



Regional Workshop on Jurisdictional Integrated Landscape Management Programs

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Agenda



- Olam – Intro and CRS
- Olam Ghana : Climate Initiatives
- Challenges
- Recommendations / Suggestions



Corporate

Growing Responsibly



25 Years Transcending Boundaries



Olam: 25 years

Investing for Development

Building Thriving Communities

Olam International's Heritage

- 1989** Established in Nigeria with cashew exports to India.
- 1996** HQ moved to Singapore
- 2005** Listed on the Singapore Exchange.
Traded volumes crossed 2.5m MT
- 2007** Launched acquisition phase, starting with Queensland Cotton Holdings (Australia) and Universal Blanchers (USA)
- 2009** Hewitt Associates, RBL Group and Fortune Award for Global Top Companies for Leaders
- 2010** Extension into midstream and upstream businesses
- 2012** Significant expansion of downstream operations.
Traded volumes crossed 10m MT
- 2013** Rainforest Alliance and Guardian Group awards for sustainability

FY2014

16 platforms (44 products)

65 countries

23,000 employees

3.9m farmers in the supply chain

135 processing plants

14.88m MT sales volume

\$19.42b sales revenue



Investing for Development



Olam: 25 years

Investing for Development

Building Thriving Communities



We selectively integrate upstream, midstream, and downstream.

In Africa, this includes:

- **Upstream** plantations of palm and rubber in Gabon, rice in Nigeria, and coffee in Tanzania and Zambia
- **Mid-stream** processing such as our Ghana wheat mill and cocoa processing in Cote d'Ivoire
- **Downstream** Packaged Foods Business selling consumer staples like tomato paste and noodles

Nearly 80% of our sourcing volumes are in emerging markets

Africa is a key strategic pillar for Olam



We develop local talent

- West Africa Trainee programme, developing tomorrow's managers
- Building agricultural capacity through training for smallholder farmers and cooperatives
- Supporting local entrepreneurs (e.g. primary processors, distributors)



Growing Responsibly – Why?



At Olam, we believe that **profitable growth** needs to be combined with a way of doing business. It involves creating value on an **ethical, socially responsible** and **environmentally sustainable** basis – we have called this '**Growing Responsibly.**'



Olam is committed to 'Growing Responsibly' because it's the right thing to do – it is about HOW we do business

- ✓ It creates differentiation
- ✓ Customers and investors are increasingly demanding sustainable supply chain solutions
- ✓ Employees and potential employees are more motivated



Olam's 7 Material Areas



PEOPLE

FOOD SECURITY

Improving access to affordable food

FOOD SAFETY

Improving food safety and quality across our business

LABOUR

Providing a safe place to work where everyone's rights are respected



PLANET

LAND

Selecting and managing land responsibly

WATER

Establishing landscape-level water management

CLIMATE CHANGE

Adapting to risks and opportunities for Olam & communities



PROFIT

LIVELIHOODS

Supporting thriving communities



Growing Responsibly: Why is it important to Olam?

CR&S as a growth opportunity

A sustainable approach promotes growth without compromising future generations

CR&S as risk management

A responsible approach helps mitigate risks to business, environment, and society



Growing Responsibly: Key issues for Africa

Pillars of Sustainability

PEOPLE

*Food security
Health,
Education,
Population rise*

*Safety,
Human rights
(child labour,
gender, labour),
Watsan at work*

PLANET

*Land mgmt,
Soil fertility,
Forest
degradation,
Irrigation,
Greenhouse gas*

*Land grabbing,
Illegal chemicals,
Pollution control,
Respect for
protected areas*

PROFIT

*Farm yields,
Skills & capacity,
Access to
finance,
Access to market*

*Big business
potential impact
on indigenous
means of
livelihoods*

Foundation of Responsibility



Building Thriving Communities



Olam: 25 years

Investing for Development

Building Thriving Communities

Olam Livelihood Charter

We aim to bring prosperity to our farming communities and build long-term relationships based on fairness and trust, transferring skills and knowledge through partnerships



The initiative must support farmers through all 8 principles to be in the OLC:

1. Access to finance
2. Improved yield
3. Labour practices
4. Market access
5. Quality
6. Traceability
7. Social investment
8. Environmental impact



FY2014 global facts

350,147 OLC farmers

623,150 hectares

30 initiatives

8 products (cocoa, coffee, cotton, cashew, sugar, chilli, sesame, pepper)

12 countries

US\$183.7m in short and medium-term financing

US\$21.2m in quality premium paid

US\$4.6m invested in training



Ghana

Climate Initiatives - JUABESO – BIA



JUABESO – BIA LANDSCAPE

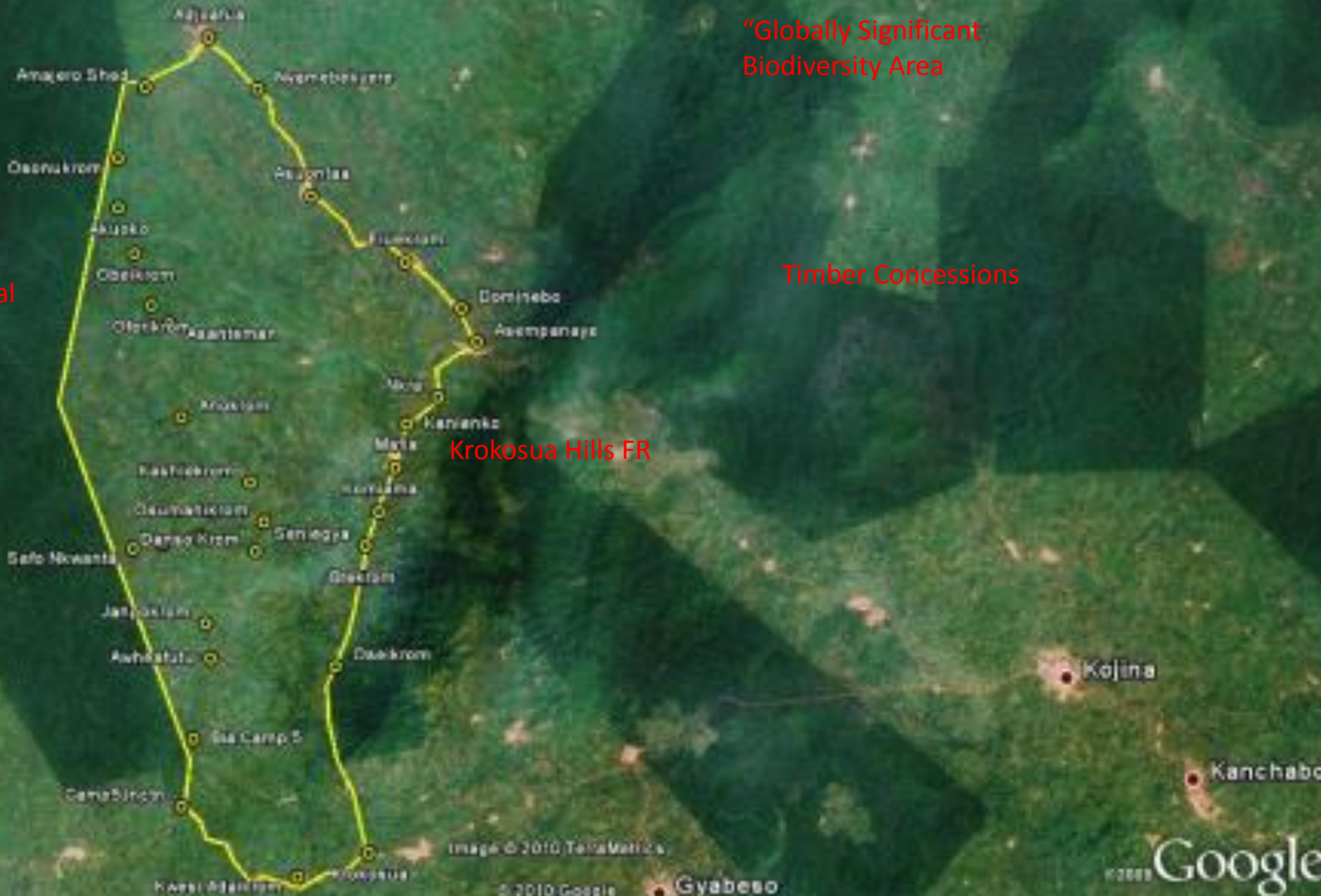


“Globally Significant
Biodiversity Area

Bia
National
Park

Timber Concessions

Krokosua Hills FR





BENEFITS FROM CLIMATE SMART AGRICULTURE



Farmers

- Build capacity for managing climate change
- Reduce GHG emissions
- Achieve certification and climate verification
- Organize cooperatives & cooperative union

Communities

- Restore ecosystems
- Enhance remnant forests
- Conserve nearby forests
- Develop small enterprises
- Environmental education

Olam

- Strengthen reputation as leader and pioneer
- Build resilient supply chain
- De-link cocoa production and deforestation
- Fulfil livelihoods strategy



INTEGRATING SUSTAINABLE AGRICULTURE & REDD +



Juabeso- Bia initiative incorporates land use management at a landscape scale

FARM

Reduce emissions, plant trees, increase carbon on farm, increase productivity

LANDSCAPE

Conserve protected area and forest reserve, create biological corridor, restore ecosystem

COUNTRY

Support national strategies for cocoa and REDD + provide demonstration sites

GLOBAL

Included in government's proposals to Carbon Fund and Forest Investment Program





THE JUABESO-BIA LANDSCAPE APPROACH



- Agriculture putting pressure on forest
- Cocoa productivity low
- Key biodiversity area
- Cultural significance for communities
- Government wish to increase cocoa exports
- Policy of local management of protected areas

- Landscape approach enabled
 - Communities, governments and farmers to plan together for livelihoods and conservation
 - Common vision on farm practices, reforestation, biodiversity conservation and income diversification
 - International funding to support development of REDD + project design





Results to date- LIVELIHOODS



- 2800 farmers from 34 communities applying SAN standard and Climate Module
- 100,000 shade tree seedlings planted and two nurseries established
- New cooperatives and producer group formed (Climate Cocoa Cooperative Union)
- Increases in productivity measured
- Trading relationship developed with premium payments





Results to date- CLIMATE MANAGEMENT



- 15 teachers trained in climate education; environment clubs in 12 schools
- Methodology developed to measure carbon from tree planting
- Carbon sequestered from improved practices and reforestation estimated
- New community Land Management Board formed
- Project included in Government's Emission Reduction Project Idea Note to World Bank to reduce GHGs through sustainably intensified cocoa production





SUSTAINABLE AGRICULTURE & Redd + safeguards



Sustainable agriculture approach meets REDD + safeguards:

- Community buy-in
- Alternative livelihoods
- Protection of sacred sites
- Biodiversity and ecosystem services gains
- Permanent market mechanism

While integration of REDD + creates opportunity for carbon market finance

- Quantification of GHG emissions
- Verification and registration





SCALE POTENTIAL



- Cost efficient methodology for quantifying C stocks on smallholder farms
- Opportunity for insetting quantified C sequestered
- Stratification of cocoa system enables management of shade tree stocking densities
- Continuous improvement of farming practices increases yields, improves livelihoods, enhances resiliency
- Successful model replicable in other landscapes
- Viable REDD+ pilot site for GoG low carbon development, consistent with Forest Carbon Partnership Facility





Phase II targets

- Maintain training and technical assistance and include new communities (Olam local office support)
- Verify and scale system of tree ownership and registration
- Facilitate cooperative development and strengthen Climate Cocoa Cooperative Union
- Promote approach to government and support its climate management and carbon financing strategies
- Further test carbon measurement methodology and develop business case for sustainability + carbon



HOW WE IMPACT OUR COMMUNITIES

Climate Smart Cocoa

FCCA- 1m dollar Olam /RA – climate smart cocoa. LMB concept....
 Fallow lands project- 100,000trees cover over 30,000 ha of fallow lands.
 Distributed 70,000 hybrid cocoa seedlings to farmers
 Distributed 75,000 shade trees

Community Development

Premium distribution- **\$500,000 for 2015**
 Provided mechanised boreholes in communities
 World Aids Day celebrations

Training and development

Provided 350 sets of PPEs to communities
 8,000 farmers certified under 5 RA certificates.
 We cover a total of 130 communities- GAP/GEP/GSP.... Farmer Business School.

Women Empowerment & Education

Additional livelihood- beekeeping and grass cutter rearing, Palm oil extraction
 Support for Education- Sefwiman Education fund





Cocoa Sector – Key Points

- Production L3Y : 850K to 950K MT
- No. of farmers : 800K to 1Mn
- Area under cultivation : 1.6 -1.8 Mn Ha
- Average farm holding : 0.4 to 4 Ha
- Regulated : Cocobod
- Sensitivity to Economy : High



Sector Challenges



1. Sustainable Cocoa Production
2. Sustainable Industry Chain
3. Sustainable Consumption



Recommendations



- Consumer Involvement Approach
- Support and Augment existing models
- Better Co-ordination between various initiatives
- Simplify Performance Measurement
- Redefine and review Donor Expectations
- Prioritize Infra-structure Creation
- Improve Market Access
- Encourage Knowledge Transfers



Consumer Involvement Approach



Example: Cocoa

- Size of Chocolate market : USD 120Bn
- Total revenue of all Producers: USD 12-13 Bn
- Total tax Revenue in Destination Markets: USD 18 Bn
- Inter Industry Dependency: Sugar and Dairy
- Consumption Markets: EU, Americas: 80%



Support Existing Models

- Ghana Cocobod
 - Free Fertiliser Distribution
 - Free Seedling Distribution
- Embassy of Netherlands
 - CORIP: Cocoa Rehabilitation and Intensification Programme - € 7Mn grant + Private Sector
- World Cocoa Foundation: CocoAction
- Private Sector Sustainability Initiatives







Connecting farm productivity and community Professional Farmers in Thriving Communities



Professional cocoa farmers provide a primary source of livelihoods to the community...



who create profitable, thriving farms thanks to the benefits of the Productivity Package...

... in which women have equal right to participate and where sufficient income is generated for kids to go to school.



... so that the community thrives and creates the next generation of educated, motivated cocoa farmers...



Cocoa communities are not Sustainable

Women play vital role in cocoa, but are disadvantaged*

- Women's income is 70% in CDI and 25-30% in Ghana less than men*
- Women have less access to training, farming inputs, loans, and bank accounts which fuels lower productivity and income
- Of 4% of women in coops, only 0.3% hold leadership positions

Education is inadequate

- High illiteracy among cocoa farmers
- Not every child attends school

Children become subject to child labor

- Too often lack of alternatives – both for labor and education – are the cause
- Cultural norms perpetuate practices

*Source: MDLZ Cocoa Life Gender Assessments by M. Hiscox, Harvard University and CARE International



Thriving Communities = Future of Cocoa

- Empowers communities to own their future
- Attracts next generation
- Foundation of sustainable cocoa supply chain





Better Co-ordination between various initiatives



The Third International Conference on Financing for Development in Addis Ababa from 13 to 16 July 2015,

Refer the “Outcome Document” released



Objective

To Create Smart, Effective, and Sustainable Enterprise – *any sector it may be.*



Thanks



OLAM
Olam Ghana Ltd

Rainforest Alliance

Olam - Rainforest Alliance Climate Cocoa Partnership for REDD+ Preparation Project

CLIMATE COCOA COOPERATIVE UNION (DANSOKROM CLUSTER)

Communities - Cashierkrom, Dansokrom, Osumentkrom, Ntonsoe, Tseapele

NO CUTTING OF TREES
NO BURNING

NO POLLUTION OF WATER BODIES

OLAM
Olam Ghana Ltd

Rainforest Alliance

Olam - Rainforest Alliance Climate Cocoa Partnership for REDD+ Preparation Project

CLIMATE COCOA COOPERATIVE UNION (MAFIA CLUSTER)

Communities - Oseikrom, Mafia, Brekrom, Seniagyakrom, Komeamaa, Kanianko

DISCHARGE BATHROOM WASTE WATER PROPERLY

DO NOT KEEP AGRO-CHEMICALS IN THE HOUSE



“Self-Help Water project”



- ✓ Community of 500-1000 people
- ✓ Major source of water was river
- ✓ Water borne diseases- Bilhazia,
- ✓ Support Community with mechanized Boreholes
- ✓ Cost of bore hole- 6,000 USD
- ✓ Sale of Water
- ✓ Proceeds from sale banked
- ✓ Formed Borehole management committee of 5 members.
- ✓ Oversee maintenance and manage grievances.



Cost Benefit Analysis – Bee keeping



Inputs/items	Amount (USD)
Bee Hives & Stands	100
Bee Suit	20
Smoker	15
Hive tool	5
Aluminum Pots	50
Bucket	3
Container	4
Brushes	4
Hand Gloves	5
Wellington Boots	5
Cost of training per farmer	50
Total Cost	261

OUTPUT PER YEAR	QTY
Harvest per hive (kg)	20
Frequency of harvest/year	2
Total Harvest/Farmer (kg)	200
Income per kg of honey (USD)	2
Total income per season (USD)	400
Net Income for year one(USD)	139

Assumptions:

Two harvest will be done annually.



Cost Benefit Analysis: Grass cutter Rearing

Descriptions	Total Cost(USD)
Tuition & training Materials	300
Accommodation	200
field trip	50
Start up stock (4 female & 1 male)	50
Three apartment Pen (cage)	150
Average feeding cost p.a.	200
TOTAL COST	950



OUTPUT

- ❖ Sale in year two per animal – USD 37.5
- ❖ Total Income p.a. – USD 600