

**RSPO**  
Roundtable on Sustainable Palm Oil

## Labour, Gender & Poverty in Africa

Alexandra Booth  
Manager-Sustainability, Palm  
Olam International Ltd

 AN EVENT BY **RSPO** | 10 Years Of Driving Sustainability.  
A Business Model For The Future. | 

## Olam in brief

- Olam is a leading **global player in agricultural and food ingredient supply chain- we are in 20 products across 65 countries.**
- Our uniquely shaped business portfolio has grown **consistently based on a repeatable and scalable adjacency formula.**
- Growing Responsibly:** our aim to create value on an ethical, socially responsible and environmentally sustainable basis.
- Implementing our sustainability strategy from seed to shelf, we have made **21 investments in over 2.2 million hectares across 11 countries in 10 products.**

 AN EVENT BY **RSPO** | 10 Years Of Driving Sustainability.  
A Business Model For The Future. | 

## Our roots in Africa

- In **1989**, Olam was established to **export non-oil products from Nigeria**.

- We have since expanded into **20 other African origins** and products including: cotton, cashew, cocoa, packaged foods, fertilizer, wood products, palm, rubber, rice, sesame, coffee and sugar.



10 Years Of Driving Sustainability.  
A Business Model For The Future.

### Our Footprint in Africa



Sourcing Volume by Region FY12



Sales Revenue by Region FY12

## The Olam Sustainability Standard



- Building end-to-end sustainable value chains for 20 products in 65 countries
- Understanding our activities and those of our farmers, communities and suppliers
- Evaluating each component part against sustainability criteria
- Achieving the **Olam Sustainability Standard** to be applied throughout our entire operation for our customers, shareholders, staff and suppliers

## The Olam Livelihood Charter: creating opportunities for rural communities

- Doing business in a sustainable manner & delivering value for shareholders go hand in hand
- Olam works with **3.5 million small-scale farmers** across the world through 110 initiatives to improve rural livelihoods
- **17 Olam Livelihood Charter programmes(OLC) have been established** since its inception in 2011 in 4 products across 9 countries



- ✓ Finance
- ✓ Improved Yield
- ✓ Market Access
- ✓ Quality
- ✓ Traceability
- ✓ Labour Practices
- ✓ Environmental Impact
- ✓ Social Investment



10 Years Of Driving Sustainability. A Business Model For The Future.

## A growing population, but limited opportunities for youth in both agriculture and non-agriculture sectors

- Africa's population to grow to 1.6 billion in 2030; growth so far has outpaced economic gains—the continent is poorer now than it was thirty years ago
- Large young population— presently 39% of population is under 14 years; young people of working age (16-24 years old) represent 60% of total unemployment.
- Programmes such as the Comprehensive African Agricultural Development Programme (CAADP) are focused on developing the skills of and creating jobs for young population

	TODAY	...TOMORROW
Working Population	856 million	1.4 billion by 2030
Unemployment	8.2%	NA
GDP growth	US\$1.6 trillion	US\$2.6 trillion by 2020



10 Years Of Driving Sustainability. A Business Model For The Future.

\*inflation adjustment

## Population growth outlook makes Supply Demand lag in Africa unsustainable

- Minimum recommended dietary fat requirement is 1,800 kCal per day translating in Africa, the average per capita oils and fats consumption is about 10 kg, in comparison with the global average of 23.7 kg per capita in emerging markets, with about 60% of that coming from palm oil
- As the number of households with disposable income increases from 85 million to 120 million, demand for palm oil in Africa will increase significantly from 4.4 mn MT to about 7.7 mn MT by 2025— increase in demand will not be restricted to food but include personal and home care products such as soap and detergent.
- Supply Demand imbalance- most countries are net importers of edible oil



10 Years Of Driving Sustainability.  
A Business Model For The Future.

## Regional palm oil production will lead to greater self-sufficiency, infrastructure development, job creation

- **500k hectares of existing plantations**—potential for improved yields under efficient management
- Potential investment of up to **\$6 billion in African palm oil sector- projected expansion of plantations by 1 million hectares**
- **Today 60% of the young working age population is unemployed:** Palm oil plantations alone will create 1 job for every 8-10 hectares—**300,000 direct and indirect jobs**
- **15%-18% on average of investment will be spent on development of key infrastructure,** such as roads, schools, clinics, housing, electrification, water, and training.



Worker in the Awala plantation nursery

### Opportunities created by Olam projects for local contractors/7000 hectares

# of local contractors	5
# of trucks & machines procured for local contractors	15
# of workers employed by contractors	338



As agreed in our Social Contract with communities, Olam Palm is establishing more hydraulic pumps.

Sources: Hardman & Co.

## Building Capacity is key to successful development in Africa; local, long term employment more sustainable

- Opportunities in rural areas providing **gainful, stable employment, let alone training, for unskilled and sometime illiterate individuals** are rare
- **Major investments need to be made into building local capacity to ensure high productivity**, but also to pave the way for **smallholder expansion**.
- Companies are therefore not only compelled to **employ locally in Africa, but also provide long term contracts** because costs/ management intensity will be high
- **90% of Olam Palm Gabon's employees are locally recruited- training sessions on nursery management, plantation upkeep, fertilizer and pesticide application and QEHS** have been held over nearly 40 days drawing attendance of over 520.



Classroom and practical training sessions on nursery management in Awala and Mouila Plantations



10 Years Of Driving Sustainability.  
A Business Model For The Future.

## Women are key players in agriculture workforce in Africa, but the field is uneven

- **Sex ratio of men to women in Sub-Saharan is .99 while in Malaysia it is 1.03**
- Women are responsible for the majority of manual labour, contributing **60-80% of food production for subsistence and sale**
- Lower productivity due to a **lack of access to better planting material, inputs, credit and training programmes**
- With the right resources and training for women, their **crop yields can increase 7-9%**
- Wage gap for women in formal agriculture- ex. 65% of men's income in Ghana

	Female Share (% of total)			Agricultural share of economically active women		
	1980	1995	2010	1980	1995	2010
Sub-Saharan Africa	41.8	42.4	43.8	79.1	72.7	65
South-eastern Asia	41.2	41.9	4.6	64.2	57.1	47.8
South America	29.6	37	43.6	20.8	11.1	7.3

Sources: FAO/World Bank

## Palm oil development, guided by RSPO principles, can provide gainful, equitable employment, benefits for women

- Palm oil plantations can provide female workers a **safe and equitable environment to work**, stable income and access to **healthcare and training**
- **Challenges will include preventing sexual harassment, fecundity and fatigue**
- **Critical infrastructure such as housing, electrification, and water will not only improve quality of life but also increase their productivity**



**Fact: women in Africa spend 40 billion hours a year retrieving water**

Associated plantation infrastructure development including housing and providing clean drinking water will help women to increase their productivity elsewhere.

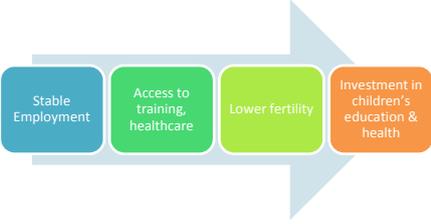
Source: UN

## Breaking the cycle: empowering women through agriculture can alleviate poverty

- Improvement in children's health, nutrition and education arising from an increase in a woman's income by \$10, requires an increase of \$110 in a man's income to achieve the same
- Women will also be more likely to vaccinate or provide better care for their children as a result of gainful employment







Source: World Bank

## The Ripple Effect on poverty alleviation of sustainable development of palm oil in Africa

- The \$ effect: "a dollar invested in agriculture in Africa has a two or three times greater impact on poverty than the same amount invested in other sectors because when a farmer is more productive and earning more, for every dollar he earns, those around him will earn \$1-2 dollars as baskets, household goods, and other basic needs are bought"- Ousmane Badiane, IFPRI



Demonstrable impact on local economy: this store at the entrance to the site has noticeably more stock since development began, attracting more customer traffic

## Putting into context: Olam Palm in Gabon

- Olam Palm endeavours to certify its first plantation of 20,030 hectares near Kango in FY16; and our plantation of 35,354 hectares near Mouila in FY17
- Partnered with SIAT, and other local stakeholders in on going development of Gabon NI

### Labour

- +1,200 staff & workers -90% locally recruited- at peak 15,700 direct and indirect jobs will be created
- Over US\$2 million paid in wages to local workers
- 45 man days of training held on nursery maintenance, phytosanitary application, HIV/AIDs Peer education, cervical cancer, & family health
- Provision of check-ups, health care for all workers
- Supporting local labour- hired 5 local contractors who are employing over 300 local workers

### Gender

- 70% of our workers are women
- Providing family health kits to female workers
- Developed Sexual Harassment policy and held workshop for male and female workers to communicate and discuss forms of harassment

### Poverty Alleviation

- Average income per worker/inhabitant ~+9% in Kango, up to ~32% in Mouila
- Plans to provide health centres, schools and housing for workers
- By 2022, GDP generated could amount to an estimated US\$163 mn
- 70% of investment value represents material & machinery imported into the country which is a source of revenue for transport and forwarding agents, etc.

Source: McKinsey

## Conclusion

- Palm plantation development has significant potential to broad base the economy in Sub-Saharan Africa and establishing key infrastructure, which will support parallel growth in non-agricultural sector
- RSPO offers the most comprehensive, effective framework under which palm oil can be developed in Africa, addressing the interests of all stakeholder groups
- Olam Palm believes it will create mutual value through sustainable plantation development in Gabon
- Through the development of plantations we will build local capacity, improve agriculture production, alleviate food deficit and contribute to training, education, healthcare, employment, housing and infrastructure improvement

