



SOUTH-EAST ASIA:

Agribusiness brings sustainable rice from the field to the supermarket

For Viet Nam, Thailand and Indonesia, rice is both essential for ensuring self-sufficiency and an important export. In order to cater to the substantial rise in demand for high-quality rice produced under fair conditions, both its cultivation and processing need to become more efficient and sustainable. In their joint project, the food and agricultural company Olam Global Agri PTE Ltd. and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH are endeavouring to make the region's value chain more environmentally, economically and socially responsible. To do this, they are taking a holistic approach in which they support smallholder farmers while developing long-term relationships with authorities, research bodies and financial institutions. The German Federal Ministry for Economic Cooperation and Development (BMZ) is funding this collaboration as part of its develoPPP programme.

CHALLENGE

As a market leader in the global rice industry, Olam Agri wants to bring sustainably produced rice that meets international standards to the European market. It therefore needs to improve the reliability of its supply, as well as the quality and quantity of the product. Before the project was launched, the company could only source a negligible amount of high-quality rice from the smallholder farmers that predominately grow it.

Farming families can barely generate enough profit from their produce to sustain themselves, and only a tiny minority are able to invest in high-quality seeds and machinery. They also lack the necessary knowledge to apply sustainable and efficient processes. To make rice into a solid foundation upon which these producers can establish their livelihoods, they need access to knowledge, consultation, networks, services and markets.

PROJECT APPROACH

The partners have been making use of the budget of approx. €11 million from 2018 to 2022 to develop a supply chain for sustainable rice that is based on the needs of the market and provides a secure income for the farmers. They have been using a variety of measures to do this:

- Developing a broad range of training opportunities for farmers that teach economic skills as well as sustainable agricultural practices. In cooperation with the countries' ministries of agriculture and the environment and banks, they are being provided with easier access to advice and financial services.
- Rating rice production according to the Sustainable Rice Platform e.V. (SRP) quality standards.¹
- Building an interregional network of public and private actors in order to mainstream and scale up the standards established in the course of the project on the ground over the long term.

¹ The Sustainable Rice Platform e.V. (SRP) was co-convened in 2011 by the International Rice Research Institute (IRRI), the United Nations Environment Programme (UNEP) and GIZ. Today, it is an independent association with its own quality seal and more than 100 members from the public and private sectors, as well as research institutions and NGOs. <https://www.sustainablerice.org/>

Olam Agri contributes expertise regarding international supply chains, rice processing and data gathering, while GIZ adds experience and networks from other rice projects in the region.

‘Our project with GIZ has enabled us to provide food producers and retailers with access to sustainably grown rice. It meets the highest international food safety standards and can be traced back to the flourishing farmers in Thailand.’

Paul Nicholson, Vice President Rice Research & Sustainability at Olam Agri



RESULTS

35,000 farmers were trained in environmentally friendly agricultural practices and economic theory. This reduced the greenhouse gas emissions in Thailand’s pilot provinces by 21 per cent and increased their incomes by 20 per cent. The development of long-term business relationships between producers, processors and retailers bolsters the reliability and efficiency of the rice supply chains in South-East Asia. At the same time, buyers like Olam Agri benefit from higher-quality rice. Thanks to the project partners’ commitment, they can now offer European customers certified rice in guaranteed quantities.

These successes have drawn the attention of the United Nations Environmental Program (UNEP) and convinced them to top the project up with 4 million Euros. Until 2027, it is planned to introduce a comprehensive landscape approach in the two target provinces, addressing an additional 45,000 farmers (50% women) and saving 3 tonnes of CO₂.



≥ 20 per cent higher income for around 35,000 farmers



approx. 8,600 rice producers certified to the SRP standard



Increased quality and quantity of rice

PROJEKTPARTNER

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QUESTIONS ABOUT DEVELOPPP?

develoPPP is aimed at companies that want to invest sustainably in a developing and emerging country and become operational. Suitable projects can receive technical and financial support of up to 2 million euros. The basic requirement is a long-term business interest in the country that goes hand in hand with a sustainable developmental benefit for the local people. Are you planning to train local professionals or sustainably expand an existing supply chain? Do you have an

innovative business idea that can be expected to have a positive development effect? Then learn more now and become part of the develoPPP success story! Further details on the programme, current project examples and the right contact for your questions can be found at: www.develoPPP.de.

Information on further BMZ funding opportunities for companies can be found at: www.wirtschaft-entwicklung.de.

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