

Successful design of outgrower models: Olam's approach



What our teams must understand when planning programmes



- ❖ Rigorous and results-orientated planning upfront – if we cannot manage the programme both smallholders and Olam are negatively impacted
- ❖ Understand that farmers need the motivation, skills, and means to grow the focus crop and sell it to Olam.
- ❖ Objectives should be SMART: Specific, Measurable, Actionable, Realistic, Time bound
- ❖ Stakeholder engagement is essential: identify them at the start and understand level of required participation
- ❖ Programme should take a landscape approach and aim to fulfil all 8 OLC Principles
- ❖ Programmes should support women
- ❖ Programmes should address local food security



The OLC project planning process for outgrower programmes



1 Clarify the commercial rational
Volumes? Quality? Margins? Farmer loyalty?

2 Understand the context

Trends

Economy, policy, population, technology, governance...

Shocks

Droughts, floods, epidemics, pests, illness & disability...

Sesaonality

Of prices, weather, crops, employment...

Analyse farmers' skills, means, and motivation

3

Skills (Human capital)

Good agricultural practices
Business and literacy skills
Group management skills
Skills-enhancing structures
e.g. extension workers
NGOs
Health and ability to work

Means (Natural, Financial, Physical & Social Capital)

Land, soil, water, forest, fisheries
Access to credit, inputs, income
Roads, phones, water, sanitation,
livestock & equipment
Social structures for cooperation

Motivation (to grow crop & sell to us)

Farm price
Competing crops
Competitors
Olam's geographic control

4 Develop the results framework (logframe)
Objectives, activities, expected outcomes, indicators, and means of verification



Recommendations to government bodies

- ✦ Resolve land tenure and community issues ahead of investment negotiations

- ✦ Local government or local NGO officials to:
 - ✦ awareness/understanding of outgrower opportunity among all members of community
 - ✦ monitor community engagement
 - ✦ minimise co-ordination failures

- ✦ Undertake assessment of local food security impacts

- ✦ Incentivise programmes that incorporate processing facilities to retain more value in country

- ✦ Prioritise investors with sound social and environmental credentials, policies and especially those answerable to donor and DFI funders



Recommendations to Government

- ✿ Provision of infrastructure – prioritise regions driving the economy and domestic food security
- ✿ Encourage establishment of more micro financing institutions to avoid forcing operators to be financiers as well
- ✿ Encourage the availability of crop insurance, otherwise farmers and operators are fully, and perhaps increasingly, exposed to the weather related risks

Olam recognises that such requests cannot happen overnight!

But our experience in outgrower models and productive partnerships
can help unlock value for all

