This tool has been developed by NEPCon under the project “Responsible Sourcing of Soy, Palm Oil and Cattle” with support from DANIDA, Ministry of Foreign Affairs of Denmark.
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Ghana Palm Oil Risk Mitigation Guide

NEPCon has evaluated the risk of illegality in Ghana palm oil supply chains across five categories:

- Business Issues
- Social Issues
- Environmental Issues
- Conversion
- GMOs

The CSR risks identified concern business issues, social issues and environmental issues. This Palm Oil Risk Mitigation Guide provides advice on how to mitigate the risks identified.

Palm Oil source types and risks

There are four Palm Oil source types found in Ghana. Knowing the “source type” that Palm Oil originates from is useful because different source types can be subject to different applicable legislation and have attributes that affect the risks.

- **Estates**
  
Palm oil from monoculture plantations (usually at least 40 hectares in size) owned and managed by companies which are usually integrated with a processing mill.
Smallholder farms - Scheme
Palm oil from farms supervised or managed by estate or scheme mill managers.

Smallholder farms - Outgrowers
Palm oil from farms located outside of the farmer’s own nucleus estate or are a tenant on a third party’s land.

Smallholder farms - Independent Smallholders
Palm oil from farms that are self-organised, managed and financed by independent farmers.

We have analysed the risks for all source types and found the risks differ between smallholder farms and the estates.

Map your supply chains
To effectively evaluate and mitigate risks in your supply chain, it is necessary for you to know where the source originates. This will allow you to determine your source type and mitigate the risks associated with that source type. As risks have been identified with all source types, supply chain mapping is necessary to further evaluate, specify and mitigate the risks.

The Supply Chain Mapping Tool (DD-07) can be used to record supply chain information at a detailed level.

The Supplier Management Form (DD-04) can be used to maintain a complete supply chain overview.
### Business Issues

The following six risks have been identified related to business issues in Ghana:

1. **Risk of palm oil farmers not having legal land tenure.** Many palm oil farmers in Ghana are developing land without having obtained legal title to the land (Land Title Certificate or Deed) and/or the right to develop (Development Permit) because the land tenure and development permit process is lengthy and many farmers do not wait for the process to be completed before developing the land. There is a risk of land being purchased from the wrongful owner because of the buyer not following the required land transfer procedures.

2. **Risk that smallholder palm oil farms do not comply with most legal requirements relating to plantation registration and management.**

3. **Risk of non-payment of royalties and fees.** Most palm oil farms may not be actively paying rent or may be in arrears because the Office of the Administrator of Stool Lands (OASL) does not effectively collect land rents.

4. **Risk of non-payment of Value Added Taxes.** Risk that palm oil farms, especially among smallholder farms, may not be charging VAT and NHIL because of ineffective law enforcement.

5. **Risk of non-payment of income and profit taxes.** Many smallholder palm oil farms and some palm oil estates do not pay corporate taxes because they are not registered with the Ghana Revenue Authority (GRA).

6. **Risk that smallholder palm oil farms do not non-comply with reporting legal requirements.** Many smallholder farms do not report occupational accidents and diseases which occur in the workplace to the appropriate government agency and/or submitting Monthly Contribution Report to Social Security and National Insurance Trust (SSNIT).

<table>
<thead>
<tr>
<th>Risk</th>
<th>Mitigation recommendations</th>
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<tbody>
<tr>
<td>Palm oil farmers do not have legal land tenure.</td>
<td>1. Land Registration Division (LRD) of the Lands Commission shall confirm ownership and validity of Land Title Certificate or property deed</td>
</tr>
</tbody>
</table>
2. The property deed (land allocation, lease or indenture) shall indicate clear management rights.

3. In areas with land ownership conflicts, consultation with neighbours, local communities, Office of the Administrator of Stool Lands, Lands Commission, and traditional authority shall confirm that land tenure rights are clear.

| Smallholder palm oil farms do not comply with most legal requirements relating to plantation registration and management.  
Note: Low risk for Estates |
|---|
| 1. Registrar General’s Department shall confirm valid business license to operate in Ghana.  
2. Farm or enterprise shall possess valid business registration documents.  
3. Ghana Revenue Authority shall confirm valid tax registration.  
4. Social Security and National Insurance Trust (SSNIT) shall confirm payment or receipt of contributions.  
5. Metropolitan/Municipal/District Assembly shall confirm Business Operating Permit to operate within the Assembly.  
6. The issuance of EPA permit and registration with EPA shall be subject to public disclosure and hearing prior to commencement of development activities on the land or farm.  
7. Stakeholder consultation shall confirm that registration of farm has been granted following legally prescribed processes.  
8. Food and Drugs Authority shall confirm valid business registration for palm oil production, supply or distribution, and export |

<table>
<thead>
<tr>
<th>Non-payment of royalties and fees.</th>
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</table>
| 1. Receipts of payment of land rent shall exist.  
2. Receipt of payment of business rate shall exist.  
3. Receipts of payment of property tax shall exist.  
4. Approved export permit from FDA shall exist.  
5. Paid export tax and fees shall match exported volumes as stated on the packing list. |
| Risk of non-payment of Value Added Taxes. | 1. Sales documents shall include applicable sales taxes like VAT and NHIL.  
2. Receipts for payment of sales taxes like VAT and NHIL shall exist.  
3. Quantities and qualities given in sales and transport documents shall match the fees paid.  
4. Sales prices shall be in line with market prices.  
5. Quantities and qualities shall match the sales documents.  
6. GRA shall confirm that operation is up to date in payment of applicable sales taxes. |
|---|---|
| Risk of non-payment of income and profit taxes. | 1. Consultation with GRA to verify that all required income and profit taxes have been paid  
2. Receipts for payment of corporate tax  
3. GRA shall confirm that operation is up to date in payment of applicable income taxes |
| Risk that smallholder palm oil farms do not non-comply with reporting legal requirements. | 1. Ghana Revenue Authority shall confirm valid tax registration.  
2. Registrar General Department shall confirm registration of business  
3. Register of the members of the company  
4. For companies with shareholders, a register of the shares of each shareholder and the amount agreed to be paid on each share and actual amounts paid  
5. Social Security and National Insurance Trust (SSNIT) shall confirm payment or receipt of contributions.  
6. The issuance of EPA permit and registration with EPA shall be subject to public disclosure and hearing prior to commencement of development activities on the land or farm.  
7. Stakeholder consultation shall confirm that registration of farm has been granted following legally prescribed processes. |

*Note: Low risk for Estates*
Social Issues

The following two risks have been identified related to social issues in Ghana:

1. **Risk of non-compliance and enforcement of Ghana’s labour legislation.** The lack of labour governance is due to a lack of sufficient resources, including office facilities, transportation, and fuel, to conduct inspections. Moreover, the workforce working in the informal sector, particularly with palm oil smallholders, is characterised by income insecurity, unsafe working conditions, incidences of child labour and lack of unionisation.

2. **Risk of poor health and safety conditions and/or non-compliance with the relevant H&S regulations.** These risks are present for several reasons including a fragmented occupational safety and health regime in Ghana, lack of workplace inspections, weak prosecution powers of occupational safety and health offenders, inadequate logistics for inspection and enforcement and inadequate staff for labour administration institutions. Risk that smallholder palm oil farms do not supply or supervise the use of Personal Protective Equipment (PPEs) or register staff with the National Health Insurance Scheme.

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<tr>
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</table>
| Non-compliance and enforcement of Ghana’s labour legislation. | 1. Companies shall have and maintain Workers Employment Contracts for all workers  
2. Seek evidence of SSNIT Registration numbers of staff and cross reference with samples of SSNIT Contribution payment receipts  
3. Company records shall confirm that all workers are covered by the NHIS as required by law  
4. Interview with staff and company payment records shall confirm that all workers are paid at least the legally established minimum wage (GH8.80 as of 01-01-17)  
5. Interview with staff and company employment records confirm that no underage person is employed (under 15) and personnel involved in hazardous work (must be 18) have attained the minimum age |

*Note: Low risk for Estates*
6. Stakeholders shall confirm that forced or compulsory labour is not involved in farm management activities

<table>
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<tr>
<th>Poor health and safety conditions and/or non-compliance with the relevant H&amp;S regulations</th>
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<tr>
<td>1. Company records such as purchase and PPE issue list and interview with staff confirm that all safety and health regulations are followed and all required safety equipment are used</td>
</tr>
<tr>
<td>2. Observation of activities on farm shall confirm that occupational health and safety requirements are observed by all personnel involved in farm management activities.</td>
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<tr>
<td>3. Interviews with staff and contractors shall confirm that legally required protection equipment is provided by the organization.</td>
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<tr>
<td>4. Interviews with staff and observation on field shall confirm that all requirements on safe working environment are observed.</td>
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Environmental Issues

The following three risks have been identified related to environmental issues for palm oil in Ghana:

1. Risk of non-compliance with environmental regulations. Some palm oil estates are not registered with the Environmental Protection Agency (EPA) and thus have not obtained the required EPA permits, conducted Environmental Impact Assessments (EIA), developed Environmental Management Plans (EMPs) approved by the EPA. Some estates have approved EMPs but do not fully implement the plan. Some palm oil estates and most smallholders may not have water use rights as required by law and may not fully observe the safety requirements guiding the use of pesticides such supervision requirements, use of appropriate protective facilities and clothing which will permit safe handling of the pesticide, and use of approved pesticides.

2. Risk that protected species may not be identified and protected before the establishment of palm oil farms. It is difficult to adequately assess the impact of palm oil farms on protected sites, species and HCVs due to lack of data, if environmental permits were managed in environmental RTE sensitive areas and/or the risk enforcement linked to environmental permits not being enforced. However, it has been reported that biodiversity of [off-forest reserve] areas are diminishing rapidly because of unsustainable farming methods and practices which may also apply to the palm oil farm sector.
3. Risk of threats to high conservation values (HCVs).

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<tr>
<td>Non-compliance with environmental regulations.</td>
<td>1. For palm oil sourced from estates, an EIA and environmental permit approved by the EPA shall be in place and the issuance of environmental permit and registration with EPA shall be subject to public disclosure and hearing prior to commencement of development activities on the land or farm.</td>
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<tr>
<td></td>
<td>2. The District Assemblies shall confirm the registration of farms exempted from water use rights or permits (note: Water use application that result in adverse public reaction shall be granted after public hearing)</td>
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<td></td>
<td>3. Water Resources Commission shall confirm the issuance of water use right or permit</td>
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<td></td>
<td>4. Farm shall have valid water use rights</td>
</tr>
<tr>
<td>Protected species may not be identified and protected before the establishment of palm oil farms.</td>
<td>1. For palm oil sourced from estates, an EIA and environmental permit approved by the EPA shall be in place and the issuance of EPA permit and registration with EPA shall be subject to public disclosure and hearing prior to commencement of development activities on the land or farm.</td>
</tr>
<tr>
<td></td>
<td>2. Evidence that comprehensive biodiversity surveys (potentially as part of an HCV assessment) have been undertaken to identify presence of legally protected species.</td>
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<tr>
<td></td>
<td>3. Evidence of management plans for protected species if identified in surveys including actions for their protection, survival, and prevention of poaching, are develop for the management area and surrounding landscape and are implemented.</td>
</tr>
<tr>
<td>Threats to high conservation values (HCVs)</td>
<td><strong>HCV 1:</strong></td>
</tr>
<tr>
<td></td>
<td>1. Environmental permit from the EPA, and the EIA that was conducted. Ensure that the EIA included an assessment of biodiversity values as defined under HCV1 and verify that environmental controls are followed in the field through evidence of an audit. Ensure that any legal requirements relating to the protection of the species or habitat are met.</td>
</tr>
</tbody>
</table>
2. Evidence that comprehensive biodiversity surveys and/or a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors) to identify HCV 1-6 have been undertaken. [https://www.hcvnetwork.org/als/public-summaries]

3. Evidence of management plans for rare, threatened or endangered species (RTE) include actions for their protection, survival, and prevention of poaching, are developed for the management area and surrounding landscape and are implemented.

4. The RTE management plan takes into consideration traditional hunting by communities outside the management area and includes specific activities to contribute to the protection and survival of RTE species affected by hunting.

5. Supplier records of stakeholder consultation with environmental NGOs knowledgeable on protected areas.

**HCV 2:**
*Low risk*

**HCV 3:**

1. Environmental permit from the EPA, and evidence the EIA that was conducted. Ensure that the EIA included an assessment of the rare and threatened ecosystems identified under “HCV occurrence” and verify that environmental controls are followed in the field through evidence of an audit. Ensure that any legal requirements relating to the protection of the habitats are met.

2. Evidence that comprehensive biodiversity surveys and/or a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors) to identify HCV 1-6 have been undertaken. [https://www.hcvnetwork.org/als/public-summaries].

3. Evidence of management plans for rare and threatened habitats include actions for their protection are developed for the management area and surrounding landscape and are implemented.
4. Supplier records of stakeholder consultation with environmental NGOs knowledgeable on rare and threatened habitats.

**HCV 4:**
1. Environmental permit, granted following an environmental impact assessment
2. Environmental management plan that details steps to manage any significant environmental impact that may result from the operation of the undertaking
3. Evidence of implementation of the national buffer zone policy
4. Evidence that areas of slopes above 30° are not cleared or planted.
5. Evidence that a High Conservation Value (HCV) and Environment Impact Assessment that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors) to identify HCV 4 have been undertaken. [https://www.hcvnetwork.org/als/public-summaries](https://www.hcvnetwork.org/als/public-summaries)
6. Evidence of management include actions for HCV 4 protection and ongoing monitoring of the status of HCV 4.

**HCV 5:**
- Low Risk

**HCV 6:**
- Low Risk

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**Conversion**

The following risk has been identified related to conversion in Ghana:

1. Risk of deforestation due to converting forest to palm oil farms. Risk that companies do not obtain the required environmental permit.

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Risk of deforestation due to converting forest to palm oil farms.

**Verifiers:**

- (1) geographic risk – examine time series tree cover (deforestation trends) by region/province/district ([http://commodities.globalforestwatch.org/](http://commodities.globalforestwatch.org/))
- (2) corporate risk – Corporate risk - Review the Zoological Society of London (ZSL)’s Sustainable Palm Oil Transparency Toolkit (SPOTT) tool to assess the palm oil producer’s commitments to environmental and social best practice which is based on publicly available information on disclosure of their operations.
- Check palm oil producers’ ‘environmental management’ and ‘fragile, marginal and peat soils’ scores: [http://www.sustainablepalmoil.org/companies/](http://www.sustainablepalmoil.org/companies/) and/or the company’s latest annual report.

**Control Measures:**

1. Obtain the shape file of the farm property’s boundaries and compare/overlay with mapping data from the following initiative that are using satellite time series images to detect the land change cover: [www.globalforestwatch.org](http://www.globalforestwatch.org)

2. Evidence that a comprehensive HCV assessment, including stakeholder consultation, was conducted prior to any conversion or new planting before November 2005. Evidence should include historical remote sensing imagery which demonstrates that there has been no conversion of primary forest or any area required to maintain or enhance one or more HCV.
About

Responsible Sourcing of Soy, Cattle and Palm Oil

Responsible Sourcing of Soy, Cattle and Palm Oil is a project aimed at creating awareness and capacity among Danish companies to minimise risks of social and environmental problems connected to sourcing palm oil, soy and cattle from developing countries. The project is run by NEPCon and SEGES and funded by DANIDA, Ministry of Foreign Affairs of Denmark.

NEPCon (Nature Economy and People Connected) is an international, non-profit organisation that builds commitment and capacity for mainstreaming sustainability. Together with our partners, we foster solutions for safeguarding our natural resources and protecting our climate.

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