POLICY BRIEF

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Zero Deforestation Cocoa in Cameroon

Private sector engagement to support Reducing Emissions from Deforestation and forest Degradation (REDD+)

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UNIQUE forestry and land use

Key points

- The synergies between Cameroon's REDD+ process and the private sector's zero deforestation commitments create opportunities to mobilize public and private actors into partnerships that protect forests and deliver livelihoods gains for smallholder farmers.
- If combined with the right incentives and monitoring, increasing cocoa productivity can help Cameroon to reduce deforestation from the sector.
- Realizing zero deforestation commitments in the context of REDD+ in Cameroon, requires an enabling institutional environment for upscaling at the level of landscapes.

Audience

This policy brief has been prepared for companies in the cocoa value chain, public sector decision-makers, and international organizations with an interest in addressing deforestation and forest degradation surrounding cocoa production in Cameroon.

Acknowledgment

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Issue: Rapid action needed to strengthen Cameroon's cocoa sector and protect forests

Cameroon is Africa's third largest producer of cocoa, and a large number of rural households, depend on the income generated through cocoa production.[1] Cocoa export is an important source of foreign exchange for the country, characterized by a complex value chain from the farm to the market (Figure 1). Cocoa is currently Cameroon's third largest export[2] and cocoa sales contribute about 250 billion CFA francs ($426 million) to state coffers each year.[3] Recognizing the strategic importance of cocoa for national economic growth and rural development, Cameroon ambitiously aims to double its national cocoa production in the next two years.[4]

Cocoa productivity is extremely low in Cameroon, averaging around 350 kg per ha, while Côte d'Ivoire reaches 800 kg/ha and Malaysia 1,700 kg/ha.[5] However, Cameroon has the potentials to triple its production to about 1,500 to 2,000 kg per ha if better conditions are put in place and best practices implemented. Low yields are due to a number of reasons, including: poor knowledge of good agricultural practices, limited access to inputs and finance, and ageing cocoa trees that have not been renovated. Many public, private and non-governmental groups have identified cocoa business models that have potential to increase productivity substantially, but these have not been adopted at scale.

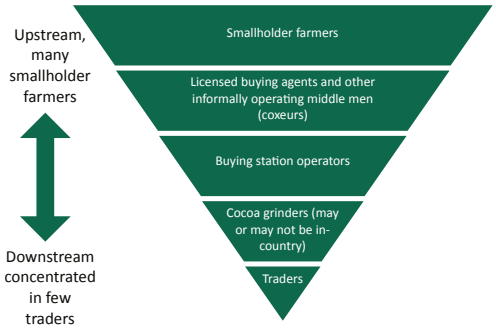

Figure 1: Cocoa value chain in Cameroon
Source: authors

The majority of Cameroon's cocoa is produced in or near forest areas, where cocoa is grown as a form of agroforestry. In many cases cocoa farms are established through clearing primary or secondary forest. Sometimes also through cutting and burning of natural forests, which harms biodiversity and ecosystem health. Expansion of cocoa production in other countries, such as the Ivory Coast, has devastated forests.[6] If Cameroon continues business as usual, the planned increase in cocoa production will cause significant deforestation and forest degradation.[7] Between 2001 and 2015, Cameroon has lost 752,000 ha of its forest, and the deforestation rate has increased significantly over the last 5 years.[8]

Opportunity: Synergies between cocoa production, REDD+ and private sector commitments to reduce deforestation

Investing in sustainable cocoa intensification provides Cameroon with an opportunity to increase its cocoa production without harming forests and biodiversity.[9] The majority of cocoa production in Cameroon occurs in shade grown systems under secondary forest canopies or inter-cropped with food crops. These agroforestry systems, if established and managed in a sustainable way, can provide a viable strategy for implementing REDD+.

Cameroon is currently developing a national REDD+ strategy and plans to submit an Emission Reduction (ER) program to

the Forest Carbon Partnership Facility (FCPF) that covers nine million ha of forest in the South and East regions of the country. The strategy and the ER program, both have a focus on improving agriculture and forestry production systems, including through agroforestry. REDD+ aims to protect the country's remaining forests by increasing the productivity of existing farmlands. Cocoa is an important crop in the context of REDD+ because of the substantial potential to increase its productivity, i.e. yield per hectare.

In parallel to the development of REDD+, the business community has recognized the importance of ending deforestation in their cocoa supply chains. In March 2017, twelve of the world's leading cocoa and chocolate companies (including those sourcing from Cameroon) agreed to a collective commitment to work together to end deforestation and forest degradation in the global cocoa supply chain.[10] Ending deforestation in the cocoa supply chain requires interventions at various levels: investments in forest-friendly productivity improvements are needed at the smallholder farmer level; sustainable landscape planning and robust monitoring and enforcement programs are needed at the landscape level to protect and restore forests. The link between implementing these commitments and REDD+ becomes obvious by recognizing that investments to increase productivity must be combined with land use planning, formal commitment of smallholder farmers to limit the expansion of cocoa plantations inside forests and law enforcement to ensure that cocoa production does not expand into remaining forests.

Activities around zero deforestation commitments and REDD+ should be linked in order to maximize their benefits. Developing partnerships between the government, private enterprise and smallholder groups can help to mobilize investment to jointly attain the zero deforestation cocoa objective. Cooperation through jurisdictional REDD+ initiatives enables the embedding of private sector commodity commitments within government programs to strengthen governance and land use planning activities.[11]

Recommendations and next steps

Figure 2 provides a summary of the methodology that provides the bases for zero deforestation commitments to be aligned with country-led deforestation reduction efforts, such as REDD+. It gives an opportunity to engage thousands of smallholders operating in remote areas, involving a complexity of traders and other intermediaries, such as cocoa in Cameroon (Figure 1). Below we explain the progress that has already been made on some of the steps, while others require more attention.

In most instances, cocoa production in Cameroon causes deforestation and forest degradation. To simplify the diversity of situations, cocoa production often results to deforestation and degradation of forests in Cameroon because farmers lack the resources required for investing in Good Agriculture Practices, specifically forest-friendly farm establishment. Forest land is cleared and burned because soil fertility is perceived to be higher on previously burned forest land. Therefore, addressing cocoa farmland expansion requires the provision of soil fertility measures in non-forest areas, including fallow lands or degraded landscapes. Most cocoa farmers have very small areas in production and live below the poverty line. Recommendation: improving small holder productivity is key to addressing the drivers of deforestation in the cocoa sector.

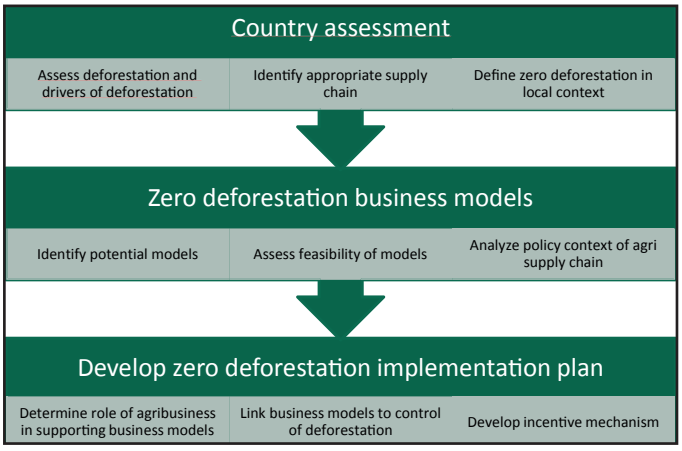

Figure 2: Steps to operationalize zero deforestation cocoa in Cameroon

The term "zero deforestation" must be defined in the specific context of where the commodity is being produced, taking into account location-specific biophysical and socioeconomic considerations. Defining zero deforestation should ideally be the objective of a multi-stakeholder process that brings together representatives from (at a minimum) three important actors: government (i.e. national or sub-national administrations), private sector (i.e. commodity buyer and supply chain actors) and producers (i.e. farmers and cooperatives). It is especially important to find appropriate mechanisms to engage smallholder producers, as they will play a key role in implementing the zero deforestation standards. Cameroon has not yet addressed this topic of defining zero deforestation. Recommendation: convene multi-stakeholder groups to define zero deforestation and align zero deforestation with the REDD+ policy process.

Deforestation can only be sustainably addressed if agents of deforestation are provided with a better alternatives. In Cameroon, business models for improving cocoa production systems have been proposed and tested. Good agricultural practices from farms to markets have been proposed. For example, good agricultural practices at many stages of production (farm management), harvest, and post-harvest within a mature cocoa plantation. Other business models focus on renovating old and unproductive cocoa farms. Furthermore, farmers would also benefit from improved organization of cooperatives, increasing their negotiating power in sale of cocoa. However, while business models are well understood, they are not widely adopted.

Recommendation: appropriate business models have already been identified, but need to be up-scaled to support broad farmer adoption.

The policy environment can provide important incentives or barriers to the implementation of zero deforestation supply chains that need to be well understood prior to implementation of activities. The current policy and regulatory framework as well as Cameroon's national development strategies provide (dis)incentives, regulations, and restrictions to zero deforestation approaches across the supply chain. **Recommendation: weak policy implementation and institutional redundancies need to be addressed in order to provide the enabling environment for the identified business models.**

Globally, large agribusinesses depend on the reliable supply of commodities and thus have an incentive to ensure the sustainable production of these commodities. However, due to the informal nature of the cocoa supply chain and the difficulty of tracing cocoa production to farm level in Cameroon, it is difficult for agribusinesses to invest in their suppliers. Cocoa beans often pass through a variety of intermediaries between the producer and agribusiness buyer, making it difficult or impossible for the agribusiness to know the origin of the bean. Direct purchase agreements are becoming more common, better enabling agribusinesses to invest in productivity and also helping farmers to better access finance. Purchase contracts can, in some cases, act as collateral in loans to farmers, reducing financial institutions' credit risk. **Recommendation: support cocoa supply chain traceability and closer links between agribusiness and producer in order to encourage agribusinesses to invest in productivity.**

Supply chain traceability is important for linking business models to the control of deforestation. If the zero deforestation business model aims to increase agriculture productivity, there is a risk that productivity investments actually drive more deforestation. This is because as agriculture becomes more productive, expansion investments often become more profitable, which can create incentives for further deforestation (sometimes known as the "rebound effect"). Deforestation can be controlled in different ways:

- **Jurisdictional approach**, where governments convene multi-stakeholder initiatives in order to establish a system of controlling and monitoring deforestation for a given jurisdiction.
- **Supply chain tracing** whereby agribusiness implement their own measures to monitor deforestation within a given geographical area or group of suppliers. This can be combined with adoption of existing independent certification schemes (such as Rainforest Alliance, which will be merged with UTZ).[12]
- **Investment-linked control**, which places the onus of monitoring deforestation on financial institutions that are lending to a group of farmers.

Recommendation: the appropriate means of monitoring deforestation has not been identified yet; this should be decided through stakeholder conversations and be based on the incentive mechanism developed, described below.

REDD+ provides an opportunity to address a number of key barriers to effective implementation of zero deforestation business models. REDD+ resources are available both for REDD+ readiness and preparation as well as performance-based payments. REDD+ grant funds could be used to provide technical support to the range of actors in the supply chain or develop a jurisdiction-wide monitoring scheme. For instance, the authors found that the weakness of farmer cooperatives is a key barrier to implementing sustainable business models and allowing farmers to receive a fair price for their product. Reimbursable REDD+ resources could play a key role in reducing risk of lending to farmers and catalyzing investment in zero deforestation business models. Reimbursable resources could be channeled via financial institutions or agribusinesses; there are a number of similar investment mechanisms supporting small holders in cocoa and other value chains in West Africa. Recommendation: a REDD+ incentive mechanism is to be developed at a later date, but any mechanism should target the drivers and agents of deforestation, investing in farmer productivity, linked to monitoring of deforestation.

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[10] https://agrifood.net/198-cocoa-industry-announces-cooperative-initiative-to-end-deforestation

[11] Kroeger et al. (2017). Eliminating Deforestation from the Cocoa Supply Chain. The World Bank Group.

[12] UTZ is a program and label for certified sustainable farming.

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