

# BASELINE STUDY ON MODELS FOR SMALLHOLDER DEVELOPMENT WITH REGARD TO PALM OIL PRODUCTION IN CAMEROON



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## EXECUTIVE SUMMARY

In many cases, companies play a central role in encouraging or even driving the expansion of smallholder production through the provision of markets, financing or technical support, or through the development of formal outgrower or smallholder schemes. Therefore, they often have a strong influence on the type of production model used. In this context it is extremely important that there is an understanding amongst the companies about the implications of the approaches they use or support so that they can try to ensure that the best outcomes for smallholders and the environment are achieved. There are many different models of smallholder production. These can generally be distinguished into two different categories, including independent farmers or groups of farmers and supported or scheme smallholders. The purpose of this baseline study is to analyze the information on and learn from past and existing smallholder-agro-industry partnership models for palm oil in Cameroon with focus to Cameroon. The results of this study should allow SHARP to build on lessons learned and contribute to the development of sustainable partnerships between smallholders and agro-industrial corporations addressing environmental, social and economic issues.

Information collected through desk review, interviews (see appendix I) and from the workshop on partnerships between agro-industry and smallholders organised in Douala in February 2014 revealed the following:

- Challenges associated with the palm sector in Cameroon in general and smallholders in particular are complex and multi-disciplinary. Tackling these challenges should therefore need a multi-actor approach involving the public, private and civil society sector that should include among others the establishment of a dialogue/reflection platform between these sectors. This is considered a crucial step to effectively deal with challenges that companies and smallholders are facing.
- The partnership model between agro-industry and smallholders is not new to the Cameroonian palm oil sector. Important lessons can be learned from past experience including how to increase the palm oil production and yield per unit area. If the efficiency of smallholder production can be increased, palm oil production can increase without opening large new areas for expansion whilst also contributing to the development of rural economies. To improve production capacities and yields of smallholder palm production requires technical assistance and training of palm oil producers on good production.
- Despite investments by the Government of Cameroon to promote the involvement of smallholders in the supply chain of palm oil companies, the models that were adopted have not been successful. This is mainly due to the lack of mutual trust between smallholders and agro-industries related to;
  - failure by agro-industries to respect contractual commitments including reliable and fast payments;
  - unilateral and non-transparent fixation of the price of FFB by agro-industries;
  - the lack of reliable deliveries of FFBs by smallholders.

Hence, there is a need to establish a framework for a dialogue between the Agro-industry and smallholders that should help to rebuild trust between both parties and collaboration on sustainable palm oil production including the improvement of yields.

If partnerships between smallholders and agro-industries have to be revived in Cameroon the following requirements need to be fulfilled:

- Farmers should be encouraged to organise themselves into cooperatives to solve problems related to lack of information and cultivation knowledge about oil palm production because it is easier to deal with grouped people than dispersed individuals. The cooperative model is also necessary to empower smallholders during the negotiation with agro-industries and government.
- Development of new and pragmatic partnership models between agro-industries and smallholders (producers and processors) must be investigated with active participation of relevant parties including representatives of smallholders, industry, government institutions, representative of financial and development organizations as well as representatives of civil society.
- Research institutions need to be supported for sufficient production and distribution of improved hybrid seedlings to smallholders, provision of technical mentoring to smallholders for good practices in seedlings production and establishment. This should among others involve the decentralization of their activities to all key palm oil production areas.
- Necessary resources need to be mobilized to allow extension workers to intensify their efforts to educate the farmers on improved oil palm production management practices.
- The government must support the process of establishment of a win-win partnerships between agro-industries and smallholders and consider this as one of the key component of the national strategy for sustainable development of palm oil sector in Cameroon while creating enabling conditions for this to happen.
- The mutual trust and transparency between small holders and agro-industries need to be re-established to allow two parties to work together for the benefit of the development of the sector.
- The price of FFB should be determined in a transparent way with participation of representatives of smallholders. The price should also be competitive enough compared to the local market in order for smallholders to supply to industrial mills.
- A multi-actor framework for dialogue should be established where stakeholders can discuss and/or meet on an ad hoc basis to discuss issues related to sustainable partnership between smallholders and agro-industry in Cameroon.
- The Cameroon Government and the agro-industry could learn from the experience of Malaysia and Indonesia governments in terms of the development of partnerships between agro-industry and smallholders.

The findings of this study helped to identify potential areas where SHARP may contribute to help improving the existing but non-functional partnership between agro-industry and smallholders. These are:

- Contribution for further support for setting up a specific platform to discuss and share info on smallholder palm oil production.

- The participation of SHARP in the process of the development of the National Strategy for sustainable palm oil sector in Cameroon which considers the partnership between agro-industries and small holders as one of key components of this strategy.
- The collaboration with relevant partners such as CIFOR, WWF and ZSL to help with the development of possible models for companies to work with smallholders building on the experience in Asia and the work SHARP is doing elsewhere in Africa and Latin America.

## 1. Introduction

The SHARP programme is a multi-stakeholder partnership of organisations collaborating with the private sector to support sustainable smallholder development. Smallholders play a crucial role in global agricultural production and are likely to become increasingly important as global demand for sustainable agricultural product grows. Worldwide 500 million smallholder farmers support a total of 2 billion people and smallholders are estimated to supply 70 percent of the world's food, including a significant proportion of agricultural commodity crops. In many countries, production of agricultural commodities by smallholders is leading to expansion of production areas or changing practices in existing areas. This can be hugely beneficial, contributing to improved livelihoods and food security. However, production can also have negative social and environmental impacts, depending on the models of production adopted.

Many companies are also making commitments to producing and sourcing agricultural commodities responsibly, while at the same time needing to ensure that they contribute to local livelihoods and do not exclude smallholders from supply chains. In a lot of cases, companies play a central role in encouraging or even driving the expansion of smallholder production through the provision of markets, financing or technical support, or through the development of formal outgrower or smallholder schemes. Therefore, they often have a strong influence on the type of production model used. So it is extremely important that there is an understanding amongst the companies about the implications of the approaches they use or support so that they can try to ensure that the best outcomes for smallholders and the environment are achieved.

There are many different models of smallholder production with different financing, land tenure, management, environmental and social aspects and livelihoods benefits. The different types of arrangements and organisation structures for smallholders can generally be distinguished into two different categories, including:

1. Independent farmers or groups of farmers – these are farmers who manage their own lands without any direct support from either government or private companies. Independent farmers have greater autonomy in the management of their farms, and are free to sell their products to any buyers either directly or through traders;
2. Supported or scheme smallholders – These are farmers who manage their own plantations with some support from government or the private sector. The basic concept is that the government agency or private company provides technical assistance and inputs of seed stock, fertilizers and pesticides, access to finance, etc. There generally is a verbal or written contract delineating the agreement, and part or all of production by these smallholders are sold to the company. It is also

possible that the farmers land is fully managed by the company, in which case the smallholders are more like shareholders.

### **1.1. Objective of the study**

Both models are common in Cameroon and significant experience about their functioning does exist. However, systematic and focused analysis of the existing information to understand more comprehensively the elements of smallholder models as well as the key issues and challenges associated with their implementation has not yet been conducted. The objective of this study is to provide an overview of the existing models in Cameroon and the challenges and lessons learned in the implementation of the existing models in the palm oil sector.

The objective of this study is to identify key partnership models operational in Cameroon for palm oil production and analyze what each model delivers and why, and identify the major challenges associated with their implementation. This should help to develop the successful models or components of models that should be promoted to scale up partnership between smallholders and agro-industries to support sustainable development for smallholders while addressing environmental and socio-economic issues. This baseline study provides an overview of the work done to date, and identifies areas where SHARP can complement and provide further support. Moreover, lessons learned could be replicated elsewhere for palm oil development involving smallholders in Central and West Africa.

### **1.2. Methodology to conduct the study**

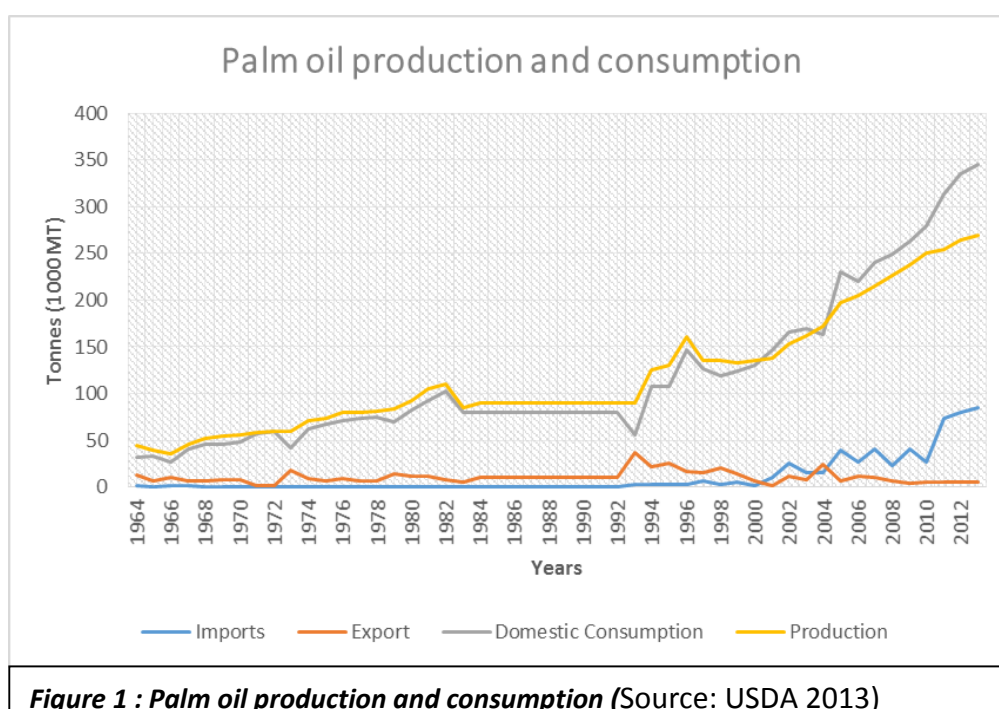
The information in this study is based on a desk-based review, interviews with key stakeholders in the palm oil sector, as well as the results of the workshop on win-win partnership between agro-industry and smallholders jointly organised in by WWF and SHARP in February 2014 in Douala.

The following specific activities were undertaken:

- Desk study to identify key issues for smallholder palm oil production in Cameroon. This helped to develop the background information on the history and current status of partnerships between smallholder oil palm growers and the agro-industry as well the key issues associated with these partnerships.
- Interviews with key stakeholders in Cameroon using a checklist with open questions, to get more specific information from the various key stakeholders on their experience and issues of existing smallholder models and issues in the palm oil sector in general.
- Organisation of a workshop on win-win partnership between agro-industry and smallholders. This workshop was jointly organised by the Ministry of Agriculture, WWF and SHARP on 13th and 14th of February 2014 in Douala. The relevant information from this workshop has been integrated into the findings of this study. This workshop enabled representatives of the key actors of palm oil production in Cameroon to discuss on how the existing models can be improved to fit with the needs of the parties involved and how to best address environmental and socio-economic issues as well.

## 2. Background of Palm Oil Production in Cameroon

Processing oil palm fruits for edible oil has been practiced in Africa for thousands of years, and the highly coloured and flavoured oil produced constitutes an essential ingredient in much of the traditional West African cuisine. Development of palm oil is therefore for great economic and social values for communities in West and Central Africa (Ibitoye et al, 2011; Carrere, 2010<sup>1</sup>). Ranked the 13th World's largest producer of palm oil, Cameroon production was estimated to 357,000 tons of palm oil in 2012 (USDA, 2013). Oil palm production in Cameroon increased considerably since early 1990,s (see figure 1) following the drop in the prices of cocoa and coffee, which were then the major commercial farming crops in the country. This caused many smallholders in the ecologically suitable areas to shift to establishment of oil palm plantations (Ngando et al, 2011)<sup>2</sup>. More than 80% of palm oil produced in Cameroon by agro-industries is exported (direct; comm. Ngom, 2013).



**Figure 1 : Palm oil production and consumption (Source: USDA 2013)**

Despite multiple efforts established by the Cameroon government to increase palm oil production, the demand remains increasingly unsatisfied mainly because of old and/or unproductive plants and insufficient fertilizers. The annual deficit of palm oil for domestic consumption is estimated to 100,000 tons. To reverse the trend, the Government committed to increase the production to 450,000 tons in 2020. This should be achieved through a combination of the following factors:

- increase of yields of existing oil palm plantations through improvement of agricultural practices by both smallholders and agro-industries,
- renewal of old plantations,
- increase of the area under oil palm production, and
- improvement of the efficiency of oil processing.

<sup>1</sup> Carrere 2010: Oil palm in Africa: Past, present and future scenarios. World Rainforest Movement series on tree plantations.

<sup>2</sup>

### 3. Oil Palm Development Models in Cameroon

In Cameroon, the oil palm growing is stratified in three sectors: an agro-industrial sector, smallholders (SH) and medium holders in contract with agro-industries and independent small scale producers (Bakoume et al 2002). Currently, two types of palm oil processing exist in Cameroon: industrial processing and artisanal processing. The artisanal processing is simple, but tedious and rather inefficient if compared to industrial processing.

Oil palm is cultivated in the seven southern regions of the country (see figure2), with industries gathered on the coast strip. This location of all the palm oil mills close to the littoral, and far from the northern frontier of oil palm cultivation, illustrates the independence of the farmers vis à vis agro-industrial mills (Cheyns and Rafflegeau 2005) and the presence of a well-developed artisanal sector of palm oil process to produce red palm oil - a commonly used local cooking oil -, palm wine and soaps.

#### 3.1. Industrial palm oil production

Industrial production of palm oil is not new to Cameroon. The first commercial plantations were established in 1907 under the German colonial administration in the coastal plains, around Mt.

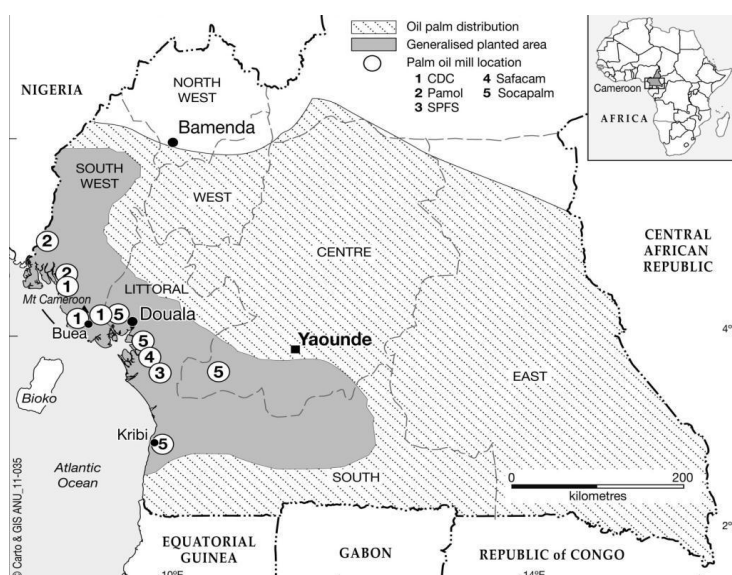


Figure 2: Palm oil production basin in Cameroon

Cameroon and Edea. The crop was further developed under the Franco-British regime until 1960 when it had reached an estimated production of 42,500 tons. After Independence, the Cameroon government took over the created industrial plantations and created new ones. The aim was to ensure sufficient volume for export to allow the country receive an important income. To encourage the development of cash crops production, including palm oil, the government assisted by providing agricultural inputs, creating and maintaining a road network, and by collecting the farmers' products prior to

transformation and/or exportation. This resulted in the creation of public sector companies like Société des Palmeraies (which later became SOCAPALM), PAMOL and CDC. However, the social and support aspects offered to smallholders, did not survive because with privatization, making profit became the driving force for the development of the industrial palm oil plantations<sup>3</sup>.

Currently, industrial oil palm plantations and palm oil processing in Cameroon are managed by five large companies:

- The French Group Bolloré which has three companies - SOCAPALM, SAFACAM and the SPFS known also as Fermes Suisses. This Group is currently the major actor in the oil palm sector in

<sup>3</sup>SHERPA, CED& FOCARFE, 2010, The Impact of the Privatization of SOCAPALM on Communities and the Environment in Cameroon: Briefing paper



Cameroon. It owns about 40,000 hectares out of the total 63,000 hectares of industrial palm oil plantations (see table 1 below).

- The other two companies are CDC and PAMOL belonging to the State.

Company	Year of creation	Number of mills	Oil palm plantations total area (ha)	Concession total area (ha)	FFB Tonnages	Palm oil tonnages	Average yield per ha
SOCAPALM	1968	6	31 051	58 063	396 039	84 888	2.58
SPFS	1977	1	3 683	6 000	56 000	11 000	2.98
SAFACAM	1897	1	4 700	15 500	58 750	11 750	2.5
CDC	1947	3	14 907	NR	91 558	18 388	1.32
PAMOL	1933	2	8570	11 532	60 648	12 215	1.39
Herakles F	2009	0	200	19 000			
Biopalm	2013	0	3 500	21 000			
Total		13	62 911	91 095	662 995	138 241	

Table 1: Distribution of oil palm plantations and capacity of production by palm oil agro-industries in Cameroon<sup>4</sup>.

It is important to note that the majority SOCAPALM and CDC palm oil plantations are old, which results in low yields per unit area. Yields from private managed plantations (SOCAPALM, SPFS and SACAFAAM) are almost double if compared with plantations managed by government companies (CDC and PAMOL). The yields of oil palm plantations depend on a number of factors that include agro-ecological conditions, quality of vegetation materials, agriculture practices, types of plantations, harvest organisation, etc.

Industrial palm oil production is considered by Cameroon government as an integral element in the government's growth, employment and poverty reduction policies. Therefore, the industrial production of palm oil constitutes one of the national priorities, primary to meet domestic demand and secondly for export. Following this, negotiations between the Government of Cameroon and International Companies are for seeking new land for palm oil expansion. It is reported that more than 1 Million hectares are subject to this negotiation. According to local and international environmental NGOs operating in Cameroon such as CED, WWF and Greenpeace, the major challenges should be how to develop these areas without negative environmental and social impacts on local communities.

<sup>4</sup> Ngom E, Ndjogui E, Nkongho N R, Iyabano A., Levang P., Miaro L, & Feintrenie L. 2014: Diagnostic du secteur élœicole au Cameroun: Appui technique pour l'œlaboration de la stratœgie de dœveloppement durable de la filiœre palmier œ huile au Cameroun

### 3.2. Smallholders oil palm production

In Cameroon, smallholdings form an important part of the palm oil supply chain. Smallholders manage about 40,000 hectares of palm oil, which represents almost 40% of the total land area of oil palm plantations in Cameroon.

The study conducted by Frentrenie in 2012 revealed however that most of small growers don't have access to good quality seedlings, use little fertilizer inputs, and sell their FFBs to artisanal processors. As a consequence, smallholder yields are lower compared to the yields and extraction rates of production companies.

Efforts are underway to get the smallholder palm oil production sector more organized, with support of the local Organisations and Associations such as UNEXPALM (Union Nationale des Exploitants de Palmier à Huile). UNEXPALM currently has about 2,000 members representing about 15,000 hectares of oil palm plantations. This Association receives financial support for its activities through a programme called PDPV (Programme pour le Développement des Plantations Villageoises des Palmiers à Huile). The promotion of smallholder plantations remains the priority of the government of Cameroon. According to Andrée Caroline Mabande supporting smallholders in the establishment of new plantations and increase their yields are the key components of the national strategy for sustainable palm oil development. Moreover, it has been agreed that new concession areas that will be granted to international companies should be limited to 20,000 hectares per company.

### 3.3. Artisanal palm oil processing

In addition to the smallholder oil palm growers, the artisanal FFB processing sector is well developed in Cameroon. This sector is almost exclusively informal. Artisanal palm oil processors are present in all palm oil production areas, especially in remote areas. Most of their FFB supplies come from smallholder growers, and they sometime even compete with agro-industries' mills in purchasing FFB. It is important to note that the artisanal palm oil processing is characterised by a low processing efficiency (11% against 23% for agro-industry mills) and by the wastage of palm kernel due to the lack of technology to process them. For instance one tonne of FFB processed by artisanal mill produces a maximum of 180 kg of CPO while the same quantity processed by an agro-industry's mill can produce 250 kg of palm oil (230 kg of CPO and 20 kg of PKO)<sup>5</sup>. Further, almost all artisanal processing units operate under conditions not respecting basic sanitary and environment requirements.

Despite considerable processing difference between the industrial mill and artisanal processing units, there is still a high interest of smallholders to sell their FFB to artisanal mills. According to the information collected during the interviews, one of the reasons is that smallholders consider that selling red oil on the local market is more profitable than to sell FFB to a mill (Emmanuel Ngom and Paul Felix Bangoweni, direct comm.).

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<sup>5</sup> Andrée Caroline Mabande is the Adviser N°2 of the Minister of Agriculture and Rural Development, (MINADER). She is one leading the process of the development of the National Strategy for sustainable development of palm oil sector in Cameroon.

<sup>6</sup>Lebailly, P & Tentchou J, 2009 : Etude sur la filière porteuse d'emploi « huile de palme

## **4. Experience of Partnership between Agro-Industry and Smallholders**

### **4.1. Role of Government in the development of partnerships for palm oil production**

In the perspective of providing long-term sustainable development opportunities for rural people, the government of Cameroon committed to promotion of smallholder palm oil production as an alternative to the need for investments through large scale agro-industries. Between 1978 and 1991, the government of Cameroon established a National Fund for Rural Development (FONADER) with the objective to provide financial support for the development of smallholders' oil palm plantations through partnerships between agro-industry and smallholders. This partnership was governed by contracts defining commitments of each party. The agro-industry had to provide technical advice, inputs and vegetation material to smallholders. In return, smallholders had to sell all their FFB to their partner agro-industry. Within this scheme, FONADER provided loans to smallholders through their partner agro-industry. Unfortunately, this model did not work successfully because of a number of reasons, including:

- Unilaterally and non-transparent fixation of the price of FFB by the agro-industries, which was not appreciated by smallholders;
- Failure by agro-industries to source FFBs from smallholders because companies increased production from their own plantations to fill up their processing capacity;
- Poor and degraded road network which limited the collection and transport FFBs from smallholders' plantations;
- The administrative procedures put forth by agro-industries to accept FFBs and to pay for FFBs delivered to mills are considered inappropriate by smallholders. Combined with the difficulties by smallholders to transport their FFBs to agro-industry mills, this resulted in big loss of FFBs on farms. To curb the losses and generate more income, smallholders resorted to artisanal transformation of FFBs to crude red palm oil.

Despite challenges and problems with the existing smallholder model, smallholder palm oil production continued to be very attractive. The Government of Cameroon through the Ministry of Agriculture and Rural Development (MINADER) supported a program for improvement of smallholders' oil palm plantations since 2004, with the support of the World Bank. This programme known as SOPDP (Small Oil Palm Producers Development Program (PDPV: Programme de Développement des Palmeraies Villageoises) involved a convention between the Cameroonian government and UNEXPALM, an Association for Smallholder oil palm producers (see section 3.2). The global objective of the Programme is the establishment of a competitive palm oil sector through a well-organized sustainable smallholder production. Key activities are structured around the following objectives:

- I. Increase of production of FFB and CPO, notably by the dissemination of improved seedlings;
- II. Improvement of technology to ensure increased efficiency of artisanal palm oil processing,
- III. Improved trade of palm oil through improved collaboration between the agro-industries and small holders.

In its first phase, from 2004 to 2009, UNEXPALM focused on increasing smallholdings' productivity by providing relevant smallholders with improved seedlings and facilitating their access to inputs and

technical advice. During the second phase, from 2010 to 2015, UNEXPALM focuses on farmers' access to modern mills and inputs, by improving infrastructures and partnerships between smallholders and agro-industrial oil palm companies (Ngom 2013, dir. comm).

## **4.2. The Experience of agro-industries**

### **4.2.1. Case of SOCAPALM**

Created in 1968 by the Cameroonian government, SOCAPALM (Société Camerounaise de Palmeraies) is an agro-industrial company whose main activity is the production of raw palm oil. It was developed based on the model of partnership between smallholders and agro-industry as defined in section 4.1. The company provided financial and technical support to smallholders with support of a loan from FONADER (see section 4.1) to support smallholders within a radius of 60km around its plantations. Support included technical assistance, inputs, improved vegetation material (seedlings) and collection and purchase of their FFBs. In return, smallholders committed to sell all their production to SOCAPALM, and reimburse the debt granted by the company with an interest rate of 9%. With this system the area of smallholders plantations as well as their income increased.

However, the end of FONADER funding coupled with the privatization of SOCAPALM in 2000, resulted in decrease of capacity of the company to provide technical support to smallholders and to maintain the road network. Further to this, the company decided to allocate their limited resources for the improvement of the supply capacity of their own plantations as a means to avoid potential risk from none or irregular supply by smallholders. On the other hand, the technical support from the company to smallholders decreased and resulted in the decrease of FFB production by smallholders. Subsequently, smallholders found themselves in a situation where they are not able to reimburse the loan or simply started selling their FFBs to other processors, including artisanal mills.

Currently, smallholders committed to supply their FFBs to SOCAPALM do it through a middle man who is also a SOCAPALM employee. Farmers are organised in independent cooperatives or independent individuals. They are linked through SOCAPALM by a non-binding contract. With this model, farmers benefit support from the company including access to fertiliser and planting materials through refundable credit, training on good agricultural practices and good work organisation. The company also creates and maintains roads and provides transport for collection of FFB as much as possible. In return relevant farmers must absolutely respect the company's rules. However, smallholders are not obliged to sell all their FFB to SOCAPALM. They can also sell their FFBs to processors of their choice. According to SOCAPALM, the price applied to purchase FFBs (currently 48 000 FCFA/ton of FFBs) is determined on an ad hoc basis through discussion between Palm Oil Companies, Smallholders' representatives and the government representatives. However, smallholders still feel that this price is not realistic if compared to the resources they invest to produce FFBs. For this model to work, SOCAPALM needs to pay cash money monthly, and make fertilizers and planting material available on smallholders' request.

#### 4.2.2. Case of CDC

As it was the case for SOCAPALM, CDC received a loan from FONADER (The National Fund for Rural Development) to support the Village Oil Palm Plantation Programme. However, the CDC-Smallholder Scheme was considered unsuccessful because of the following key reasons:

- Ambiguous attitude of the government and CDC management towards smallholder development;
- Smallholders felt exploited by CDC and not protected by the government. Consequently, they engaged in a variety of modes of resistance including<sup>7</sup>, selling their fruits on the informal artisanal market to avoid paying back their credits and dependency on enterprise;
- Non-reimbursement of the loans by the smallholders;
- Low running capacity of CDC mills due to insufficient supply of FFB by contracted smallholders.
- Insufficient trust of smallholders in the company who unilaterally fixed prices of FFB without negotiation with smallholders;
- Small growers also extended their oil palm plantations without technical support from agro-industries and using seedlings from various sources. This resulted in decrease of yield per unit area.

#### 4.2.3. Case of PAMOL

The PAMOL Smallholdings Programme is over 30 years old. They run smallholder programmes where farmers are grouped into zones. Some farmers are organized into cooperatives, while others work as independent individuals. The partnership between cooperatives and PAMOL is not regulated by any form of contract. Associated Cooperatives and individuals have access to technical assistance for managing their oil palm plantations. They also benefit from a discount on procurement of plantings materials. PAMOL buy FFB from smallholders at the price of 50,000 FCFA/ton. Smallholders cover the cost of transport of FFBs to and from the FFB at weighing station.

The company owns and manages 10,000 hectares plantation producing about 60,000 ton of FFB per year and two industrial mills of 15 tons FFB/hr. Although PAMOL encourages farmers to supply FFB to them through good price incentives, technical assistance and discount on planting materials, farmers are free to sell their FFB to other customers as well.

Many farmers working with PAMOL stopped or decreased their supplies of FFB due to the following reasons:

- The price of FFBs is unilaterally fixed by the company based on prevailing price of CPO and published for all to know. However, farmers consider the price per ton of FFB too low if compared with what they invest;
- The delays of pay by PAMOL to smallholders for the for the FFBs they supplied;
- Failure by PAMOL to transport FFB from smallholders' farms to the mill, mainly due to bad road conditions;
- Incentive for smallholders to sell to artisanal processing mills, as they generally pay cash directly through sales to the local markets.

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<sup>7</sup>Konings, P.J.J, 1993 (ed.) : Contract farming and capital accumulation in Cameroon : the case of the CDC smallholder schemes

According to PAMOL, the following requirements may help to improve the partnership between agro-industry and smallholders:

- Sustaining funds to buy smallholders FFB on cash and carry basis;
- Road maintenance by the government, through the Ministry of Public Works to facilitate access to smallholder farms;
- Facilitation of smallholders' access to fertilizers through assistance of the Ministry of Agriculture and Rural Development (MINADER);
- PAMOL is interested in RSPO certification, but requires financial support.

## 5. Key challenges to Smallholder Palm Oil Sector

The information collected through desk-based study, interviews with key actors and from the workshop organised in Douala in February 2014, helped to identify challenges associated with smallholders in palm oil production in Cameroon. These challenges can be grouped into three categories namely challenges specific to 1) smallholders FFB production, 2) challenges to processing and 3) challenges related to partnerships between smallholders and agro-industries. Each of these challenges are described in the following sections.

### 5.1. Challenges specific to producer smallholders

Information collected through review of studies and interviews with key stakeholders helped to identify the following challenges associated with smallholder oil palm production:

- Poor organisation of palm oil producers. Although smallholder palm oil production sector is emerging rapidly, this is done in a disorderly way. The sector is characterized by lack of effective organization of producers;
- Insufficient access to selected high quality seedlings, agriculture inputs and necessary equipment;
- Insufficient extension services on agriculture techniques for sustainable oil palm production;
- Lack of interest by young people in the management of oil palm. The vast majority of oil palm plantations and associated artisanal processing units are managed by old people including government retired staff;
- Lack of reliable data and information on palm oil production by smallholders. For instance, it is impossible to get the right number smallholders and the total area covered by their oil palm plantations.
- Poor road network and lack of maintenance of the existing ones does not facilitate access to smallholders plantations and collection of FFBs;
- Reluctance by new agro-industries to involve smallholders in their projects. In some areas, this resulted in conflicts associated with land tenure.

## 5.2. Challenges associated with artisanal palm oil processing

The following challenges are associated with palm oil artisanal processing:

**Unstable prices:** The prices of red palm oil (RPO) are unstable following the seasons and the resulting state of the roads. For instance, during rainy season, there is a limited influx of buyers due to bad state of the roads and the prices are reduced.

**Inadequate know-how:** Some of the processors have worked with the agro-industries and have a good knowledge of quality control methods in palm oil milling. However, more than 80% of artisanal processors have not acquired any training in production of red palm oil. Therefore, the processing efficiency of artisanal mills is poor if compared to industrial processing efficiency.

**Inadequate capital:** Some of the processing equipment are locally fabricated and requires regular repairs. Some mill owners may abandon their own palm oil mills to process fruits in another mill because of machine breakdown which they cannot afford to repair.

**Poor environmental management:** The waste generated from milling activities such as empty fruit bunches, palm kernel and fibers, effluent, are disposed around the processing unit and reduce space/surface area for milling activities. The accumulated waste also pollutes the environment and serves as breeding grounds for mosquitoes.

**Poor dynamics of smallholders' schemes:** The smallholders process and sell the red palm oil (RPO) individually without a common price at a particular season of production. They are not informed on improved sustainable processing methods, market strategies or market information system.

## 5.3. Factors limiting the success of partnerships between agro-industry and smallholders in Cameroon

The following have been identified to be the key factors hindering the sustainable partnership or collaboration between agro-industry and smallholders:

- Lack of mutual trust between agro-industries and smallholders which mainly resulted from not respecting commitments defined in earlier contracts;
- Lack of transparency, especially for fixing price of FFBs;
- Lack of mechanism for information sharing between different levels of the supply chain;
- The lack of consultation framework between key actors involved in the palm oil supply chain, including smallholders, agro-industry, government and first and second transformation companies.
- Insufficient capacity of agro-industries to collect all FFB harvested by smallholders. As a result smallholders are obliged to leave FFB rotting in the farm or along the roads which has further implications on paying back loans.

## 6. Conclusions and Recommendations

Based on the information collected through desk-based study, interviews with key actors and the results of the workshop on win-partnership between agro-industry jointly organised by MINADER, WWF and SHARP in Douala, Cameroon in February 2014, the following conclusions and recommendations are formulated:

- Despite the investment and support by the Government of Cameroon to promote partnerships between companies and smallholders in the palm oil sector, the partnership models that were adopted have not been successful.
- However, key players of the palm oil sector in Cameroon consider that such a partnership is utmost important for the development of a sustainable palm oil sector and for the development of the economies in rural areas. Therefore, necessary measures need to be taken to improve the situation and ensure a sustainable win-win partnership characterized by transparent and open relationships between the two parties. If partnerships between smallholders and agro-industries have to be revived in Cameroon the following requirements need to be fulfilled
- The existing experience with partnership models between agro-industry and smallholders as well the existence of UNEXPALM (the association to support smallholder) provide an opportunity to build on this past experience and to identify areas where measures need to be taken to improve from the current situation.,
- One of the key challenges in the existing partnership models is the lack of trust between smallholders and agro-industries. There is a need to establish a dialogue framework between Agro-industry and smallholders to deal with issues related to their partnership, including fixation the cost of FFB in relation to the cost of CPO. To reach this needs transparency by agro-industries on the information related to the production cost of CPO, which should improve the negotiation capacity of smallholders and the Association supporting them (UNEXPALM).
- To revive and improve partnerships between smallholders and the agro-industries in Cameroon, the following is recommended:
- The mutual trust between two parties need to be rebuild. To achieve this need frank dialogue facilitated by a neutral moderator.
- Farmers should be encouraged to organise themselves and form co-operative societies to solve problems like lack of or inadequate information and to cultivate knowledge about good agricultural practices. These group(s) could also be used as targets, mediums and agents of change. The cooperative model is also necessary to empower smallholders during the negotiation with agro-industries and government.
- New and pragmatic partnership models between agro-industries and smallholders (producers as well as processors) need to be developed with active participation of relevant parties including representatives of smallholders, industry, government institutions, representative of financial and development organizations as well as representatives of civil society. This can be best achieved through setting up a multi-actor platform for all parties to discuss on the issues, exchange information and to share lessons learned.
- Research institutions need to be supported for sufficient production and distribution of improved hybrid seedlings to smallholders, provision of technical mentoring to smallholders for good practices in seedlings production and establishment. This should among others involve the decentralization of their activities to all key palm oil production areas. To do so, necessary



resources need to be mobilized to allow extension workers to intensify their efforts to educate the farmers on improved oil palm production management practices.

- The price of FFBs must be fixed in a transparent way with participation of representatives of smallholders and smallholders need to ensure that the quality of FFB is good.
- The Cameroon Government and the agro-industry could learn from the experience and lessons learned of successful smallholder models in Malaysia and Indonesia and other countries in West-Africa like Ghana.

## **7. Key Activities where SHARP may provide support**

Based on the above analysis, the SHARP Programme may contribute further support for setting up a specific platform to discuss and share info on smallholder palm oil production. SHARP should also collaborate with relevant partners such as CIFOR, WWF and ZSL to help with the development of possible models for companies to work with smallholders building on the experience in Asia and the work SHARP is doing in Liberia and Gabon. SHARP could therefore test and collaborate with companies interested to adapt and implement these models in Cameroon

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## 9. APPENDIX 1: Summary of the key issues and findings from interviews

Name of interviewee and contact details	Organisation	Key issues raised during the interviews
<p><b>1. Emmanuel Ngom</b>                      Email:emma.ngom@gmail.com;                      Tel:+237 7760 2236</p>	<p><b>MINADER/PDPV</b></p>	<p>The palm oil sector is rapidly increasing in Cameroon. The government policy consists of increasing the production through active involvement of smallholders and extension of the sector by involvement of new investors (agro-industry) to increase the national economy while developing the economy of rural communities.</p>
	<p>MINADER/PDPV</p>	<p><b>Benefits of the partnership between agro-industry and smallholders:</b> Most large smallholder plantations are close to agro-industry mills and the transport is not difficult if compared to small areas mostly remote from mills; Effective partnership between smallholders and agro-industry ensure the availability of improved seedlings; Easy access to inputs such as fertilizers by smallholders which ensure a good yield per unit area; Access to training on production practices and close technical support by well-trained agro-industry staff; Maintenance of access roads which facilitated the transport of FFB to mills; Collection and transport of FFB by agro-industries from smallholders plantations.</p>
	<p>MINADER/PDPV</p>	<p>Key challenges for partnership between smallholders and agro-industry: The lack of information and data on production cost of CPO makes UNEXPALM to be in weak position for negotiation. Lack of transparency by agro-industry hinders the potential for the development win-win partnership. The transport of FFB to agro-industries mill is costly and most smallholders have decided to process their FFBs through artisanal mills. Small plantations remote from agro-industry mills prefer to process their FFB by artisanal mills and sell the red palm oil on local markets. Before the establishment of UNEXPALM, the FFB price was unilaterally fixed by the companies and smallholders did not have the opportunities to negotiate it.</p> <p>Some companies pay more than the price UEXPALM negotiated with agro-industries. For instance, PAMOL pays 52,000 FCFA/ton as an incentive to increase the FFB supply by smallholders. The lack of information and data on production cost of CPO makes UNEXPALM to be in a weak negotiation position. Lack of trust between agro-industry and smallholders</p>

Name of interviewee and contact details	Organisation	Key issues raised during the interviews
		<p>hinders effective partnership between these parties. It was reported that Agro-industries are not transparent and this needs to be improved for the benefit of improving partnerships. Finally, there is insufficient capacity of agro-industries to collect all FFB harvested by smallholders. This does not ensure consistent sourcing from smallholders who as a result look for alternatives to sell their fruit. This results in the establishment of a stronger artisanal processing sector that is competing with agro-industry mills.</p>
	MINADER/PDPV	<p><b>Requirements for the improvement of the partnership between Agro-industry and Smallholders:</b></p> <ul style="list-style-type: none"> <li>• Need of equitable formula that should be used to calculate the cost of FFB.</li> <li>• •Need to establish the modern mills to process smallholders FFB, especially in remote areas which are of less interest to the agro-industries. This should establish a positive competition between them and agro-industries and improve their processing efficiency if compared with artisanal processing;</li> <li>• Commitment of the government to take responsibility of or subsidize the public services that currently are done by agro-industries such as schools, maintenance of roads, etc.</li> <li>• Transparency in setting up the price of FFB ;</li> <li>• Ensure the purchase of all FFBs produced by smallholders to avoid the loss by smallholders resulting from the rotting up of uncollected FFBs; purchase of FFBs at their right price that take into account the investment by smallholders.</li> </ul>
<p><b>2. Paul Felix Banguweni</b>                      Email: unexpalm2007@yahoo.fr;                      Tel: +237 9976 5473</p>	<b>UNEXPALM</b>	<p>Smallholders with between 5 and 50 hectares represent 90% of the number of UNEXPALM members. However, the total area they manage represents 20% of all palm oil production area in Cameroon.</p> <p>Financial support to smallholders through agro-industry did not work well.</p>

Name of interviewee and contact details	Organisation	Key issues raised during the interviews
	UNEXPALM	<p><b>Potential benefits of partnerships between agro-industry and smallholders:</b> Smallholders collaborating with agro-industry are well organized and benefit from technical assistance if compared to the ones who don't receive it. The partnership allows smallholders to concentrate on the production of FFBS, to increase of the yield of the oil palm plantations; associated stabilization of financial revenues, creates opportunities and access to loans, improvement of the quality of roads and access tracks for FFBS collection; improvement of access to primary social services (health, education, clean water, etc.) established by company; easy and timely access to agriculture inputs through support by agro-industry.</p>
	UNEXPALM	<p>Key challenges for partnership between smallholders and agro-industry:</p> <ul style="list-style-type: none"> <li>• The lack of involvement of UNEXPALM in the negotiation of the establishment of new agro-industries and the lack of organization of the system of collection of FFBS from smallholder's;</li> <li>• poor access tracks and lack of timely maintenance of tracks;</li> <li>• lack of inter-professional consultation platform to discuss how benefits from the trade of palm oil could be redistributed throughout different levels of the supply chain and the lack of transparency by agro-industry which eroded the trust of smallholders towards them.</li> <li>• The unilateral fixation of the price of FFBS by agro-industries constitutes an important issue for improving partnerships between Agro-industry and Smallholders.</li> <li>• Agro-industry's interests don't necessary take into account the need for the development of the Smallholders;</li> <li>• The privatization of SOCALM resulted in negative impact on partnership between agro-industry and smallholders mainly because capacities of agro-industries to meet their obligations weakened.</li> </ul>

Name of interviewee and contact details	Organisation	Key issues raised during the interviews
		<ul style="list-style-type: none"> <li>• Artisanal production of CPO constitutes hard work for smallholders and results in big loss of FFB due to poor processing efficiency. Agro-industry mills run under their capacity mainly because the supply in FFBs is not enough.</li> </ul>
	UNEXPALM	<p><b>Requirement to improve the partnership between agro-industry and smallholders:</b>  <b>According to the respondent, these include:</b></p> <ul style="list-style-type: none"> <li>• Support to small holders to build their negotiation capacities with Agro industry is required;</li> <li>• Active involvement of the government in fixing the price of FFBs;</li> <li>• technical and subsidized financial support to smallholders;</li> <li>• negotiation between smallholders and agro-industries of the modalities and timing of payment for FFBs supplied to agro-industry and the contribution of each party to the maintenance of access tracks, organization of smallholders around the agro-industry;</li> <li>• joint fixation of the minimum annual supply of FFBs by smallholders to agro-industry, payment of bonus to smallholders in case of overproduction;</li> <li>• specialization of smallholders in FFBs production and not get involved in processing, improvement of the yield in favor of stabilization of revenue, access to loans by smallholders;</li> </ul> <p>Acknowledgement by both parties that they have to work together and develop palm oil jointly because the survival of one party should depend on the existence of other party.</p>
<p><b>3. Raymond Nkongho</b>            Email: nrndip@yahoo.com;            Tel: +237 7756 6369</p>	CIFOR	<p>The respondent has been working in the oil palm sector in general and the smallholder oil palm sector in particular since 2004. CIFOR focuses on training on good agricultural practices for smallholders and training and mentoring for good agricultural and environmental practices, etc. for agro-industry. CIFOR also provides support to artisanal processors to improve their processing efficiency, training on good practices.</p>

Name of interviewee and contact details	Organisation	Key issues raised during the interviews
	CIFOR	<p><b>Potential benefits of partnerships between agro-industry and smallholders:</b> Partnership schemes constitutes a way of fighting poverty for the rural masses, a way of enforcing social cohesion (or social peace) between agro-industries and smallholders, a way of avoiding further encroachment of agro-industries on the primary forest, since part of their production will come from smallholder plantations. It could be also a way to control theft of FFB which is currently very rampant on agro-industrial plots. Smallholders benefit from easy access to quality planting materials, regular inputs and technical expertise from company managers, which eventually leads to improved production. The smallholder also benefits from a ready market for the sale of FFB from their plantation.</p>
	CIFOR	<p><b>Key challenges:</b></p> <ul style="list-style-type: none"> <li>• Both parties fail to respect some terms of the contract binding the two;</li> <li>• Failure to provide the necessary technical and in-kind resources to oil palm smallholders, when the price of FFB is much lower than what smallholders can get from middle-men or artisanal mills;</li> <li>• The presence of artisanal mills poses a challenge on the partnership;</li> <li>• Delay in payment of FFB supplied by smallholders;</li> <li>• The bad state of access roads and the scarcity of transportation logistics couple with high cost form another challenge. Companies fail to maintain the roads leading to smallholder plantations and to evacuate FFB coming from smallholder plantations on time.</li> <li>• Management of smallholders by agro-industry is difficult;</li> <li>• Companies' prices for FFB were very low and even though the price of CPO increased at the international market, smallholders were paid low prices for the supply of FFB to the company. Companies gave priority for the payment of company workers and subsequently payment to smallholders for the supply of FFB was delayed at times by 3</li> </ul>



Name of interviewee and contact details	Organisation	Key issues raised during the interviews
		<p>months. Some smallholders diverted part or all of their produce to the artisanal mills for a quick cash and better income. Some smallholders failed to reimburse their credit.</p>
	CIFOR	<p><b>Requirements for the improvement of the partnership between Agro-industry and Smallholders:</b></p> <ul style="list-style-type: none"> <li>• The government should establish a regulatory structure to act as a referee on the partnership between oil palm smallholders and agro-industries. The price of FFB should be regulated by the government, taking into consideration the processing cost and the price of CPO on the free market. There is a need for the government to subsidize the cost of inputs. The Banks should be willing to provide loans at cheap interest rates, while smallholders on their part should make sure they supply their FFB to the companies in order to repay their credit, without which court action is needed on defaulters.</li> <li>• Development of a model that can ensure the sustainable bond between smallholders and companies.</li> <li>• Grouping smallholders into cooperative in order to ease their management.</li> <li>• Creation of the opportunity for dialogue amongst the different palm oil sector stakeholders in order to redress issues pertaining partnership between agro-industry and smallholders.</li> </ul>
<p><b>4. ParticeLevang</b>                      Email: patrice.levang@ird.fr;                      Tel: +237 2222 7451</p>	IRD	<p>IRD/CIFOR has 3 years palm oil experience in Cameroon, 10 years in Indonesia before that, in research and capacity building. They focus on supporting smallholders through research, favoring contracts between agro-industries and smallholders by trying to convince agro-industries to involve smallholders in specific schemes. CIFOR/IRD also conducts studies on artisanal palm oil milling.</p>
	IRD	<p><b>Benefits of partnership between smallholders and agro-industry:</b></p>

Name of interviewee and contact details	Organisation	Key issues raised during the interviews
		<p><b>Key challenges:</b> Repayment of debt by smallholders remains the major problem to solve; Wealthy agro-industries surrounded by poor landless peasants translates in theft and social unrest.</p> <p><b>Requirements for improvement of partnerships between Agro-industry and smallholders:</b> Nucleus Estate and Smallholder systems experienced in Southeast Asia could be adapted to Cameroonian circumstances; Equitable contracts, regular contacts, liberalized prices of palm oil, win-win conditions between the industry and SH. Control by the State, support by an Agricultural Development Bank, monitoring by NGOs (eventually); Independent organization, kind of ombudsman, to organize and facilitate discussion platforms. Convincing agro-industries that their interest is in supporting SH. Securing the funds to make it happen.</p>
<p><b>5. Martiale ClemenceTabodo</b>                      Email: ctabodo@relufa.org;                      Tel: +237 7750 9493</p>	<p><b>RELUFA</b></p>	<p>Experience in Palm oil sector since 2011 working mainly on advocacy in favor sustainable palm oil production respecting environment and the rights of local communities; Need of technical support to smallholders by government and other supporters for the increase of yield per unit area; The government should support the establishment of local processing units close to smallholder farms. RELUFA acknowledged the existence of partnership between agro-industry and smallholders. However, agro-industries profit more from this partnership than smallholders do. There is a lack of transparency by agro-industry, especially in FFB price fixing. The government is closer to agro-industry than to the smallholders.</p>
	<p>RELUFA</p>	<p><b>Key challenges:</b> land conflicts between agro-industry and smallholders; insufficient support to smallholders by government and other actors; lack of transparency on FFB price fixing; the partnership is characterized by non-respect of commitments by both parties.</p>
	<p>RELUFA</p>	<p><b>Key issues to be addressed:</b> A technical guide needs to be developed and made available to smallholders to help them to increase the yield per unit area. Smallholders must be supported to enhance to their negotiation capacities with agro-industries and government. Artisanal processing increased theft of FFBs on agro-industrial plots.</p>

Name of interviewee and contact details	Organisation	Key issues raised during the interviews
<p><b>6. Clement Toh</b>                      Email: Toh.Lo-AhClement@zsl.org;                      Tel: +237 77 94 85 42</p>	<p><b>ZSL Cameroon</b></p>	<p>ZSL has experience in the palm oil sector in Cameroon since July 2013. Their experience in the field is therefore still limited. They focus on advocacy, research, technical support and capacity building. They plan to provide training and mentoring with regard to sustainable oil palm and good environmental practices. ZSL is also interested in promoting partnerships between the agro-industry and smallholders.</p>
	<p>ZSL Cameroon</p>	<p><b>Benefits of partnership between agro-industry and smallholders:</b> Working together should allow smallholders to produce and sell their FFBs to agro-industries and Agro-industries should provide inputs like fertilizers and credit to smallholders to boost smallholder's production.</p>
	<p>ZSL Cameroon</p>	<p><b>Key challenges:</b> Distrust between agro-industry and smallholders and the tendency that they each try to benefit more and sometimes they cheat each other to achieve this. Some agro-industries are reluctant to collaborate when they see an NGO approaching them. Tackling this requires patience and continuous sensitization on the importance of best practices.</p>
	<p>ZSL Cameroon</p>	<p><b>Key issues to be addressed:</b> Advocacy, capacity building and to be done by NGOs, civil society and the government. National Interpretation of RSPO certification standard and development of National Policy and Strategy for sustainable development of palm oil sector. Increase corporate social responsibility awareness with support from NGOs and government.</p>
<p><b>7. Fideline Mboringong</b>                      Email: FMboringong@wwfcarpo.org;                      Tel:+237 75528486</p>	<p><b>WWF-Cameroon</b></p>	<p>WWF is involved in Palm Sector since 2012. Their experience about partnership between smallholders and agro-industries is limited. Their work focuses on advocacy, capacity building and research through CIRAD (for instance financial support to CIFOR for complementary diagnostic study for artisanal mills in the Sanaga Maritime). WWF supports the process of the development of the National Palm Oil Strategy, provides financial support for studies, diagnostic tools and capacity building for smallholders; Training on environmental practices and RSPO certification: Lobby agro-industry to engage in the process of RSPO certification and raise awareness of stakeholders towards RSPO certification. WWF is interested to promote win-win partnerships between smallholders and agro-industries (for instance through organization in the first quarter of 2014 a workshop aiming to raise awareness towards the improvement/development of partnerships between agro-industry and smallholders); and</p>

Name of interviewee and contact details	Organisation	Key issues raised during the interviews
		provides support for the development of a National Strategy for sustainable development of palm oil sector. It also advocates against opening up of new forest land for extension of palm oil plantations while thinking on how to increase yield of the land currently covered by palm oil plantations.
	WWF-Cameroon	<b>Benefits of partnership between agro-industry and smallholders:</b> Technical support, Better method for production and processing, The establishment of medium mills close to Smallholders farms may help to avoid loss resulting from artisanal processing, Fertilizers.
	WWF-Cameroon	<b>Key challenges:</b> Lack of awareness raising on good practices with smallholders; Lack of platform to discuss between Smallholders and agro industry; insufficient engagement towards the development of partnerships between smallholders and agro-industries; Insufficient commitment of both parties (smallholders and agro-industry) to better production practices (plantation level);
	WWF-Cameroon	<b>Requirement:</b> Need of capacity building and guidance by external parties; Additional financial resources, especially for technical support. This should help to cut down the additional cost of RSPO certification. National Strategy with improvement of partnership between agro-industry is one of the priorities; Investors to establish high efficiency mills close to smallholders and supply for FFB from them; Increase of the yield per unit area on the current land allocated for palm oil production (Gvt policy).
<b>8. Godswill NtsombohNtsefong</b> Email: ntsomboh@yahoo.fr; Tel: +237 7994 1910	IRAD	IRAD interact daily with smallholders who come to buy improved oil palm seeds at their Centre and give them guidance on how to better manage the seeds and seedlings they purchase. IRAD also provides guidance and effective nursery and plantation establishment and follow-up with smallholders. IRAD provided theoretical and practical training on efficient nursery and plantation establishment and management to field extension agents, NGOs, and intend to constitute groups of smallholders or identify and target constituted groups for the same. Some smallholders get germinated seeds from seed production centers (IRAD-CEREPAH and PAMOL...) and nurse them on their own for sale or for own plantations. Seedlings are also

Name of interviewee and contact details	Organisation	Key issues raised during the interviews
		bought both from production centers and agro industries (SOCAPALM, CDC, and PAMOL) and from other third parties.
	IRAD	<b>Benefits of partnership between agro-industry and smallholders:</b> The best known organized framework for smallholders in Cameroon is PDPV-UNEXPALM which is an impulse of the government to regulate and promote the sector. Most smallholders are independent farmers.
	IRAD	<b>Key challenges associated to access to improve planting materials by smallholders:</b> Lack of adequate or reliable information about formal/legitimate seed production and distribution channels; Lack of funding for consistent plantation establishment and management; Lack of technical knowhow on nursery and plantation management. Lack of marketing strategy for their products (FFB, oil); Lack of quality oil extraction techniques. Most smallholders obtain planting materials from third parties (mostly unidentified NGOs and individuals) who claim to supply good materials. It is only after five to six years when the materials are not performing well in the field that they inquire of good sources and discover IRAD to help them providing such materials. Significant heterogeneity of palms grown with consequently low yields of FFBs.
	IRAD	<b>Requirements:</b> Further training (through conferences, workshops, seminars, etc.) in the domain of oil palm development, logistics and financial support for the improvement and production of technical guides and training modules. This support should come from the worlds' oil palm network organizations and other third parties interested in the palm oil sector. Establishment of "Farmers' Groups" in the various production area should enable efficient follow-up in the field.
<b>9. Amiel Frédéric</b> Email: frederic.amiel@greenpeace.org	<b>Greenpeace</b>	Greenpeace has been involved in the palm oil sector in Cameroon since January 2012 focusing campaigns on bad palm oil projects and trying to promote better sustainability standards for palm oil production in the country. They are considering supporting the establishment of platforms for smallholders. They are also regularly working with the industry, trying to accompany them in developing and implementing sustainable standards and technologies for palm oil production.

Name of interviewee and contact details	Organisation	Key issues raised during the interviews
	Greenpeace	<b>Benefits of partnership between agro-industry and smallholders:</b> The partnership can be a solution if strictly guaranteed by national law ensuring the benefits are equally shared between the industry and smallholders. It can also contribute to the protection of the environment. Smallholders can access better facilities to process the oil from their fruits, as well as better seedlings and planting material. The opening and maintenance of good roads is also a crucial issue to address as part of developing partnerships between the industry and smallholders.
	Greenpeace	<b>Key challenges:</b> As FFB prices are not guaranteed by state, the smallholders can be subject to exploitation by the industry trying to reimburse indecent loans, while working with poor tools and planting material. The absence of an obligation for the industry to support the smallholders by fair prices and distribution of improved material led to the exploitation of the smallholders; Lack of will from the state to promote partnerships between smallholder and agro-industry.
	Greenpeace	<b>Requirements to improve the partnership between agro-industries and smallholders:</b> The state should provide guarantees for buying prices to maintain a level of equity between the contract parties. The role of a third party that could be the state or any other stakeholder powerful enough. Support for smallholders during the process of negotiating an agreement with agro-industry is crucial. Good trainings both for the industry and the smallholders to learn how to work together.
<p><b>10. Dr Culbertson Enow Etta (Plantation and Research Director)</b>                      Email:culbetta@yahoo.com                      Tel: +237 77834910</p>	<p><b>PAMOL Plantations (Ekondo Titi)</b></p>	<p>PAMOL runs a Smallholdings Programme where farmers are grouped into zones. They purchase the FFB at the rate of 50,000 FCFA from their weigh bridge. Transport cost is borne by smallholders. PAMOL has two industrial mills of 15 tons FFB/hr and they manage a 10,000 ha plantation producing about 60,000 ton of FFB per year. PAMOL sources FFB directly from smallholders through their smallholdings Department. They provide technical assistance in managing the smallholdings and give discount on the procurement of plantings materials. PAMOL encourages farmers to supply FFBs to them through good price incentives, technical assistance and discount on planting materials. However, farmers are free to sell their FFB to</p>

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		other customers. Some farmers are organized into cooperatives, but some are independent individuals. The cooperative is independent with no contract binding them with PAMOL.
	PAMOL Plantations (Ekondo Titi)	<b>Benefits of partnership between agro-industry and smallholders:</b> Smallholders prefer to be paid in cash and carry basis and this is working well. Due to the partnership between agro-industry and smallholders, smallholders adopted the use of improved plantation materials.
	PAMOL Plantations (Ekondo Titi)	<b>Key challenges:</b> Many smallholders stopped or decreased their supplies to PAMOL for the following reasons: Farmers were not happy with the price/ton of FFB; Delays by PAMOL in payment for the FFBs supplied by farmers; Delays in transporting their FFBs: Transportation of smallholders FFB is a major problem because of lack of transport and very bad roads leading to smallholders' farms.; Need to make more and direct money by processing FFB themselves. Not all farmers supply FFB to PAMOL. Some farmers process their FFB in artisanal mills and sell their CPO to the local market. This is mostly done in case of delay in transport of FFB to PAMOL mill which results in loss of weight of their FFBs.
	PAMOL Plantations (Ekondo Titi)	<b>Requirements to improve partnership between agro-industry and smallholders:</b> Sustaining funds to buy smallholders FFB on cash and carry basis; Road maintenance to smallholder's farms by government through Ministry of Public Works; Fertilizers to smallholders by government through MINADER.
<b>11. Michelle SonkoueWatio</b> Email: swmichelle2000@yahoo.fr; Tel:+237 9527 0615	<b>CED-Yaoundé Cameroun Organisation</b>	CED is involved in palm oil sector since 2005-2006 and works on issues pertaining palm oil development in Cameroon with a focus on advocacy in favor of the respect of the rights and improvement of working conditions for agro-industry workers. CED is committed to sustainable palm oil development.
	CED-Yaoundé Cameroun Organisation	<b>Benefits of partnership between agro-industries and smallholders:</b> The benefit is that it is relatively less hard work for smallholders to be related to agro-industry as compared to artisanal processing by the smallholders themselves.
	CED-Yaoundé Cameroun Organisation	<b>Challenges:</b> For a win-win partnership, between agro-industries and smallholders particularly in relation of the development of palm oil production, the price of FFB needs to be reviewed in order to ensure fair sharing of the benefits to be generated by the trade of palm oil on the

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		international market. This requires guidance from the government for the signature of the contract between agro-industries and smallholders.
	CED-Yaoundé Cameroun Organisation	<b>Requirements to improve partnership between agro-industry and smallholders:</b> Increase the FFB purchasing price by agro-industries; Provision of technical support to smallholders by agro-industries; Agro-industries must purchase FFBs from smallholder's plantations and ensure their transport to the mills. Advocacy on the side of government in favor of the organization of the palm oil sector through the establishment of a platform to ensure fair sharing of the benefits from palm oil trade through the supply chain. The government must play a role to make this happen.
<p><b>12. Sara BelaMfoum</b> Email :bmfoum@socapalm.org Tel : +23775068691</p> <p><b>Caroline Sonck</b> Email : csonck@gmail.com Tel : +237 97000290</p>	Bolloré Group (SOCAPALM and Fermes Suisse)	SOCAPALM has their own plantations and mills. However, they also source FFB from about 200 smallholders by working with them indirectly through middle man. This middle man is a SOCAPALM employee helping to organize the smallholders and coordinate the support they get from SOCAPALM. There is no binding contract between SOCAPALM and smallholders. Only a tacit contract involving a free relationship with smallholders is applied. Farmers are therefore free to choose to whom they can sell their FFBs. The reason for SOCAPALM to choose this model is to avoid the workload to manage the binding contracts as well as potential conflicts that may rise from their implementation. Smallholders supplying to SOCAPALM are all independent individuals. No cooperative is operating around SOCAPALM.
	Bolloré Group (SOCAPALM and Fermes Suisse)	<b>Benefits:</b> The partnership between agro-industry and smallholders include the increase of the FFB supply to company, the decrease of theft of FFBs from both industrial and smallholder plantations, the decrease of the deficit of palm oil production and the development of professionalism of the sector and respect of rules for sustainable development by all actors. Further to this, smallholders engaged to supply their FFBs to SOCAPALM benefit from access to fertilizer, better planting material (offering them credit/finance to obtain it), training on good agricultural practices and good work organization provided by SOCAPALM staff. They also benefit from maintenance of FFB collection tracks and transport facilities to collect FFBs from



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		the farms to the mill. In return, farmers have no obligation to supply their FFB to SOCAPALM and absolutely respect SOCALM's rules.
	Bolloré Group (SOCAPALM and Fermes Suisse)	<b>Challenges:</b> Some smallholders who worked with SOCAPALM before and then stopped or decreased their supply their FFB to this company because of remoteness of their plantations from the mill, inaccessibility of tracks and their decision to do their own extraction through artisanal mills. Some smallholders working with SOCAPALM don't respect their commitment and are selling their FFBs to other customers. The challenges include also the competition with the development of informal artisanal processing units who don't pay taxes, poor access road network and insufficient resources to provide the necessary technical support to smallholders.
	Bolloré Group (SOCAPALM and Fermes Suisse)	<b>Requirements to improve partnership between agro-industry and smallholders:</b> These include timely payment for FFBs supplied by smallholders and access to fertilizer and planting material on request. They also include technical support for training smallholders on the use of fertilizers to improve their agriculture performance and the access to improved seedlings.