil Palm in 2002 was the project that actively aimed to achieve competitive exporting of the oil-palm potential in Ghana.

Palm-oil exports in Ghana have been a relatively small and insignificant foreign exchange earner. According to the UNCTAD Commodity Year Book (2003) Ghana’s ex-
ports of palm oil in 2000 were only 12.7 thousand tonnes, representing 10-15% of total annual production. This earned Ghana a mere US$9 million in 2000. Export of palm nuts and kernel oil were even less significant (0.1 thousand tonnes), and Ghanaian palm-oil producers have never been able to compete with the Southeast Asian countries and generally have not supplied the big importers. Ghanaian exports have been aimed at niche ethnic markets in European countries and the West Africa regional market.

Ghanaian governments since independence have aimed at self-sufficiency in palm-oil production, seeking to reduce the need for palm-oil imports which compete for scarce state funds with other essential imports. Palm oil’s import-substitution role was particularly important given Ghana’s economic history of chronic macroeconomic crisis and short-ages of foreign exchange. The majority of palm oil produced in Ghana is sold on the local market through the domestic marketing system and to large-scale industrial users. Medium to large-scale mills which produce to international palm-oil specifications sell to industrial users. With respect to local industrial needs, Unilever Corporation purchases the bulk of palm-oil supplies, followed by Ameen Sangari, Appiah Menka Complex and Paterson Zonchonis (Foli, 2010).

2.2 Designing the PSI-Oil Palm: The COVE Concept

Building up the massive oil-palm industry for the PSI-Oil Palm project required massive plantations. The NPP objective in 2002 was to put under immediate cultivation 100,000 hectares of palm oil per year for the next five years to satisfy national industrial demand, and then increase cultivation to 300,000 hectares in the next seven years and proceed to 2 million tonnes in fifteen years.

However, acquisition of large contiguous tracts of land was difficult because of the land tenure system in Ghana. According to the PSI-Oil Palm Secretariat, an estimated 250,000 hectares of existing oil palm-planted area, representing 80 per cent of national oil-palm output, were occupied by scattered, unorganized farmers with no connection to any established oil-palm estates. Yet the output of these farmers was only 4 tons per hectare, as compared to the 14 tons per hectare produced by farmers linked to the oil-palm industry. The strategic plan of the PSI-Oil Palm project was therefore to ‘assist these myriad unorganized, small-scale individual farmers to adopt improved planting materials, husbandry technologies and commercial orientation so as to immediately increase their holdings and output’ (ibid., p. 9). And the means to mobilize these scattered smallholder farmers to embrace the PSI’s vision was through the aggregation of small-scale farmers and landowners into Corporate Village Enterprises or COVEs (Government of Ghana, 2004).

According to the PSI-Oil Palm COVEFORM, the COVE model for the PSI-Oil Palm project involved establishing large-scale

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4 This comes from the PSI-Oil Palm Secretariat briefing entitled ‘Donors Meeting’ (n.d. p. 9). This was one of the many documents supplied by first PSI-Oil Palm National Coordinator, Mr Kwasi Poku.

5 Undated PSI-Oil Palm project document which details the proposed COVE concept for discussion with traditional chiefs, farmers and rural communities. COVEFORM was one of several PSI-Oil Palm project documents graciously supplied by the first PSI-Oil Palm National Coordinator, Mr Kwasi Poku, once he had been located. Data collection was made tedious by an uncooperative new leadership at the PSI-Oil Palm Secretariat. It took almost two years to locate Mr Poku, who apparently was not even in Ghana but was now resident in Liberia, contracted by the Liberia government to assist in the development of the country’s agricultural policies. Once acquainted with the mission of the Ghana EPP research, Mr Poku readily granted interviews and supplied several project documents.
agro-processing and export companies complemented by modern processing facilities. These companies would be supplied with raw materials by the state, but the small-scale farmers would own most of the company’s shares. The company, however, would be managed by professionals to ensure efficiency. The allodial owners or chiefs (i.e. traditional authorities) and clan elders (in consultation with their respective subjects or family members), desirous of developing their lands into oil palm plantations, were to declare such intentions to the PSI Secretariat through their respective district assemblies. This plan of access gave an opportunity to everyone, irrespective of political or ethnic affiliation, to participate in and benefit from the PSI-Oil Palm programme.

Given the long-term nature of oil-palm production, the rights of farmers were protected in a business and legal framework. Farmers willing to offer land in this extended venture were to consider it a business investment. Each company would be the umbrella organization with 5,000 ha within a 20 to 30 kilometre radius of a nucleus farm or nursery site. At the branch level Shareholder Producer Associations or Farmer-Based Organizations (FBO) would be formed with 100 to 200 hectare units comprising 20 to 30 members. These would elect representatives to higher (Zonal Districts, Regional, etc.) governance levels, positions whose functions were well detailed, defined and outlined in the COVESFORM, the COVE conceptual document.

Subject to the suitability of the land for oil-palm cultivation, the land was to be surveyed to determine the extent of the holding of the usufructuary title holders. To ensure that those holding these rights were not permanently dispossessed or displaced from the land, their rights would be converted into shares in a company set up to develop the land. The number of the community’s, family’s or individual’s shares would, of course, be in direct proportion to the size of the land. The traditional authority or clan’s allodial title would also be recognized and this also converted into shares. A strategic investor (Ghanaian or foreign) with the requisite know-how would be invited to participate in the economic venture.

The COVE model is in some respects similar to yet differs from both the cooperative model and the nucleus-outgrower model. All three models, though, attempt to inject business discipline and market rigour into cooperatives by enabling farmers to see farming as a business. They all also seek to secure markets for farmers and to organize smallholder farmers to derive economies of scale. The benefit of the ‘shareholder system’ in the COVE model is the extra incentives for farmers to increase yields and keep supplying the factory. The management of the factory is separated from its ownership by bringing in knowledgeable management through a strategic investor. In essence, the COVE model was supposed to lead to significant improvements in agricultural yield, reduce post-harvest losses through processing, eliminate the involvement of middlemen in the distribution chain, and facilitate more direct access by ordinary farmers to established export markets.

2.3 Summing up the PSI-Oil Palm Programme Theory and Plan of Action

Ghana’s ruling political elites in the NPP government obviously envisaged the oil palm as a desirable product for national economic development. Ghana was well placed geographically and economically to develop a viable oil-palm industry. In contrast to other productive sector PSIs such as the Cassava Starch PSI,
an oil-palm industry already existed in Ghana, albeit a small one. The aim of the PSI-Oil Palm programme was a government-led expansion of the existing industry by facilitating the expansion of land under cultivation by smallholder farmers, linking these farmers to existing processing mills, inviting strategic investors to upgrade or establishing new processing mills and encouraging farmer ownership of these new mills. Ghana’s elites envisaged using competitive agronomic practices such as those adopted by neighbouring Côte d’Ivoire to supply of the huge market for oil palm and value-added palm oil-based products within West Africa. The ‘President’s vision in announcing this Initiative ... [was] … to make the oil palm industry one of the new key drivers of economic growth and wealth creation’ (Government of Ghana, 2002: 1).

The evaluation found that the PSI-Oil Palm programme was a prioritized design containing a specific action plan for each stage of implementation. Focus-group discussions with beneficiary farmers corroborated secondary data analysis of government project-design documents on the PSI-Oil Palm. The programme theory, the chain that explains how programme activities should lead step by step to a desired outcome, conceptualized the PSI-Oil Palm as a cycle of events in clear stages accompanied by a clear systematic procedure for implementation:

i. Land Acquisition. In recognition of the complex land-tenure system in Ghana, the NPP government was actively involved in land acquisition. Traditional rulers (a category of local elites), heads of families and individual farmers were all approached in the quest for participating farmers to contribute five acres of land each for the project. Traditional chiefs gave land, landowners pledged land as equity, and labourers gave labour as equity. The project also instigated the creation of a large number of farmer cooperative plantations to transplant seedlings to enable coverage of the desired hectares.

ii. Legal Framework. As described above, the government set up legal frameworks (including contract application documents) to protect the land rights of beneficiary farmers and potential investors. The government early encouraged the formation of FBOs or farmer-based organizations of beneficiary farmers to create spaces for farmers to protect their own rights under the Farmer Ownership model of COVEs. Several FBOs that participated in focus-group discussions for this evaluation confirmed this.

iii. Technical Support for Implementation. With the financial support of the World Bank’s Agricultural Services Subsector Investment Project (AgSSIP), the Oil Palm Research Institute of the Council for Scientific and Industrial Research (OPRI-CSIR) provided substantive technical and scientific support to the PSI-Oil Palm programme. The OPRI-CSIR provided high-yielding disease- pest- and drought-tolerant oil-palm seedlings developed using research tools such as molecular biology and tissue culture. The Nursery Program began in June 2003 with twelve medium-scale oil-palm millers to collaborate with OPRI as contract nursery operators, and ‘under the scheme, the OPRI was granted Cedi 17.585 Million6 by the Government Of Ghana to raise 2 million pre-germinated seed nuts’ (Government of Ghana 2004: 1). Within a relatively short time frame the OPRI seedlings produced high-yielding oil-palm trees. Nursery operators were supplied with these seedlings from the OPRI along with tech-

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6 One Cedi = 1.89 USD in June 2012.
nical assistance and relevant production inputs. Raised seedlings were subsequently distributed to the out-grower farmers. At the time of this evaluation research, palm nuts were ready for cultivation at the base of these short oil-palm trees.

Technical support also came in the form of contracted qualified agricultural extension services called the OSU Staff (made up of agronomists and land surveyors), which assisted farmers in planting seedlings and maintaining farms. In each community FBOs supervised by associations of FBOs collaborated with nursery operators and PSI local coordinators to acquire and distribute seedlings among their members. Extension services assisted with the planting out of seedlings. Money was provided to farmers to hire extra labourers to assist in maintaining the farms.

Governments also planned to develop incentives to attract large-scale investors into the industry to facilitate transfers of capital, technology and technical know-how and management and to provide the template for small scale farmers (Government of Ghana, 2002: 3).

iv. Pro-poor Structural Support. This came in the form of the COVE model. Through the COVE concept beneficiary farmers became shareholders in stakeholder-based milling to refine and process the oil-palm fruits. The harvest was to be sold to the farmer-owned mills under the COVE model. The government would step in to ensure successful marketing of the crude palm oil.

This basic programming of the PSI-Oil Palm was accompanied by specified government interventions to guarantee success. For example, procedures to plant out nursery seedlings were accompanied by a participatory schedule for grassroots monitoring and accountability. The government also planned to enforce WTO rules on Preferential Tariffs and Non-Tariff Regulations such as Quality Standards in order to protect local industrialists.

2.4 The Ideals and Reality of Implementation

The PSI-Oil Palm commenced with 33 oil-palm nurseries. Six established oil-palm estates, including the OPRI, the state institute, participated as contracted nursery contractors, the rest being created under the initiative (Government of Ghana, 2004). The NPP government’s plan of action to put under oil-palm cultivation a minimum of 100,000 hectares of land per year to cater for the gap in domestic requirements and after five years to cultivate a minimum of 300,000 hectares of land was ‘an aggressive strategy to attract the West African market’ (Government of Ghana, 2002: 2). And the anticipated impacts on the national economy were many. The NPP government estimated that,

‘the development of 300,000 hectares of new oil palm plantations would yield the following impact dividends [including]:

7 Interviews found these to be well qualified graduates of agriculture. Extension services were mainly staff from the Extension Division of the Ministry of Agriculture in the various regions. But these were contracted in a private contract as an added incentive to devote their services to the success of the programme
8 In principle the Associations of FBOs comprised any numbers between 20-50 FBOs. FBOs themselves, in reality, often comprised groups of farmers ranging in membership size – depending on remoteness of area sometimes from 3 members to 48+ members. Executives of FBOs and Association of FBOs stated during focus groups and Interviews that they kept a strict account of seedlings distributions to ensure no participating member had access and also as a check on the records of the district PSI Coordinators who sent their version of distributions to the PSI-Oil Palm Secretariat.
Employment creation (about 1.2 million on farms alone; Foreign exchange generation (net inflow of US$1.6 billion from CPO alone) FDI flows (over US$4.0 billion). Expansion of agro-processing and value-added manufacturing. Restructuring the economy and building new industrial pillars in …Oleo chemicals, Food ingredient, Surfactant, Cosmetic, Pharmaceutical additive. Fibers, etc. [the end objective was the] …Development of a virile engineering sector to build process machine/equipment. Diversification of revenue generation … Wealth creation …...

(Government of Ghana, 2002: 4-5)

The reality was different. By 2008 only about 30,000 hectares had been put under cultivation due to insufficient funding (Government of Ghana, 2009). The field trip for this evaluation research uncovered grown oil palms almost ready for cultivation but which mostly remained unmaintained in the bush. In interviews, out-grower farmers maintained that the yield would be much smaller than anticipated because of the lack of maintenance and consequent attacks by rodents. This scenario was the norm across all the regions visited. Farmers stated that under the PSI-Oil Palm programme they had cultivated more acreage than their own physical strength could maintain. The programme had begun successfully with technical, financial and material support to farmers. However, these supplies began to fail rapidly after three years. Farmers claimed during focus-group discussions that they actually had to renegotiate with the government to intercrop the oil palm with food crops, though interviews with the first PSI-Oil Palm National Coordinator, Kwasi Poku, revealed that intercropping was a composite part of the NPP programme in view of the long-term nature of the project. Indeed, project documents revealed that intercropping had been introduced as early as 2004.9 As discussed later, intercropping was an important state strategy to source funding for the entire PSI-Oil Palm project.

Visits to nurseries revealed the same maintenance problem. According to nursery operators, after initial payments government support ceased. Implementers of the PSI-Oil Palm had adopted the drip irrigation system which uses generators to pump water from nearby streams. However, the nursery operators did not have enough money to buy fuel for their generators. The preferred drip irrigation tubes supplied to nurseries are operationally inefficient and easily broke in the heat. They also quickly became choked with the dirt and debris from the rivers and streams and therefore constantly needed replacing. And indeed during inspection of the nurseries the author found patches of ground in nurseries with non-functional drip irrigation systems in all regions.10 On all nursery grounds there were piles of black drip tubes stacked up completely useless to farmers, with no hope of their being replaced from the PSI-Oil Palm project. All PSI-Oil Palm nurseries were strategically located near lo-

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9 Substantiated by project documents such as the Master Plan and video recordings of PSIs Workshop Presentations for Ministers, Chief Directors and Programme Coordinators at Swedru and also for traditional authorities. The GIAC06 gives the actual acreages intercropped between 2004-2005.

10 Several pictures taken during field trips can be made available upon request.
cal streams, rivers or ponds, but farmers now had to wait for providential rains to resolve irrigation problems.

Inspection of the nurseries of participating established traditional industries revealed a contrast – these continued to run flourishing nurseries. And this was not just because they had more established capital and structural resources with which to manage their nurseries, but also because they had adopted a different technology. NORPALM, an established private oil mill and plantation, was an interested stakeholder which had applied to be a nursery operator under the PSI-Oil Palm scheme. NORPALM did not have its own nurseries and was very interested in the opportunity provided by the PSI-Oil Palm to acquire specialized seedlings. Inspection of NORPALM nurseries revealed that the company had been relatively unaffected by the lack of systematic support from the PSI-Oil Palm project. As a functioning oil-palm mill, NORPALM already had the structural equipment (such as laid pipes and running tap water) to service nurseries. It was therefore able to facilitate the transfer of capital resources to its nurseries. But it was interesting to note the use of a different technology. NORPALM had employed the sprinkler irrigation system instead of the drip system adopted by the PSI-Oil Palm programme. The management of NORPALM revealed during interviews that technically the sprinkler system was more effective than the drip irrigation system preferred by the PSI-Oil Palm because the latter was subject to higher maintenance costs. It was also remarkable to see how NORPALM used empty palm-nut shells from their mills to cover all the nursery grounds as a strategy to retain moisture in the soil.

One major finding of this process evaluation of the cycle of the PSI-Oil Palm programme was that implementation of the programme did not proceed beyond the preliminary stages of nursery development and the planting out of seedlings. Important aspects of the COVE concept, such as the development of new mills, therefore did not materialize. Farmers who had commenced harvesting were having to add to the glut in the few community mills and local markets to make any profits. Those close to any of the established mills had to submit to the terms of trade dictated by these businesses. Government plans for incentives, investors, interventions, support services etc. to facilitate the growth and development of an oil palm industry in Ghana had slowed to a halt.

The findings of the evaluation bring one main question to mind: why should a policy programme initiated and instituted by the most powerful elites in the country meet this fate?

PART III. UNDERSTANDING THE POLITICS OF THE PSI-OIL PALM IMPLEMENTATION

3.1 Political Settlements in the Choice and Design of PSI-Oil Palm

From the above selective chronology of the distinguishing features of PSI and PSI-Oil Palm, it is now possible to present the arguments and evidence for the proposition of this paper. The political settlements framework permits an enhanced understanding of how development is driven by competition among elite groups in developing countries. The term ‘political settlements’ generally refers to the informal power arrangements or social order of a country (Parks and Cole, 2010; Khan, 2009; Di Joh and Putzel, 2009). The key elements of a political settlement are actors, interests and institutions, typically a coalition of powerful elite factions that make up the key
actors in a political settlement (ibid.). According to Parks and Cole (2010), the process of development is primarily shaped by powerful political, economic and other social elites who exercise their influence proactively to shape and control formal governance institutions, policies and the distribution of development assistance to advance their interests. Khan (2010) maintains that in developing countries the small size of formal institutions does not allow distributions of benefits that can satisfy all powerful groups. Great informality therefore permeates the operation of formal institutions. Informality, he argues, is an element of political settlement in these countries and should not be viewed negatively as an aspect of culture or weak democratic institutions. Authors agree that political settlements are negotiated spaces and that the clientelist political settlements which typify developing countries and political behaviour play a vital role in the enactment and implementation of policies.\(^\text{11}\)

This paper, to reiterate, proposes that, in conceptualizing processes of elite pro-poor policy decision-making in the African context, it is especially important to focus on the interests, actions, reactions and motivations of different elite players. Also, it is imperative to explore in this progression how combinations of fractionalization among different contenders of power, divided coalitions among ruling political elites and/or consensual politics among state and bureaucratic elites combine with developmental and other structural limitations to affect the outcomes of programme implementation. The limited implementation of the Oil Palm PSI and the problems encountered during implementation may be attributed to some interrelated institutional explanations which, on their own, are not absolute. One cannot ignore in any explanation the impact of elite power negotiations in policy decision-making, implementation and outcomes.

Though the origins of the political elite’s policy decision to include oil palm as one of the four items for export under the special Presidential Initiatives continue to remain unclear, what is apparent is the combination of that elite’s pro-poor development planning and the interests of different elite stakeholders in expanding the oil palm industry. Interviews with MoTI point to Alan Kyerematen\(^\text{12}\) as originator of the PSIs. Yet interviews with the management of the established oil-palm industry point to different key stakeholders in the industry as having been instrumental in the inclusion of oil palm in the last four item groups under the PSIs. President Kufuor initially proposed to introduce a Special Presidential Initiative on several items and had several advisors counselling him on their viability. The decision to focus on only four came from the realization of the huge costs involved. The NPP’s strategic management of industrial development was designed to pick on a few winning areas to compete in, to focus all support on them and to be best in them, as Malaysia had done with oil palm. The first National Coordinator of the PSI-Oil Palm, Kwasi Poku, maintains that the decision to include oil palm emanated from the President himself upon the advice of the President’s Special Advisors on Oil Palm, having regard to the viability of the industry for export, and that Alan Kyerematen’s ideas in PSIs were cassava and garments. The six-member special advisory board to the

\(^{11}\) Since informal organizations are characterized by client-patron organization, it should not be surprising to see this clientelist behaviour permeating elite formal policy decision-making.

\(^{12}\) An important minister of state and presidential contender in the NPP party, as discussed later.
President on Oil Palm included Dr Ishmael Yamson, the Hon. Kwamena Bartels, Dr Majeed Haroun, the Hon. Kwasi Osei-Adjei, Mr Kwasi Poku, and Nana Otuo Siriboe II. Dr Wonkyi-Appiah was technical advisor to the PS-Oil Palm, though not a member who attended all the advisory board meetings.¹³

One can point to several key stakeholder interests in oil palm. President Kufour, early on assuming office, led a high-power delegation to study the industry in Malaysia, which it had made an economic giant in the Far East. In addition to political elites (Hackman Owusu-Agyemang, Minister of Foreign Affairs, Felix Owusu Agyepong, Minister of Communications and Technology, and Kwamena Bartels, Minister of Private Sector Development), the delegation comprised high-powered elites linked to the oil-palm industry namely Ishmeal Yamson, then Chairman of UNILEVER,¹⁴ Nana Otuo Serebour II, Juabenhenere, Member of the Council of State and an Industrialist,¹⁵ Dr Charles Mensah, Resident Director of VALCO,¹⁶ and Mrs Elizabeth Villars, President of the Association of Ghana Industries (AGI). Interviews with the established oil-palm industry’s management revealed that the established industry had been a major arranger and sponsor of the various trips to Malaysia, including the trip that took President Kufuor and NPP political elites there. The oil-palm industry’s objective was to encourage state interest in reviving the industry.

The several workshops organized by the PSI Special Advisory board before and after its launch, however, indicate that the political elites attempted to open up access to and involve a broad range of stakeholders in Ghana in negotiations beyond the interests of the industrial elites in oil palm. The stakeholder participants in an exclusive consultative retreat workshop in Mankessim in the Central Region consisted of the management of the established network of oil-palm businesses and the bureaucratic and political elites which had evolved from the export round tables. These were invited to comment on the final design of the PSI-Oil Palm project before its launch. Interviews with the management of the established oil-palm industry during the evaluative fieldwork revealed massive disagreements between these oil-palm business elites and the NPP government’s decision to employ the COVE model to finance and expand the industry in the PSI-Oil Palm programme. These disagreements were apparently so serious that

¹³ This Special Advisory board is different from the Inter-Ministerial Facilitation Team mentioned earlier (which consisted of ministers of state and the attorney general, who monitored all four projects of the PSIs, namely Salt Mining, Textiles and Garments, Palm Oil and Cassava Starch Production). The Special Advisory board mentioned here comprised the PSI-Oil Palm Coordinator, the Technical Director, and power elites and stakeholders within the oil-palm industry (explained further below). This board advised the President only on the Oil Palm project.

¹⁴ UNILEVER –Ghana is a leading consumer goods company specializing in nutritional, personal and hygiene items whose manufacturing base is highly dependent on oil palm products. The Company has always had a special interest in the cultivation of palm oil in Ghana. TOPP management revealed in July 2008 interviews with the author that Unilever currently holds 40% shares in TOPP. Dr Ishmael Yamson is also Board Chairman of the Benso Oil Palm Plantation (BOPP).

¹⁵ Traditional Chief of Juaben. The Juaben Oil Mills industry was started in 1984 by Nana Otuo Serebour II. The industry is a joint venture between Juaben Oil Mills Limited and the Juaben Traditional Council. The Oil Palm Estate in Juaben was one of the state farms established by the military regime of Colonel Kutu Acheampong, but divested under the NDC government in 1994. It became a family business in that year when Nana invited his nephews into a partnership.

¹⁶ The Volta Aluminium Company Limited (VALCO) is an aluminium smelter based in Ghana. Dr Mensah was the founder of the Institute of Economic Affairs (IEA) in Accra and served as its first Managing Director from its inception in 1989 until 1996. He is its current Chairman. He is also the Board Chairman of Fan Milk Limited, Barclays Bank Ghana Limited, SAB Miller Ghana Limited, and Cape Coast University and a member of the Board of several organizations. Malaysia was making ice cream from a palm oil base, and Ghana was curious to know how.
certain stakeholder participants such as the Twifo Oil Palm Plantation (TOPP) actually walked out of the meeting, refusing to participate further in the PSI-Oil Palm programme.

The established oil-palm industry’s involvement in motivating government interest and the subsequent conflicts at these meetings confirmed that previous public-private stakeholder elite agreements had occurred behind the scenes on the design of the PSI-Oil Palm project. These public meetings or retreats were therefore not the first encounters of stakeholders with the PSI-Oil Palm programme, but were the forum at which prior agreements and settlements were publicly confirmed. This explains why TOPP management and other institutional participants felt seriously aggrieved with the major management, expansion and financial strategy presented at the meeting – the pro-poor COVE concept. Obviously, this constituted a shift from the original plans and agreements which had taken place behind closed doors. At these meetings, participating oil-palm business stakeholders identified serious risk factors and expressed their concerns about the government’s commitment to the COVE model. These maintained that a smallholder project in which farmers are supported in coming up to yield would be a better alternative to keep the project within budget than the farmer ownership model in COVEs. Investing US$2000 per hectare of land as proposed was argued to be quite unsustainable.

Reported alternative proposals for expanding oil-palm plantations other than through farmer ownership included:

- expanding existing estates with out-grower schemes
- establishing new nucleus estates with out-growers
- creating block cooperatives for small-scale farmers
- establishing working relations between nucleus processor holdings and their respective suppliers along the model of the Buabin scheme

The established business stakeholders were proposing an alternative to the farmer ownership model embedded in the more pro-poor COVE concept. One may suggest a class interpretation of these alternatives, which would maintain the interests of the traditional authorities and industry elites above those of the ordinary poor farmer.

This was an interesting finding, as the general assumption has been that the specific design of the PSI-Oil Palm was entirely shaped by the political elites (the NPP government) and that when the state organized farmers’ meetings in 2003 and oil-palm business workshops in Mankessim and Swedru in 2004, stakeholders were being invited for the first time to make comments on an entirely government-designed project document. But as theorists have argued, settlements are negotiated spaces, and the clientelist political settlements which typify many countries and political behaviour play a vital role in the enactment and implementation of policies.

It is also interesting to note that the oil-palm industry elite may have sponsored government interest in oil palm. Yet the more costly but more empowering pro-poor COVE model was the government’s final propagan-

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17 One of the few consensuses at these meetings was to nominate the National Investment Bank as the recognized bank through which farmers would be paid.

18 Where land was offered by traditional chiefs and clan heads for the establishment of new large and medium nucleus estates with outgrower schemes.
da plan for mobilizing support for the PSI-Oil Palm. The decision to include oil palm in the PSIs may confirm Parks’ and Cole’s argument (2010) that the process of development is primarily shaped by powerful political, economic and other social elites who exercise their influence to control formal governance institutions to advance their interests. However, failed negotiations and subsequent conflict within the PSI-Oil Palm indicate that pro-poor policy-making may need to be proactively shaped by political elites.

The COVE model may be argued to have been an NPP strategy to mobilize the support of rural communities and ordinary citizens and to motivate chiefs and clan and community elders in the various communities where state elites may have lobbied for electoral support. However, it can be argued equally strongly that the COVE model was an empowering strategy not just for electoral support but also for both rural growth and national development. Ghana was over-dependent on aid and donor support and a few commodity exports and needed to find new pillars for growth. The standard model for the distribution of business development services until now had been an urban one. Ghana was experiencing massive rural-urban migration as poverty deepened in agriculture production communities. The desire of the ruling NPP and political elites was to develop a pro-poor model for business services in rural areas that would organize poor rural producers and bring them into the main cash economy. The empowering pro-poor productive-sector programming of COVE was the motivation to get farmers to embrace and support the PSI-Oil Palm programme. And indeed, rural farming communities in all the selected districts who recognized the redistribution inherent in the COVE scheme strongly embraced the PSI-Oil Palm programme.

In essence, COVE was formally adopted in spite of the protests of established businesses or elites in the Ghana oil-palm industry because of the pro-poor vision of the political elites for a productive-sector enterprise. Putting COVE in the PSI-Oil Palm also reflected the government’s recognition of the need for the collaboration of poor rural farmers for the success of a programme that would impact on the national economy.

3.2 Inter-/Intra-Institutional Implementation Challenges and Conflicts

Much administrative and structural inefficiency defined the PSI-Oil Palm implementation process, but it can be argued that much of this had political undertones. For instance, a transient and unstable arrangement appeared to typify the initial establishment and institutionalization of the larger PSIs programme. After its launch in 2002, the PSIs was initially attached to the presidency and at one point supervised by the Chief of Staff, the Honorable Mpiani. When Alan Kyerematen, the political power behind the PSIs programme, was made Minister for Trade and Industry, the project was joined to his ministry. The PSIs portfolio moved again from the Minister of Trade and Industry to the new Minister for Private Sector Development, Kwamena Bartels. A cabinet reshuffle in May 2006 resulted in Kyerematen being made the Minister for the Private Sector. The result was the creation of a ‘super ministry’, the Ministry for Trade and Industry, Private Sector Development and President’s Special Initiatives (MOTI, PSD and PSIs), placed under Alan Kyerematen. In this cycle one sees desperate attempts to shield a policy strategy. Why were the PSIs moved back
and forth between the presidency and the ministries? The answer appears to be both political and administrative. This paper argues that institutional or structural problems were in part caused by the political elite’s desperate attempt to find the financial and capital resources to implement a programme independently of external aid. They were also the result of intra-elite conflicts in the management of the overall PSI programme and the state’s attempt to resolve an administrative problem without being subject to political ridicule.

Insufficient and unstable budgetary sources are the official reasons given for the failure of PSIs. Yet the lack of reliable and established financial resources to implement the PSIs existed right from the start. As indicated earlier, the design and mode of implementation of the COVE strategy for the PSI-Oil Palm was solid. But as an empowering strategy, the programme required much more investment than the government could raise from its budgets. The PSI-Oil Palm advisory board did not have an established source for the huge costs involved, yet deliberately ignored the alternative financing plans proposed by the established oil-palm industry. Stakeholders at Mankessim had suggested that, instead of the more elaborate COVE, the government resort to using local sources of credit through the National Investment Bank and work within an allocated budget to ensure the recovery of monies paid. This was ignored because the local industry would have been the main beneficiary of the alternative plan. Definitely within the allocated budget, more out-growers would have been recruited to increase yields and feed the established industry. But this would mean cutting out the out-grower ownership model, that is, the pro-poor empowering embedded in the COVE.

The main financial strategy to finance the PSIs was to raise government bonds. The government’s aim of raising $50 million from bonds for landmark infrastructural development in the country on the occasion of the nation’s 50th anniversary in March 2007 was a strong NPP strategy to move away from contracting loans and offsetting delays associated with conceptual loans from the international community. The successful issue of the $750 million sovereign bond in the international market listed on the London Stock Exchange had encouraged the NPP government in its plans to develop Ghana’s bonds economy as a means to diversify development financing. Thus, the NPP government had internal plans to deepen Ghana’s bond activity through the Ghana Golden Jubilee Bond. But this mobilization could not happen until nearer the occasion.19

Until then the state had to rely on scraping bits of funding together from any donor projects of relevance to productive-sector development such as HIPC funds, AgSSIP and EDIF, and placing the PSIs under the presidency and later more powerful ministers assisted this process. The PSI-Oil Palm project was able to source these monies to a greater extent than the other three PSI companions (salt, cassava starch and garments). This was because the President had a special vision and interest in employing this project to assist rural wealth creation. The Presidential Advisory Group on oil palm was therefore dealt with at cabinet level. A member of this advisory group, who was appointed by the President almost at ministerial level, the first National Coor-

19 As a retail bond, sales of it were to cover the whole country and beyond. The NPP government’s intention was to create an opportunity for all Ghanaians, both resident and in the diaspora, to share in the pride of the state’s development drive.
dinator of the PSI-Oil Palm, Kwasi Poku\textsuperscript{20} could go to Kwadwo Impiani, Chief of Staff, to mobilize funds from both sectoral and presidential sources. Placing the PSIs under the Presidency ensured that the programme could resource such funds. The PSI-Oil Palm project, for instance, was able to resource Ghc 45 billion through MASLOC for intercropping. MASLOC was established in 2006 by the NPP Government as an effective and viable strategy for poverty reduction. MASLOC’s role was to provide funds to micro and small-scale entrepreneurs to strengthen their operations. And, in line with the vision to help farmers see agriculture as a business, the PSI-Oil Palm’s management fashioned MASLOC as revolving monies lent to farmers for short-cycle crops to be disbursed twice a year and paid back when the crops were sold. Intercropping within the PSI-Oil Palm project was a deliberate strategic attempt by the NPP government to channel money to farmers as short-term loans to ensure the maintenance (and fertilizing) of the palm trees. The PSI-Oil Palm National Coordinator, Kwasi Poku, also insisted on internal technology transfer adaptation by renovating the technical Oil Palm Research Institute (OPRI) of the Council for Scientific and Industrial Research (CSIR) to produce seedlings rather than importing them. First, resourcing HIPC money from Minister of Finance Yaw Osafo Marfo\textsuperscript{21} the PSI-Oil Palm project contracted and supported the OPRI in producing pre-germinated oil-palm seedlings. Part of the Adaptable Credit of US$ 67 Million given to Ghana under AgSSIP was also employed to construct a new seed-store facility and rehabilitate some OPRI premises. Under AgSSIP, the OPRI was able to distribute 828,800 seedlings to 152 FBOs developed around twelve PSI-Oil Palm nurseries in eight districts, resulting in an area of 5,180ha being planted with improved materials, and at the time of this World Bank report an estimated 300 FBOs operating in 56 districts had planted 13,771ha under the PSIs (World Bank, 2007, p. 19; p. 38). The PSI-Oil Palm support of the OPRI turned out to be good business: London Sumatra teamed up with the OPRI, enabling the institute to begin exporting seedlings. In sum, the PSI-Oil Palm, as a result of good management and preferential funding treatment, was given a good start.

However, these piecemeal financial arrangements proved inadequate for the successful implementation of the PSI-Oil Palm. This is why financial support to farmers to maintain plantations and provide support and extension services began to

\textsuperscript{20} Kwasi Poku has been a member of the Board of Directors of OPRI since 2002. And was a team leader of a nine-member team of consultants undertaking a six-assignment programme to facilitate the commercialization of certain institutes of the CSIR (including especially the Food Research Institute, the Institute for Industrial Research, and the Building and Road Research Institute) and defining the role of a partially commercialized CSIR. Poku has been a member of the boards of directors of several organizations: Ayiem Oil Mills since 2003, the Oil Palm Research Institute since 2002, the Industrial Research Institute Management Committee in 1998, and the Cocoa Processing Company and the Ghana Oil Palm Development Corporation in the early 1990s.

\textsuperscript{21} During the NPP/Kufuor Administration Marfo was the Minister of Finance in 2001, Minister of Finance and Economic Planning until 2005 and then Minister of Education and Sports between 2005 and 2006. He headed and restructured two major Ghanaian banks, the Bank for Housing and Construction and the National Investment Bank between 1979 and 1992. He was also a founding Deputy Chairman of the Ghana Stock Exchange and served as chairman and a board member on several corporations, including Nestle Ghana Limited, the National Trust Holding Company, Merchant Bank Ghana Limited, the National Development Planning Commission, the Divestiture Implementation Committee and Donewell Insurance. Also a consultant to the World Bank, the African Development Bank and the United Nations Development Programme, he is presently a consultant for the World Bank advising the Ministry of Finance and the Legislature of the Government of Liberia.
fail within three years of implementation. The NPP government resorted to attaching aspects of PSIs projects to the budgets of various ministries. But these had not planned for such a huge project as the PSIs, and interviews at the Ministry of Finance revealed that many ministries were willing to part with only small amounts for the huge project that was the PSIs. Faced with the huge financial reality of the PSIs, NPP party members early advised the party to prune down the other seriously floundering PSIs, namely salt, cassava and garments. The plan was to give these three back to Alan Kyerematen to liquidate. This could only be done when the programme was under a ministry. In 2006 the PSI-Oil Palm was therefore moved back under MOTI to allow this liquidation of the other three PSIs. But Kyerematen chose to liquidate all PSIs instead of preserving the PSI-Oil Palm by asking its out-grower support units or OSUs and district coordinators nationwide to leave their posts and submit reports and documents on all items in their possession to the national PSI headquarters by the end of September 2006. Why did Kyerematen dissolve the PSI-Oil Palm along with the rest? Was this to save his face? After all, Kyerematen is believed to have proposed the three failing PSIs, which, amidst a tight financial budget, had not been given the preferential funding treatment received by the PSI-Oil Palm.

3.3 Intra-Party Political In-Fighting

At this point, the PSIs became more intensely the subject of intra-party politics. The first National Coordinator of the PSI-Oil Palm, Kwasi Poku, resigned in anger. According to him, the President wanted the PSI-Oil Palm to remain and be maintained. Oil Palm at this stage was not dependent on the consolidated funds; it had been moved out of them through the Jubilee funds and therefore should not have been included in the liquidation. Poku maintained that Kyerematen should have publicly identified the PSI-Oil Palm as the new focus of the PSIs, instead of liquidating them all. A new National Coordinator for the PSI-Oil Palm was announced, Kwame Addae. But he found his role to be more one of ‘holding the fort’ rather than project management. He was not of the NPP party elite group but held an ‘ordinary position’, so sectoral and presidential resources were not available to him as they were to the first National Coordinator of the PSI-Oil Palm. The new Coordinator also came up against strong resistance and non-cooperation on all fronts. Ministries which had cooperated with the first National Coordinator to mobilize funding were reluctant even to negotiate with the new management.

The PSIs had been politicized within the NPP party since its inception. There were allegations of divisions within the party over whether the PSI was an electioneering project of one faction of the New Patriotic Party that was perceived to be favoured by the President. This disunity combined with pre-election tensions to thoroughly undermine the mobilization of broad-based and unified support within the party for the PSIs. Yet it is significant to note that the political disunity that emerged with the liquidation of the PSI-Oil Palm appeared to emanate from within the same camp. And indeed, as he campaigned

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22 Bureaucrats in the agriculture sector ministry, specifically the Ministry of Food and Agriculture (MOFA), claimed in interviews that they hardly embraced the programme because the Ministry had not been invited to participate in the PSIs. Yet it is significant that it was through MOFA that funding for the PSI-Oil Palm was mobilized. Contract terms and conditions drawn up for engagement between OPRI, Nursery Operators, the Ministry of Food and Agriculture (AgSSIP) and the PSIs allowed the disbursement of AgSSIP money for the PSI-Oil Palm.
to become the presidential candidate of the NPP, Alan Kyerematen was constantly confronted by intra-party opponents with questions about how he had managed the PSIs when he was the Minister of Trade, Industry, Private Sector Development and PSIs under the NPP government. These intra-party opponents maintain that the failure of the PSIs is clear evidence of his failure as a minister and an indication of his poor managerial and leadership capacity.

The intra-party disunity over the PSIs clearly indicates that, although political and bureaucratic elites play a central role in the formulation and implementation of pro-poor productive-sector policies and programmes, they do not always act in harmony to achieve set policy goals. The combination and distribution of power and institutions are not always compatible. Consequently, elite power to plan or design pro-poor programmes does not necessarily translate into the collective will and power to make what is desired feasible. As has indeed been argued by Mushtaq Khan (2010) in relation to his political settlement framework, for pro-poor productive-sector programmes to succeed, the combination of power and institutions must be mutually compatible and also sustainable in terms of economic and political viability.

CONCLUSIONS

In an attempt to present a critical analysis of what motivates elite decision-making in pro-poor productive-sector policies and of the factors influencing the success or failure of such policies, this paper has evaluated the programme design of the subsidiary project of the PSI programme – the PSI-Oil Palm. It has identified historical, socio-economic, structural, financial and political variables that influenced the nature of political settlements and elite policy-making processes in relation to this industry in Ghana. One conclusion is clear from the analysis and debates raised in this paper: the PSI-Oil Palm (and arguably the PSI itself) was beset with a host of interrelated problems that did not make it a feasible government policy. Certain structures had the potential for ensuring the success of this nascent global industry in oil palm. Others stifled them – they neither encouraged institutionalization of the PSI-Oil Palm nor reinforced the sustainability of the programme. It is argued here that the successes and failures of public policies are generally overridden by political imperatives. The paper has also shown that it is not just the perceptions of elites (political motivations) but the confluence of several issues interacting and intertwining with local power interests and political differences that influence the contextual agendas and implementation of pro-poor productive-sector policy programmes. Sometimes, the convergences of all these factors work to produce different interests and perspectives even among diverse elites who claim to be speaking from the same perspective.

Focusing especially on divisions and/or consensual politics within elite policy-making and implementation processes illuminates the role of elites in the success or failure of pro-poor programmes. The PSI-Oil Palm programme reveals that political elites in Ghana do play a central role in the formulation of pro-poor productive-sector policies. However, they cannot guarantee the prioritization of implementation and hence the degree of success of such programmes. Implementation, it appears, also depends on financial and economic capacities, and whether or not there is a consensus among political elites and between the political and administrative elites on the objectives and procedural legitimacy
of the policies and the attendant programmes themselves. It is such consensus that spurs the mobilization of administrative, technical and financial resources to guarantee the successful delivery of productive-sector programmes. Divisions on these issues among categories of elites render the outcomes of pro-poor productive-sector policies complex and uncertain.


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