



The Sustainable Tree Crops Program (STCP)

Phase II Program

CORE PROGRAM SYNOPSIS

Five-Year New Phase

(Abridged Version: 9 April 2009)



Backdrop

In recent years, widespread recognition among African governments and their development partners of the strong role agriculture in general, and tree crops in particular, can play in the fight against poverty and in promoting rural economic growth has led to a renewed commitment to promoting agriculture development. Broad-based collaborative initiatives such as NEPAD's Comprehensive African Agricultural Development Program (CAADP) and The World Bank's Agriculture and Rural Development (ARD) practice are evidence of this trend and have the potential to improve rural livelihoods and bring renewed hope to the region's poorest farmers. As a primary source of export earnings and foreign exchange for many African countries, perennial tree crops play a vital role in the region's economic landscape. Sub-Saharan Africa accounts for 15% of the world coffee market while 4 countries in West and Central Africa alone provide nearly 70% of global exports of cocoa, by far Africa's most important tree crop. In Côte d'Ivoire and Ghana alone some 6 million people, mostly smallholders, are directly employed in producing cocoa. Millions more involved in trade, transport, processing, and export across the supply chain depend on cocoa for their livelihoods.

Unfortunately, declining levels of investment in agriculture and gaps in policy incentives have critically hampered the region's competitiveness and the productive capacity of smallholders, in particular. Existing challenges include increased farmer exposure to market volatility, imperfectly competitive markets & excessive marketing costs, low yields, poor farm-level technical knowledge, under-functioning financial markets and limited access to critical extension services and inputs. These challenges will need to be overcome if Africa is to reduce rural poverty, transform the rural economies, and successfully meet the Millennium Development Goals by 2015.

Evolution of STCP

Within the above context, a broad spectrum of tree crop stakeholders including development agencies, private industry, producer organizations, national governments, research institutes, NGOs, and policy-makers came together in 2000 to form the STCP Alliance. This unique public-private partnership has since sought to further its common vision of promoting rural economic growth through the development of tree crop systems in West and Central Africa.

In line with this vision and based on a broad stakeholder consultative process, the Sustainable Tree Crops Program (STCP) launched its three-year multi-country Pilot Phase in November 2002 to identify, test, and validate innovations in tree crop systems that could serve to guide future development investments in tree crop sectors. STCP Alliance members agreed that program efforts during the Pilot Phase would broadly focus on:

- 1) Promoting the production and marketing of quality tree crop products;
- 2) Improving marketing channel efficiency and raising incomes for small-scale producers; and
- 3) Creating environmentally friendly, socially responsible, and economically sustainable production systems.

Beginning in November 2002, Pilot Phase activities were implemented at the national level in the 4 pilot countries (Cameroon, Côte d'Ivoire, Ghana and Nigeria) by local and international non-governmental organizations, farmer groups, local governments, civil society organizations, research centers, among others. Liberia joined the STCP partnership in 2005. The initial focus has been on cocoa.



Illustrative Successes of STCP

The World Cocoa Foundation, the global cocoa industry and USAID have been the primary supporters of the effort, which is managed by the regionally-based International Institute of Tropical Agriculture (IITA). Some key successes are summarized in the STCP summary sheet (attached).

STCP pilot scale outcomes have been achieved by educational and other knowledge-based actions, with the public and private sector working hand-in-hand. Models of success will need to reach more of the 2 million small cocoa farmers, and set an example for other agricultural sectors in the region.

Cocoa and Agricultural Transformation

One of the questions underpinning this program is to identify how a healthy cocoa sector can contribute to rural incomes and structural transformation of the rural cocoa communities. A model of related markets was used to evaluate the impacts of technical innovations in cocoa, greater marketing efficiency, crop diversification, and promotional efforts in emerging cocoa consuming markets on producer incomes and the transformation process. In general, increases in the productivity of most agricultural commodities tended to reduce the farm income and producer surplus derived from those commodities. Such results are not surprising and similar findings characterize most agricultural sectors and are characteristic of the agricultural transformation process. Rapid productivity growth in agriculture is a sine qua non for the transformation of the rural sector. Eventually, over time the inefficient and high cost producers are no longer able to compete and seek alternative employment, while the innovators and early adopters of new technology increase their efficiency and grow their sales. In a liberal laissez-faire economy, the marginal producers would be left to their own devices. To ease the transition of marginal producers, a targeted, pro-active diversification policy is needed to move human and land resources into more gainful rural employment.

Results from the model suggest that it may be possible to achieve this transformation without a precipitous decline in overall farm income, if productivity enhancing innovations for cocoa and other major commodities (in line with the 6 percent growth advocated by the CAADP) can be accompanied by 1) the targeted diversification of marginal producers, and 2) reductions in agricultural marketing costs

Looking Forward

Following a positive External Review in early 2005, STCP Alliance members agreed to support the development of a 5-year regional plan building on Pilot Phase successes. A broad-based consultative process was implemented to inform national and regional stakeholders of the progress STCP has made to date and to solicit input as to Phase II priorities and the role the STCP platform should play moving forward in support of national and regional tree crop sector development efforts. Alliance members agreed to initiate the new phase as of October 2006.

STCP's overriding mission in this next phase remains:

“to improve the economic and social well being of tree crop farmers and the environmental sustainability of their systems in West and Central Africa.”



New is that the program will actively identify and promulgate ways by which the cocoa sector and cocoa communities will contribute to rural transformation and agricultural growth in line with the CAADP framework.

STCP's strategic objective is thus to contribute to achieving:

“growth in rural income among tree crop farmers in an environmentally and socially responsible manner.”

To further this mission, STCP will continue to identify and address priorities in tree crop supply chains, although the focus will move from testing innovations to identifying development pathways through which to facilitate broad-based adoption and institutionalization of validated innovations and policy measures among local, national and regional partners.

Based on the Review's recommendations, and stakeholder and STCP Alliance member feedback, a new 5-year program framework and key priorities for STCP's Phase II strategy is being proposed. From this, a “Core Program” has been developed, representing a prioritization to a minimum level of effort within this broader strategy that would sustain the STCP partnership to facilitate the scaling up of Pilot Phase validated innovations and to address highest priority innovation gaps and policy issues building on Pilot Phase insights.

Five strategic results reflecting a core set of Phase II priorities have been identified:

- ① **Enhanced productivity of cocoa farms through intensification** - Activities aim to increase the gross margins by 25-30% across farms participating in productivity enhancing innovations. These include integrated crop, pest and quality management, labour saving and farm safety enhancing technologies and practices, improved germplasm and planting material availability and delivery systems, integrated soil fertility management, cocoa regeneration on (already) deforested land, and new institutional arrangements for production support services and credit.
- ② **Enhanced marketing efficiency in the cocoa sector** - Activities aim to reduce the marketing margins by 5-15% between farmgate and FoB among farmers and local private sector participating in market efficiency enhancing innovations. These include enhancing competitiveness in markets, improving quality, adding value, and new institutional arrangements for marketing support services.
- ③ **Income alternatives in cocoa farming communities and agro-ecologies for equitable growth** - Activities aim to increase gross margins by 50% across farms participating in income enhancing alternatives. These include cocoa agroforestry systems, complementary cropping systems (e.g. other tree crops), and rural enterprise development.
- ④ **Improved policy environment to enable rural transformation in cocoa communities and agro-ecologies** - Activities in aggregate aim to increase productivity growth by 6% in the cocoa belt. These include impact analysis of innovation, investment and government regulation in cocoa production and marketing; and formulation, debate, prioritization, and promulgation of policy and regulatory reforms and public investments for the cocoa belt in line with NEPAD/CAADP productivity objectives.
- ⑤ **Scaling out of core program knowledge and expertise to tree crops in other agro-ecologies** - Activities aim to align productivity growth of selected tree crops in other agro-ecologies with overall agricultural productivity growth of 6%. These include



amongst others development of learning tools and approaches to address production and quality constraints, local capacity development, and impact assessment of introduced innovations.

STCP Core Program and Core Platform

The Core Program focuses on highest priority areas within the framework of the overarching Five-Year Strategy. It will also pursue the actual scaling up of validated innovations by national service providers. The Core Program will be implemented through a Core Platform. This Core Platform consists of a management unit at the region and in each country, each again linked to a core technical team of key expertise. Additional expertise can then be accessed through institutional linkages.

The role of the STCP Core Platform is to:

- Coordinate and provide leadership in the innovation of the tree crop sector and its contribution to rural transformation;
- Provide technical expertise, backstopping, and quality control;
- Facilitate the relationship with partners and dialogue across stakeholders;
- Identify key implementing partners for program components;
- Align with national and regional development initiatives & leverage resources for scaling up;
- Consolidate action plans and budgets; and
- Communicate the outcomes of the Program nationally, regionally, and internationally.

Engagement Guidelines

STCP has identified a set of principles of engagement to guide it in developing new partnerships and initiating new sets of interventions. STCP's role would be to:

1. Ensure that validated strategies and options improve tree crop farmer livelihoods economically, socially and environmentally, and contribute to agricultural growth and rural transformation.
2. Focus on developing and validating strategies and options that can be applied broadly across the cocoa and tree crop sub-sector nationally and regionally
3. Develop effective public-private partnerships in the sub-sectors to ensure market drivenness
4. Validate and synthesize criteria and measures for economic, environmental and social sustainability based on science and through engagement with key stakeholders in the supply chain
5. Identify mechanisms to empower farmers and their organizations to decide what options fit their needs best, building on an understanding of the issues provided through STCP-initiated training
6. Develop local capacity by training partners on methodologies, "best practices", and performance criteria
7. Identify mechanisms to share lessons across the region to avoid duplication and ensure synergies.



Key Outcomes of STCP Phase II to which the Core Program will contribute:

- A national and regional vision for cocoa and a broader awareness of the sector's contribution to the national and regional economy and employment,
- Strategic engagement cultivated between national/regional stakeholders and the global industry for sustained rural growth in the cocoa belt,
- Marketing and trading arrangements that are equitable and transparent,
- A generation of farmers as entrepreneurs building on improved biological assets, avoiding environmental degradation, and producing in a socially acceptable manner
- Centers of excellence in cocoa and tree crops research emerging with a more regional approach to cocoa research taking hold,
- Local institutional capacity developed that can continue to innovate and train,
- The regional tree crops innovation platform built around this public-private alliance secured,
- The cocoa sector setting the pace for other commodities like cashew, coffee, rubber, and oil palm.
- Livelihoods of tree crop farmers improved across West and Central Africa.

The core STCP Platform, which is managed by the International Institute of Tropical Agriculture (IITA), is supported financially by the United States Agency for International Development (USAID), the World Cocoa Foundation (WCF), and the global cocoa industry, which includes Archer Daniels Midland ADM Cocoa, Barry Callebaut, Blommer Chocolate Company, Cadbury plc, The Chocolate Manufacturers Association, Ferrero, Guittard Chocolate Company, The Hershey Company, Kraft Foods, Lindt, Mars Incorporated, Nestle, and Olam,

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