

Olam anticipates that access to finance, gender bias and climate change resilience will still be major issues beyond 2020 for smallholders

Olam expands on lessons learned from 5 years of the Olam Livelihood Charter

LONDON, July 11, 2016 – Despite extensive progress being made under its [Livelihood Charter](#), global agri-business Olam predicts that smallholder productivity across Africa, Asia and South America will still be massively hindered by lack of access to finance, equality for women and climate change impacts, unless far greater collaboration and knowledge sharing across agri supply chains becomes a reality.

“Smallholders grow globally consumed crops such as cocoa, coffee and cashew and if they don’t see farming as a viable livelihood then they will seek other work, typically in the cities. Since we launched the Olam Livelihood Charter¹ (OLC) 5 years ago, we’ve gone from supporting 64,290 smallholders to just under 345,000, accounting for 23% of our 2015 smallholder procurement. Thanks to our teams ensuring all 8 OLC Principles¹ are applied, plus the support of our NGO, customer and finance partners, we are definitely seeing yields, quality and income improve so it’s working as a business model.

“However, it’s fair to say that 5 years on, there is always more to be done,” explains Chris Brett, Olam’s Global Head of Corporate Responsibility and Sustainability.

“Let’s take access to finance. Although innovation in mobile payments and banking services has improved, limited rural banking infrastructure and lack of credit history is still severely restricting farmers and their ability to buy agri-inputs like fertiliser, hire labour, or invest. Even when lenders are present, banks are risk averse, while informal lenders charge high rates. So the finance gap is still being filled by the agri-sector. In 2015 Olam alone provided over US\$177 million in finance to cocoa, coffee, cashew, cotton, chilli, hazelnut, rice, sugar and sesame farmers.

“By 2020 our aim is to embrace about 500,000 smallholders across 1 million hectares under the OLC but there are millions more who need support. We have therefore identified another 5 key learnings to share with others in the field who may be facing similar challenges.”

1. We have to navigate local customs sensitively to empower women

Evidence shows that for every US\$1 earned, a woman will invest 90 cents in her family and community, compared to 35 cents for men. However, some traditions do not permit women to own farms, speak in meetings or even be present at training. Encouraging chiefs to permit and welcome women’s participation can be a slow process, and one that has to be based on mutual trust and respect. 2015 saw a 6% increase in female farmers under the OLC to reach 67,708.

2. Smallholders need to be equipped to deal with climate change now

When the OLC started, environmental training focused on protecting water bodies, preventing deforestation and safe pesticide use. But as the reality of climate change reaches farming communities, so has the urgency of mitigating impacts. Training farmers in climate smart agriculture²

(CSA) is essential to resilient rural livelihoods and it is firmly on the agenda across OLC projects in at risk zones. In 2015 this training reached about 60,000 farmers managing 110,000 hectares of cocoa, coffee, cotton, cashew, sugar and black pepper.

3. Training needs to go beyond the classroom with financial reassurance

Although we are seeing increased yields thanks to training, behaviour change back on farm takes time to achieve. Farmers have to put their faith in advice that may be contrary to generations of tradition or they may not be willing to take what appears to be a financial risk. Pruning is a good example: while it will help the tree to flourish in the future, a cocoa farmer may choose not to risk losing branches that may have yielded even a small number of pods in the past. Hence the importance of longer-term financing while the tree rejuvenates, as well as establishing more model farms and demo plots (1,816 in 2015 - an 89% increase on 2014) to run alongside group and 1-1 training (254,146 farmers received training in 2015).

4. We can't just focus on cash crops – farmers need to grow a balanced diet

Most agri-training focusses on increasing the productivity of income-earners rather than stomach-fillers but food security is vital for farmer wellbeing. In 2015, the OLC cotton initiative in Côte d'Ivoire formalised its approach. The team delivered training on improved nutrition to 4,000 farmers, provided US\$2 million worth of agri-inputs such as fertiliser for staple food crops like rice, and launched 'Project Maize' which saw farmers more than double their yields as a result of new varieties of maize that were distributed.

5. Tech really is a game changer

Technological advances will drastically benefit both farmers and customers in ways we have not yet foreseen. Already, the application of GPS mapping, big data and online systems have made significant leaps in traceability and our ability to tailor agri-advice down to individual farm management plans.

Until now, the data from remote smallholder farms has either been completely inaccessible or has required manual collection and collation. Now information, including agricultural practices, production inputs, finances, yields and GPS data, is recorded and analysed centrally through the Olam Farmer Information System (OFIS) developed by Olam Cocoa. Tens of thousands of cocoa, coffee and rubber farmers have already registered, and the platform will be rolled out to other products over 2016 and 2017 enabling more effective intervention.

To read more about the challenges, solutions and full results achieved under the 2015 Olam Livelihood Charter [click here](#).

To read more about Olam's overall approach to growing responsibly, the 2015 Corporate Responsibility and Sustainability Report is available as a 'deep dive' [web report](#) with [downloadable pdf](#) and as an [Executive Summary](#).

Issued on behalf of Olam International Limited by: Gong Communications, 1 Blandford Street, London, W1U 3DA

For further information, please contact:

Olam Corporate Communications

Nikki Barber, Global PR Manager, nikki.barber@olamnet.com

Gong Communications

Sarah Nicholas, Account Director, +44 207 935 4800, sarahn@gongcommunications.com

Notes to Editors

¹About the Olam Livelihood Charter

The Olam Livelihood Charter (OLC) was established in 2010 to formalise Olam's approach to working with smallholder farming communities to source consistent volumes of sustainable product. To become part of the flagship OLC programme, an initiative must address all 8 principles: access to finance; improved yield; good labour practices; market access; traceability; social investment and environmental impact.

In 2015, 36 OLC initiatives reached 344,466 farmers in 10 products (Cocoa, Coffee, Cashew, Cotton, Chillies, Hazelnuts, Black Pepper, Sugar, Rice, Sesame) across 17 countries (Côte d'Ivoire, Ecuador, Ghana, Nigeria, Cameroon, Tanzania, Uganda, Zimbabwe, Zambia, Mozambique, Honduras, Colombia, Turkey, India, Papua New Guinea, Vietnam, Indonesia).

²About Climate-smart agriculture

The Food and Agriculture Organization of the United Nations (FAO) describes climate-smart agriculture (CSA) as "an approach that helps to guide actions needed to transform and reorient agricultural systems to effectively support development and ensure food security in a changing climate. CSA aims to tackle three main objectives: sustainably increasing agricultural productivity and incomes; adapting and building resilience to climate change; and reducing and/or removing greenhouse gas emissions, where possible. Read more [here](#).

About Olam International Limited

Olam International is a leading agri-business operating across the value chain in 70 countries, supplying various products across 16 platforms to over 16,200 customers worldwide. From a direct sourcing and processing presence in most major producing countries, Olam has built a global leadership position in many of its businesses. Headquartered in Singapore and listed on the SGX-ST on February 11, 2005, Olam currently ranks among the top 50 largest listed companies in Singapore in terms of market capitalisation and is a component stock in the S&P Agribusiness Index and the DAXglobal Agribusiness Index. It is also the first and only Singapore company to be named in the 2009 lists for the Global Top Companies for Leaders and the Top Companies for Leaders in the Asia Pacific region by Hewitt Associates, the RBL Group and Fortune.

More information on Olam can be found at www.olamgroup.com.

Olam is located at 9 Temasek Boulevard #11-02 Suntec Tower Two Singapore 038989
Telephone: +65 63394100, Facsimile: +65 63399755.