

# TFA Africa Palm Oil Initiative (APOI) Regional Consultation

## 26 May 2021 Meeting Summary

---

### WELCOME, OBJECTIVES, & AGENDA REVIEW

Opening speakers Abraham Baffoe (Africa Group Director, Proforest) and Justin Adams (TFA Director) kicked off the TFA Africa Palm Oil Initiative [COP26](#) Regional Consultation with welcoming remarks and framing comments for the day. They provided messages on the need for investment in programs in the region and the importance of engaging smallholders. They also shared their confidence that the outcomes of this meeting will help make the case for strengthening the palm oil sector to Africa and empowering its smallholder farmers—to boost economic opportunities for people and communities that live and work in forested landscapes in the region, while protecting the region’s tropical forests. The consultation was framed as an opportunity to share updates and information on the COP26 Nature Campaign and associated [Forests, Agriculture and Commodity Trade \(FACT\)](#) Government to Government Dialogue Process, providing insights from the West and Central Africa region on smallholder engagement practices and investment opportunities.

### UK COP26 NATURE CAMPAIGN AND FACT DIALOGUE PROCESS

Three speakers shared details on the [UK COP26 Nature Campaign](#) and FACT Dialogue Process.



#### SIMON SHARPE, DEPUTY DIRECTOR, UK GOVERNMENT'S CABINET OFFICE COP26 UNIT

Mr. Sharpe shared background information on the COP26 Nature Campaign and the FACT Dialogue Process. He emphasized the need for a serious, systems-level transition in order to achieve meaningful change. Alongside chairing formal negotiations and encouraging individual countries to up their nationally determined contributions (NDCs), the [COP Presidency](#) is trying to stimulate: a strong focus in three of the largest sectors (nature, energy, and transport), cross-sector finance, and efforts to boost adaptation and resilience. Within the nature campaign, there are major efforts going towards convening the FACT Dialogue process. This initiative emphasizes jobs and livelihoods, food security, and economic opportunities—and most importantly, harmonizing each of these to catalyze a rapid transition to sustainable land use. Thus far, the FACT Dialogue has convened the largest producer and consumer countries of each of the highest risk commodities and agreed on a set of principles for negotiations. They hope to identify specific actions they can take to support smallholders.



TROPICAL FOREST ALLIANCE

**SABALI MESCHI, TFA AFRICA LEAD, TROPICAL FOREST ALLIANCE**

Ms. Meschi gave an overview of the [Multistakeholder Consultations](#) TFA is convening and facilitating to collect feedback from stakeholders across all sectors to inform the government to government discussions associated with the FACT dialogue. This meeting was intended to provide regional insights into the government to government process. Overall, the role of the Multistakeholder track is to advise the Dialogue, mobilize action, and champion progress. Smallholder support includes facilitating participation in markets; increasing access to finance to support stewardship, land management and productivity; supporting productivity improvements and access to technology; and enabling cooperation and partnership between countries.


**RUCHIRA JOSHI UK COUNTRY DIRECTOR, IDH THE SUSTAINABLE TRADE INITIATIVE**

Ms. Joshi spoke on the Multistakeholder Smallholder Thematic Deep Dive for FACT, which IDH is facilitating. IDH's approach is to convene leaders to identify concrete gaps and solutions, focus on transition to new production systems, and ensure solutions address both nature protection and agriculture production. They have facilitated one-on-one consultations with key parties to identify what the focus of the discussions should be. Through these consultations, investment has emerged as a topic of priority, specifically the need to increase smallholders' access to finance. Close to 90% of smallholder farmers do not have access to formal finance—and given that the agriculture sector must address demand for 50% more food while reducing emissions by two-thirds, providing smallholders with more access to information and capital can help bring about systemic-level transformation. To give context on the scale of this challenge, Joshi shared the total gap of smallholder financing is \$240 billion. Going forward, an overarching goal is creating access to credit and sharing information with millions of smallholders to reward them for being climate and forest guardians.

**ENGAGING PALM OIL & COCOA SMALLHOLDERS – CROSS SECTOR PERSPECTIVES PANEL**

Panelists from the public, private, and financial sector shared insights from engagement and investment in smallholder-related efforts in West and Central Africa.


**ME KOUAKOU, SENIOR RESEARCH FELLOW & COORDINATOR OF PROFESSIONAL AGRICULTURE ORGANIZATIONS, LE CONSEIL DU CAFÉ-CACAO**

Me Kouakou spoke on how the [Farm and Coop Investment Program](#) (FCIP) has been an example of public-private sector collaboration and how this program has been successful in supporting smallholders. In Cote d'Ivoire, a prominent feature of cocoa farming is family farms of 2-3 hectares. These smallholders earn less than 2,000 euros a year and live in a state of poverty, taking care of an average of ten people per family. To improve their livelihood, they need support—with the goal of transitioning them from being small farmers to small entrepreneurs. To facilitate this support, the Conseil Du Café-Cacao has put in place an investment program allowing smallholders to work with microfinance institutions to develop products that uniquely fit the farmers' needs (e.g., school credits or grants, loans to cover basic necessities). These products are designed to free-up income that can then be invested in the farm to improve yields and living conditions. Additionally, this program has allowed them to use technical advances through the digitization of loans, which has created guaranteed income for producers.


**ERNEST DWAMENA, COUNTRY MANAGER, SUSTAINABLE SOURCING, TOUTON GHANA**

Ernest Dwamena spoke to ways in which companies can help support smallholders in the region. He has helped farmers organize themselves better and improve their productivity and livelihoods. He created a diagnostic tool to assess farms in the form of a sustainability compliance framework and farm development plan, which looks at challenges farmers face and recommends remediation actions. For him, the key challenge is addressing the finance gap—when there is no financing, there is no way the farmer or coop / group will be able to implement recommendations from the tool.


**PETER UMUNAY, FOREST AND CLIMATE CHANGE, UNEP FINANCE INITIATIVE**

Peter Umunay spoke on what approaches UNEP FI has been supporting through projects such as “[1 for 20 Partnership](#)” and “[Restoration Factory](#).” The goal of this and other similar programs is promoting sustainable financing mechanisms and mobilizing investment for deforestation-free commodity supply chains to reduce deforestation. UNEP FI has worked to develop economic models to understand the factors that can facilitate effective decision-making and activate investments on cocoa. In these models, they looked at whether they can simultaneously support economic diversification by expanding income sources of producers, while also making progress on environmental issues and tackling deforestation. They are also working to match-up private sector investments to achieve funding at scale; to increase market access for smallholders; and to demonstrate to the private sector that they can invest in sustainable production and continue to make profits off of those investments.


**CHRISTIANE PAULE KONAN, LEGAL AND COMPLIANCE MANAGER, GREEN INVEST AFRICA**

Christiane Paule Konan spoke about Green Invest Africa’s unique commitments to developing the green economy in Africa and how the institution is supporting smallholder engagement in deforestation-free value chains. Green Invest has a strategy based on mobilizing all chains in society and using all levers so they can have a positive impact on even the smallest of farmers. Their approach aims to intervene 1) downstream through cooperating with the public sector and public companies, compiling indexes, and banking, and 2) upstream through work with local communities and smallholder farmers in the field to leverage local expertise (e.g., on training, silviculture, green projects). Konan attributes Green Invest’s innovation to this strategy of working with actors across the value chain. Presently, Green Invest is looking to scale up their initiatives, including through digitizing payments, making sure they can train people in field, and facilitating greater inclusion and access to microcredits.


**LADÉ ARABA, MANAGING DIRECTOR, AFRICA, CONVERGENCE**

Ladé Araba spoke to ways in which blended finance can provide opportunities to close the agriculture financing gap, scale up private sector investment, and provide innovative solutions to smallholders. She emphasized the need to think about scale, especially when aiming to attract private finance; taking asymmetries and uncertainty into consideration when thinking about reallocating risks; and facilitating the two most frequently used blended archetypes, concessional capital and technical assistance.

## SMALL GROUP DISCUSSIONS & REPORT-OUTS

Following the panel, participants broke into five small groups to discuss the specific needs smallholders are facing in the region and identify projects working to address these needs that are ripe for investment. They focused on the following three questions:

- What are solutions to addressing the needs of smallholders in the region? Who needs to be involved in implementing those solutions?
- What smallholder-related projects / schemes / models are you aware of in the region that could be scaled / replicated and/or require further investment?
- What is the most important message you want to deliver to the FACT dialogues about the needs of smallholders in West and Central Africa?

Each group reported out on their discussion and shared the most important messages they wanted to deliver to the FACT Dialogue. These key messages included:

- Support for smallholders exists but is not well coordinated. The regional market is there, but without access to institutions and coordination, smallholders may not be able to reach the market.
- Supporting smallholders needs collaboration from the private sector, NGOs, and government and requires long-term commitment. Banks and financial institutions have a critical role to play, and the public sector must provide an adequate framework and create guarantees on investments.
- It is essential to collect and organize data on smallholders and their needs. The government needs this information to identify smallholders and build solutions that can truly address their needs.
- There is a need to differentiate between smallholders involved in supply chains and those who are not involved in supply chains. In general, there has been significant progress with smallholders in supply chains, with promising initiatives that can be scaled up. However, for those who are not involved in supply chains, solutions are and will be diverse and more complex. Thus, we need two processes to think about supporting smallholders—one for those within the supply chain and one for those outside of it.
- In general, scale and timeframe are important to consider when thinking about providing support to smallholders. The scale of support must be large enough to prove significant impact, and timeframes must consider the need to show timely fruition of interventions.
- There must be mechanisms to stabilize costs and more equitably distribute them across the supply chain so that actors can make longer-term investments and achieve more stability.
- Implementing best management practices and building farmer capacity are essential in all smallholder support. Smallholders should be centered throughout the process and be involved from the start to ensure programs are accurately addressing needs. Likewise, smallholders need assistance to organize into groups and receive training on the business side of production to maximize the impact of additional support.

- The fight against deforestation requires the effective engagement of smallholder farmers in deforestation-free value chains. Taking into account the socioeconomic interests of small-scale farmers is a precursor to any meaningful progress.

## WRAP-UP AND CLOSING COMMENTS

Sabali Meschi of TFA and Abraham Baffoe of Proforest closed the meeting with some final reflections. Both thanked everyone for their contributions and emphasized the need for future coordination to implement impactful solutions. They shared that all of the input gathered today will be captured and feed the FACT Dialogue and that the group will continue to be engaged in the coming months leading up to COP26 to continue defining real interventions needed in Africa to support smallholders.