

“Partnership between Agro-industries and Small Palm Oil Producers: What Partnership Models Work for Cameroon?”

Workshop Report

May 7-8, 2015

1. Background

The Smallholder Acceleration and REDD+ Program (SHARP) is a multi-stakeholder partnership of organizations collaborating with the private sector to support sustainable smallholder development. A baseline study was conducted in Cameroon in 2014 to analyze and learn from past and existing smallholder and agro-industry partnership models for palm oil in Cameroon. A first workshop on partnerships between agro-industry and smallholders was organized in Douala in February 2014. The workshop identified a multi-stakeholder approach as a possible strategy to tackle the challenges associated with the palm oil sector in Cameroon. The need to establish a framework for dialogue between agro-industry and smallholders was foremost among these challenges. Successful dialogue would help to rebuild trust and foster collaboration on sustainable palm oil production, including the improvement of yields. WWF has initiated this process through the facilitation of consultations to identify issues and constraints in the relations between two agro-industries (CDC and SOCAPALM) and the surrounding small palm oil farmers.

2. Purpose

The purpose of the workshop was to design partnership(s) model(s) between agro-industries and surrounding smallholders that fit the Cameroonian context to facilitate efficient, sustainable and mutually beneficial working relationships between the two sets of stakeholders.

3. Methodology

The workshop was organized in Limbé on May 7-8, 2015 with the participation of over thirty participants from: the Ministry of Agriculture (2), the Agricultural Research Institute for Development (1), the palm oil agro-industry (4), small palm oil producers (16), national NGOs (3), WWF (3), CIFOR (2) and, the Rainforest Alliance (2), which served as the SHARP representative.

After the opening ceremony presided over by M. Philip Forboseh, program manager of the coastal forest program of WWF Cameroon, the two-day workshop consisted of five main sequences:

1. An overview of the palm oil sector in Cameroon provided by M. Biyika Loui-Marie, a participant from the Ministry of Agriculture;

2. Presentation of the results of the assessment of potential challenges, opportunities and perspectives for win-win collaboration between agro-industry and smallholders (independent and out-growers), by Fideline Mboringong from WWF;
3. Presentation by Christian Mensah, SHARP representative, on five examples of collaboration between agro-industries and surrounding palm oil producers in Ghana;
4. Working sessions by each agro-industry and its surrounding producers on designing a partnership model to fit the local context to facilitate efficient, sustainable and mutually beneficial working relationships; and,
5. Plenary adoption of models by participants and a roadmap for their development.

1. Results

4.1 Overview of the Palm Oil Sector in Cameroon

In his presentation, the representative from the Ministry of Agriculture, Mr. Biyika Loui-Marie, explained the development strategy of the palm oil sector. Through this strategy, the government intends to create an enabling environment to improve the production of palm oil in order to meet national demand. The strategy depends on farmer cooperatives and the installation of mills at the district level. He mentioned that the final consultation processes would be held in June/July and urged stakeholders to participate actively to inform the strategy and support its implementation.

4.2 Assessment of potential challenges, opportunities and perspectives' for win-win collaboration between agro-industries and smallholders (independent and out-growers)

WWF presented the outcomes of its field visits to CDC, SOCAPALM-Dibombari and PAMOL-Lobé. The visits revealed the following challenges in the relationships between agro-industries and the surrounding producers:

- Access to finance: while companies want the smallholders to be self-reliant, smallholders are calling on government and companies to facilitate their access to loans from banks.
- Fresh Fruit Bunches (FFB) Markets/Prices and payment systems: for smallholders, there is a need to harmonize all prices and improve payment processes in order to reduce delays. Some companies are exploring new payment systems to accelerate cash payment.
- Farm productivity: both sets of stakeholders recognize the need for technical supports in order to increase yields in smallholder plantations.
- Mill performance: Mills owned by agro-industries are underexploited because of insufficient FFB from their plantations. Accordingly, there is a need for additional FFB from smallholder plantations. At the smallholder level, companies are called in to facilitate the transportation of FFB from smallholders' farms to company mills.
- Organization of smallholders: poor organization of smallholders is a limiting factor for negotiations and improved partnership with companies.

Discussions around this presentation were focused on the organizational capacities of smallholders and the lack of trust between agro-industries and smallholders. A main concern was that agro-industries proposed lower prices and later payment than artisanal millers who directly pay the producers once they receive the FFB. This challenge was attributed to the inefficient processing capacity and frequent breakdown of outmoded machinery. The majority of the agro-industries are unable to process FFB from their own estates, let alone absorb and integrate small producer production into their supply chain. The poor road infrastructure in the adjacent communities also makes it logistically challenging to procure FFB from the communities.

4.3 Examples of collaboration between agro-industries and surrounding palm oil producers in Ghana

Presentation of five examples of collaboration between smallholders and agro-industries in Ghana informed participants on how to develop and/or improve localized and adaptable collaboration models and a common understanding and expectation among key stakeholders about win-win partnerships between private companies and smallholders. The five cases are as follows:

- i. A company that has provided unutilized plantation land for Smallholder development;
- ii. A company supporting smallholders as an estate expansion strategy;
- iii. A partnership between a company and a farmer cooperative
- iv. A mill without a nucleus estate that is working with smallholders
- v. A transformation company that has established structures for integrating smallholder farmers

The description of each case was based on eight main principles:

- a) Land ownership
- b) Land users
- c) Selection of smallholders included in the partnership
- d) Plantation management
- e) Training and input services for smallholders
- f) Financing system
- g) FFB sales
- h) Loan repayment system

After each presentation, the workshop participants facilitated questions to better understand how they functioned, their success and failures. Main preoccupations of participants can be listed as follows:

- Roles and responsibilities of each stakeholder
- The setting of FFB price
- In cases where land was divided, a better explanation of the principle of splitting
- Principle for loan reimbursement

- Decision making processes

4.4 Working groups

In order to ensure a better understanding of how a partnership model can be designed, participants were divided into four main groups around each agro-industry area. The objective of each working group was to design a partnership model that fit their context in order to facilitate efficient, sustainable and mutually beneficial working relationships between agro-industries and their surrounding small palm oil producers.

The methodology was to describe each proposed partnership using the eight principles described above and define roles and responsibilities of each stakeholder. Representative of CDC and SGSOC were present and worked with their respective representative smallholders. SOCAPALM and PAMOL were absent, but the smallholders worked together to propose ideas to be later discussed with companies.

4.4.1 SOCAPALM group

A partnership previously existed between SOCAPALM and its surrounding individual producers. Difficulties in the relationship aroused after the privatization of the companies several years ago. For a new win-win partnership, propositions from producers are as follows:

Partnership principles	Propositions
Land ownership	Local community
Land user	70% by local population and 30% by the company. The 2005 amendment of the agreement between the state and the company provides a retrocession of 20,000 ha from the company area to local communities
Selection of smallholders included in the partnership	Criteria to be established by the cooperative
Plantation management	Determined by smallholders for their own farms
Training and input services for smallholders	Capacity strengthening by the company
Financing system	Access to loans with rate adapted to agricultural activity
FFB sales	Unique price during the whole year based on participative discussion between the enterprise and producers
Loan repayment system	Include a bank in the partnership. The payment of FFB can be transferred directly to the bank account of the producer

Roles and responsibilities are proposed for each stakeholder as follows:

Government	SOCAPALM	Producers	NGO
Arbitrary role Capacity strengthening of producers Ensuring the respect of the privatization agreement between the state and the company	Facilitate the payment system by adopting bank transfers instead of cash payments Road maintenance Participate in the capacity strengthening of producers Respect the partnership agreement	Respect the partnership agreement	Facilitate the organisation and contribute to producer training

4.4.2 SGSOC group

SGSOC is developing a smallholder scheme with the objective to apply for a RSPO certificate. The group constituted by two representatives of SGSOC and representatives of producers established the following results:

Partnership principles	Propositions
Land ownership	Smallholders own the land
Land user	
Selection of smallholders included in the partnership	<ol style="list-style-type: none"> 1. Minimum of 5 ha 2. Must be a farmer or have small enterprise management experience 3. Preference will be given to locals from the project area 4. Authorized minimum age of 21
Plantation management	Smallholders
Training and input services for smallholders	SG-SOC provided technical support and fertilizer and pesticides for the first four years
Financing system	SG-SOC provide partial financial support to smallholders through the cooperative
FFB sales	FFB price negotiation between SGSOC and the cooperative SGSOC collects and transports FFB from smallholders' farms to SGSOC mills
Loan repayment system	37% deduction of total annual sales of FFB starting 6 years from planting for a period of 6 years and 4 months

Roles and responsibilities agreed for each stakeholder as follows:

Government	SGSOC	Producers	NGO
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Legal backing (legal adviser) (MINADER as a regulatory body)	<p>Accompany producers to respect a particular certification scheme standard for best practices</p> <p>Fully acknowledge the customary rights of smallholder landownership</p> <p>Provide credit systems (Interest-Free Loans) available to smallholders on a secured basis</p> <p>Respect the partnership agreement</p>	Respect the partnership agreement	Capacity building
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4.4.3 CDC group

The group constituted by the representative of CDC and representatives of producers developed the following results:

Partnership principles	Propositions
Land ownership	Individual producers
Land user	Smallholders
Selection of smallholders included in the partnership	Cooperative to select smallholders following individual applications and guidance from CDC
Plantation management	Smallholder management of plantation
Trainings and inputs services for smallholders	<p>Cooperative to employ agronomist and technicians to provide technical guidelines and support</p> <p>Cooperative to source inputs on behalf of its smallholders</p> <p>Cooperative and CDC to provide training</p>
Financing system	<p>Self-financing by cooperative</p> <p>CDC to serve as back-up for cooperative to secure loans</p>
FFB sales	Cooperative contracted to sell a set minimum tonnage of FFB to CDC per year
Loan repayment system	<p>Payment of FFB made by wire to the producer/ cooperative bank account</p> <p>Loan on CDC seedlings paid over 15 years with income deductions by bank</p>

Roles and responsibilities agreed for each stakeholder as follows:

Government	CDC	Producers	NGO
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<p>Ensure that supplies and inputs are available at reduced rates</p> <p>Provide an enabling framework for business</p> <p>Do everything possible for the Rural Development Bank to be established in the very near future</p>	<p>Respect of contract signed between CDC and cooperative</p>	<p>Supply agreed annual tonnage of FFB</p>	<p>Capacity building of farmer association</p> <p>Empower producers</p> <p>Facilitate fair business and contracting</p> <p>Bridge gap between company expectation and smallholder reality</p>
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4.4.4 PAMOL group

PAMOL is actually unable to manage its own farms. All plantations around the Ekondo Titi area were established in 1970 and are already too old. For a new win-win partnership, propositions from producers are as follows:

Partnership principles	Propositions
Land ownership	Smallholders own their lands
Land user	Smallholders managing their land
Selection of smallholders included in the partnership	According to the cooperative rules
Plantation management	By the smallholder supported by the cooperative
Training and input services for smallholders	Government, company, NGOs and cooperative
Financing system	Government, company and member shares
FFB sales	Minimum rate to be defined between PAMOL and the cooperative
Loan repayment system	Through the cooperatives to smallholders

Roles and responsibilities are proposed for each stakeholder as follows:

Government	PAMOL	Producers	NGO
Supervise and regulate partnership Create access to loans and funding to farmers through the cooperative Training and input services Establish a mill in Lobé area for smallholders	Transportation of farmers' FFB to the mills	Protect both farmers and company FFB from theft	Create contacts between the cooperative and the external bodies

5. Recommendations

After the presentation and discussions around the working group results, the following recommendations were presented as main steps for the finalization and implementation of the partnership models in all four areas:

- 1- Establish functional producer structure in order to initiate the discussion with the company. The cooperative appeared in all proposed models as the main organizational structure for producers.
- 2- Restitution at the local level to share information within the company or among producers.
- 3- Participatory analysis at the local level between each company and its surrounding producers.
- 4- Negotiation and agreement on the partnership model.

6. Media Outreach

Coverage in local and international media informed the public about the workshop objectives and results, as well as about the palm oil sector in Cameroon. Summaries are presented in the table below.

Name of Local Media	Key content of report	Link to publication, if available	Contact

Mutation	Gaps between national demand and production of palm oil: main causes and potential solutions	Newspaper	Marthe Ndiang
Canal 2	TV report on the workshop: objectives and results		Taunah Tony, decontonydecon@yahoo.com
Camer.be	Reasons for partnerships and difficulties faced by stakeholders	http://www.cameroun-cameroun-sharp-wwf-rain-forest-chart-palm-oil-producers-win-win-partnership.html	Batama Bernard batamabernard@gmail.com
STV	TV report on the workshop: objectives and results		Mbom Constanteum Mc_consty@yahoo.com

Appendices

1. Agenda of the meeting
2. Presentations
3. Stakeholders mapping
4. Local Media publications

Appendix 1: Workshop Agenda

Day 1 : 07 May –2015		Interveners
8.30	ARRIVAL AT THE MEETING ROOM AND REGISTRATION	
9.00	Opening Ceremony <ul style="list-style-type: none"> • Welcome speech • Presentation of participants • Presentation of the workshop agenda 	<i>Proforest/SHARP</i> <i>WWF</i> <i>MINADER</i> <i>Rainforest Alliance</i>
10.30	COFFEE-BREAK	
11.00	National palm oil development strategy: update on the status	<i>MINADER</i>
11.15	Strengths and weakness of existing relationships in the Cameroonian context: summary of the last meeting results and WWF 2015 field mission	<i>WWF</i>
11.45	Existing platforms models in the palm oil sector in Africa	<i>SHARP</i>
13.00	Lunch	
14.30	Existing platform models in the palm oil sector in Africa	<i>SHARP</i>
15.30	Coffee-Break	
16.00	Organization of group work	<i>Rainforest Alliance</i>
16.30	End of the day	
Day 2 : 08 May 2015		
8.30	Working group discussions on the design of -partnership models	<i>Participants</i>
10.30	Coffee-Break	
11.00	Restitution and discussion	<i>Participants</i>
12.30	Road map	<i>Rainforest Alliance</i>
13.00	Lunch and end of the workshop	<i>MINADER</i>

Appendix 3: Stakeholder Mapping

Programme	Location	Partners	Contacts
Synergie Nationale des paysans Riveraias du Cameroun (SYNAPARCAM)	Plantations SOCAPALM (Dibombase-Mbongo-Mbanbou-SAFACAM-Ferme Suisse-Kienke et Eseka)	SOCAPALM React SHERPA	42 Villages Emmanuel elong (237) 674529387 (237) 695460938 Eelongg4m@yahoo.fr
SOCAPALM	Littoral Region Village of Ndoulou Around Fiko		Njim kang Etienne (237) 673754488
SOCIETE Cooperative des Planteurs du Palmier a heule de Fiko (SCPPF)	11 Villages in Souza – Kake – Mbonjo – Maleye – Kompina – Miang – Mangaba – Bessoumang – Penda Mboko – Di'bombari - Bomono	SOCAPALM	Manyaka Raphael M. Essoh Armand (237) 650669493 Armandessoh29@gmail.com
Mokake Mini Oil Palm Plantation of 15 ha. Smallholder with the Cameroon Development Corporation (CDC)	Buea	CDC	(237) 674125043 nmokake@hotmail.com
Betock Integrated Farms CIG	Betock Manyemen Nguti Sub-division	ACEFA, which provided a motorized oil mill	Makia Albert (237) 677553134 albertmakia@hotmail.com
UNEXPALM FAKO	Wonjia Village, Buea 125 members	UNIDO – built a 5t/hr mill – and the government, which provided a 4-w tractor	Mbella Elive John (237) 77406833 (237) 99506153
EKONDO NENE Oil Palm Cooperative Society Limited			677001615
Boka Young Farmers Cooperative (oil palm farming/food crops)	Boka – Bajoh village 35 members		Chief Zachee Nghohngandambou (237) 699967655 znnzoh@yahoo.com
Lobé Oil Palm Producers Union of CIG	15 villages with 631 smallholders	PAMOL Plantation PLC Lobé Estate Nalian	Chief Obie Moleka Nathian (237) 673077263 (237) 677241151
PAMOL	15 villages with over 600 smallholders	Lobé Oil Palm Cooperative Union (CIG) Lobé Estate Ndian division	Ako Julius (237) 677388806
Muwe ikome Hams O.	Bokwai – Buea 6ha Private farm	CDC	(237) 679668013
CENDEP – Cameroon (local NGO)	Training on conservation agriculture, NTF products and promotion of reforestation using the analog forest technique to foster forest coevolution	IRAD ICRAF Botanical Garden, UN institution - FAO	

