Articles

Oil palm in Cameroon: risks and opportunities

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Summary

Oil palm is a native of the central African region, and has been cultivated in Cameroon since times immemorial to produce cooking oil, palm wine, and soap. In 2011, about 100,000 ha of oil palm were grown by small and medium holders and 70,000 ha were owned and exploited by agro-industries. This area is not productive enough to cover the domestic needs for oil, and the country imports about 50,000 tons of crude palm oil per year (CPO/year). As a consequence the government wants to develop the sector, and explore several possibilities, including foreign investment in oil palm plantations. A major concern of the civil society is the direct consequence of rapid expansion of oil palm plantations, which can impact on local people’s access to land, induce the displacement of (other) food crop production, and directly or indirectly cause deforestation (indirectly where other crops are displaced and forests converted to new agricultural land). The paper questions the risks and opportunities for further oil palm development in Cameroon.

Introduction

Oil palm is the most oil producing crop. It produces an average of 3.66 t/ha/year, far ahead of rapeseed (with 0.6 t/ha/year), which is in second position (Jacquemard 2012). Suitable area for expansion of oil palm plantations are found in the equatorial climatic zone, which is also home to biodiversity-rich and partially untouched rainforests. This is the main reason for its low popularity among environmental NGOs and Western consumers. Oil palm plantations have been expanding quickly in recent decades, mainly in Indonesia and Malaysia. Nowadays, investors are looking for land for growing oil palm in other regions. International investors are attracted to Central African countries which have large areas of suitable lands for oil palm plantations. These countries often have insufficient law enforcement capacities (Karsenty and Ongolo 2012), and weak procedures to deal with foreign investments.

This paper is based on a literature review, interviews with oil palm cultivators, industries and experts in Cameroon, and the author’s own experience with oil palm development in Indonesia. It discusses the risks and opportunities for future oil palm development in Cameroon.

Oil palm in Cameroon

Though oil palm occurs in natural palm groves in the Central African region, and has been exploited for domestic consumption since records began, Cameroon remains in the 13th position as a palm oil producing country, with a production estimated at around 210,000 tons of crude palm oil (CPO) in 2010 (Ngom, 2011). Three types of plantation are present in the country: agro-industrial estates, contracted small and medium growers, and independent smallholders. Oil palm is cultivated in the southern part of the country, with processing industries concentrated on the coastal strip. The location of all the palm oil mills close to the littoral, and far from the northern frontier of the oil palm cultivation area, illustrates the self-reliance of the farmers vis-à-vis agro-industrial mills (Cheyns and Rafflegeau 2005). There is a well-developed artisanal sector which produces red palm oil - a commonly used cooking oil -, palm wine - perhaps the most popular drink in the country -, and soap.

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The Ministry of Agriculture and Rural Development of Cameroon estimates that about 100,000 ha of oil palm plantations were cultivated by small and medium holders in 2011 and 70,000 ha were cultivated by industrial plantations (Figure 1). But these estimations are rough and a global census of producers of Fresh Fruit Bunches (FFB of oil palm) and palm oil is still to be made (Ngom, 2011). Smallholders with less than 5 ha of oil palm plantations represent more than 75% of all oil palm growers in the country (Figure 1). Most of these do not have access to good quality seedlings, use little inputs, and sell their fruits to artisanal millers. As a consequence, the economic returns of smallholders are quite low in Cameroon, amounting to about 300 €/ha/year at peak production time (Ngom 2011), against 800 to 2900 €/ha/year for an Indonesian smallholder (Feintrenie et al. 2010).

There are a lot of job opportunities for women in the transformation of FFB into red oil and soaps, which are sold in local market places or on the road. The extraction of oil directly by farmers allow them to get an added value of about 150 €/ha/year (Ngom 2011), with no added production costs. In these conditions, it is more profitable for smallholders to sell red oil on the local market than to sell FFB to a mill. Often, men are responsible for the management of the plantations, and women are responsible for oil extraction, thus the production of oil on-farm allows household members to share work and income. The artisanal transformation of FFB and oil also provides an opportunity for income to widowers and single women, who have poor access to land.

**Risks and opportunities in future development of oil palm plantations**

At the present time, palm oil production in Cameroon does not meet the domestic consumption need; there is a yearly deficit in the commercial balance of palm oil, with yearly imports of 20 to 50,000 t refined oil (figure 2). The government considers that the development of the sector has potential as a source of employment and national revenue, and sees it as an opportunity to balance the import-export equilibrium.
Transnational palm oil companies and international groups are interested in getting involved in the sector in Cameroon (Figure 3). Currently more than 1 million ha are under negotiation between foreign investors and the Cameroon Government. The only sources of information regarding these negotiations are media and NGO reports. The lack of transparency concerning the deals being negotiated, including the size of the concessions, generate fears of corruption, deforestation, and negative impacts on local communities which may be under threat to lose access to land.

At the Land and poverty international conference organized in Washington DC (23-27 April 2012) by the World Bank (see http://www.landandpoverty.com), the representatives of the private sector who participated agreed that business plans considering agricultural development of more than 10 000 ha/year for oil palm development were not sound.
Land speculation is characterized by short-term objectives of economic benefits based on a rise in the price of land. It involves little or no plans for investment to add value to the land or produce. Speculators have been known to hide their actual objectives behind a business plan involving agricultural and infrastructure development which later do not materialize.

**Conclusions**

An improvement of oil palm Fresh Fruit Bunches production by smallholders would have direct economic benefits for the population of Cameroon, and would help develop employment in the artisanal processing sector. However, support to small-scale palm oil production might not be enough to balance the commercial deficit of the country in palm oil. Investments by private agro-industries are thus needed. Action in this field must be guided and monitored with much care by the government, to ensure that doors are opened to responsible investors interested in long-term benefits of investments, while at the same time being wary of land-speculation. A clear economic analysis of all the costs and benefits to small farmers, to the economy and to the environment needs to be undertaken and made public. Those who will benefit and those who will lose land and access to forests need to be made clear and any agreements with international

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1 Nurseries have been cultivated since 2010, to prepare 4,000 ha of plantations.
2 GMG manages 64,000 ha of oil palm plantations in Malaysia and Indonesia, with expansion plans up to 157,000 ha (source: http://goodhopeasia.com/pages/default/root/our_company/0, consulted in July 2012).
3 Sime Darby owns 521,000 ha of oil palm plantations in Indonesia and Malaysia and is also present in Liberia (source: http://www.simedarbyplantation.com/Upstream_Overview.aspx, consulted in July 2012).
agencies should require adequate compensation to the losers.

The government should thus be prepared to administer and manage related foreign investments. The land grab dimensions can, with correct policy, be attenuated through forcing co-cultivation of oil palms by large estates and smallholder out-growers. Appropriate laws and regulations must be instituted, which will give due attention to environmental and social impact assessments, environmental safeguards, effective public consultation (regarding the use and customary rights on the land involved), and proper technical review of business plans to assess their feasibility and sustainability in the long term. Foreign investments with no direct substantial benefit to the country and its population should not be allowed.

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References


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