

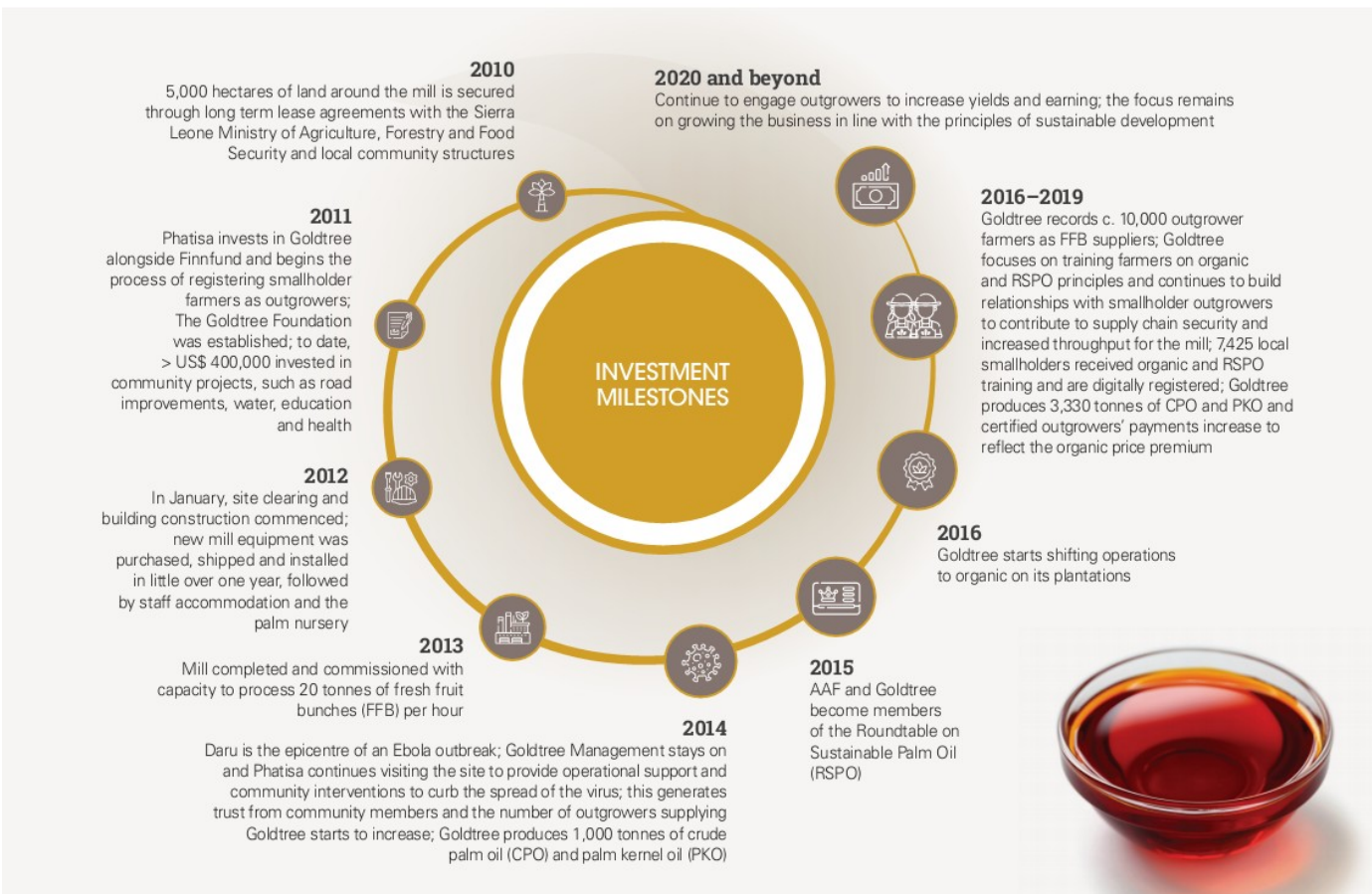


TAKING A CLOSER LOOK AT
DEVELOPING
SMALLHOLDER PALM OIL
 FARMERS IN RURAL EASTERN SIERRA LEONE

FOOD FUND 1 2020 IMPACT CASE STUDY

Country: Sierra Leone		
The business: Palm oil milling, outgrower scheme and small nucleus plantation		
Location: Daru in the Eastern Province of Sierra Leone		
Deal type: Developmental	Vintage: 2011	Smallholders impacted: 10,000
Output: > 3,000 tonnes of unrefined oil per annum (2016–2019)	Jobs: 223 permanent jobs created and sustained and 558 full-time equivalent positions sustained	
www.goldtreeholdings.com		

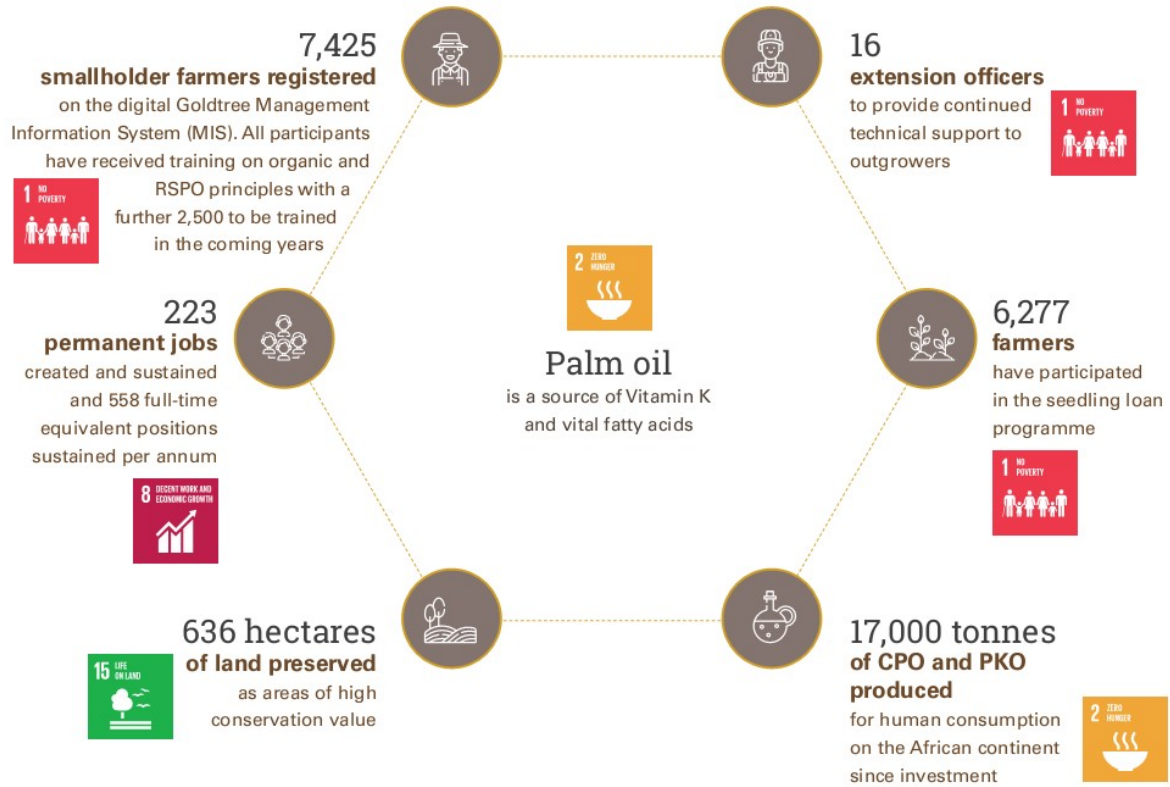
Goldtree, located near Daru in the Kailahun District of eastern Sierra Leone, is a nucleus plantation and a palm oil mill that serves thousands of farming families. Phatisa invested in Goldtree through the African Agriculture Fund (AAF, also referred to as Food Fund 1) in 2011. After 20 years of civil war, peace had made palm oil production viable again but the once-productive mill facility was destroyed. In early 2012, the mammoth task of rebuilding the business, which had been a major source of income for a large number of people, commenced.





FOOD 2020 IMPACT CASE STUDY

GOLDTREE SIX KEY IMPACTS



KEY IMPACTS FOUR KEY CHANGES



production up from zero to 3,330 tonnes of CPO and PKO per annum from 2011 to 2019



revenue up from zero to US\$ 1.82 million at latest financial year end (2019)



c. US\$ 6 million flows directly to smallholder outgrowers and local economy from FFB procurement up from zero in 2011 to date



farming methods to increase yields, protect soil nutrients, reduce carbon emissions and increase food diversity taught to > 7,400 smallholders

GOLDTREE'S WORK WITH SMALLHOLDERS



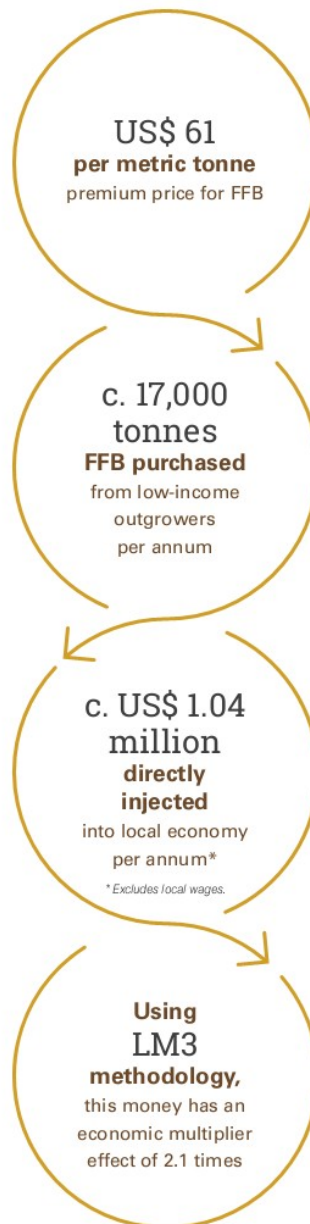
Goldtree harvests FFB from its plantation but about 52% of total FFB is acquired through a network of around 10,000 outgrowers, an estimated 15% of whom are female.

Over the past two years, Goldtree has embarked on a programme to train outgrower farmers on organic and RSPO principles and practices. To date, 7,425 smallholders have been trained and registered on the Goldtree MIS. These principles cover topics such as human rights, child labour, practices to increase yields such as fertilising with livestock manure or empty fruit bunch compost and low-carbon farming techniques including planting cover crops and intercropping (beans, pineapples and cassavas).

Other skills transferred to smallholders include no burning; wearing protective gear when slashing and harvesting; leaving a buffer zone to create corridors around rivers to protect biodiversity and keeping children in school.

By adopting the practices taught during training, the farmers can provide certified organic produce to Goldtree and secure a premium price.

To address food security and local economic development, Goldtree – in partnership with the AAF's Technical Assistance Facility (TAF) and the Sustainable West Palm Oil Programme – set up a seedling loan programme to provide farmers with younger, higher-yielding trees with improved genetic material. So far, over 6,000 farmers have participated. The loan terms differ depending on the project but generally farmers have a four-year grace period to repay their loan, allowing time for the trees to start bearing fruit before principal and interest (5% per annum) are repaid (typically a seven-year payback time frame). This is one of seven



projects designed and completed by the AAF TAF Manager over seven years.¹

Goldtree has managed significant programmes to assist farmers in replanting old trees with new trees to increase yields. Furthermore, the team has taken the opportunity to provide better genetic material (tenera) versus lower yielding genetics (e.g. dura). The new genetics can yield more than 50% more CPO from similar quantities of FFB. This equates to US\$ 61 per tonne for organic tenera compared to US\$ 38 per tonne for non-organic dura. In Q1 2020, Goldtree purchased over 6,000 tonnes of FFB from outgrowers, resulting in a local economic injection of just over US\$ 350,000 for the quarter and this is expected to be in excess of US\$ 1 million for the year (17,000 tonnes of FFB). This is a crucial contributor to income for the majority of smallholders in the area, as there are few other economic opportunities.² It also has positive benefits for the local economy, enabling money to flow into the area. Through the LM3³ methodology, we have calculated that this money flows through the local economy 2.1 times, contributing greatly to local economic growth and development.

Goldtree, through the Phatisa and Goldtree Foundations, has restored and continues to maintain potable water wells and provide vital infrastructure support to the local area, including roads and bridges to ease access to markets for outgrowers.

As part of the training to outgrowers, the Goldtree Extension Officers reinforce the company's stance on no tolerance for child labour. For example, children are restricted from hard labour tasks and may perform lighter duties outside of school hours. The training highlights the importance of education for the children of outgrowers and the larger community.

¹ Thomson, A. and Machingawuta, M., 2019, AAF TAF Impact Brief 2011 – 2018, South Africa, www.aafaf.org

² This was confirmed in late 2019 through targeted community focus group discussions and one-on-one interviews conducted by Phatisa in the areas surrounding Goldtree.

³ LM3 or Local Multiplier 3 was developed by the New Economics Foundation as a simple and understandable way of measuring local economic impact, enabling companies, government or community organisations to identify where changes need to be made to improve that impact.



CASE STUDY 1: MESSIE ALPHA

Messie Alpha, age unknown, is the elected female chief of her village, Gbaama. She is the head of her household since her husband's death in late 2019 and supports her four children, as well as her sister's three children, who lost their parents to Ebola. Her dependants range in age from one to 20 years old.

Messie's sole source of income is from the palm fruit she sells to Goldtree. She reportedly earns about US\$ 20 per month selling roughly one tonne of FFB to Goldtree every three months from her one-hectare plot. This places Messie and her family below the World Bank poverty line of US\$ 1.90 per day and on par with average yields for smallholder outgrowers.

Messie and her late husband participated in the Goldtree seedling loan programme to improve the quality of their trees. The practices taught at organic and RSPO training are being implemented, including intercropping with cassava and clearing the land around the base of the tree. Most importantly, she is able to send her one child back to school who had dropped out after year three. She hopes her investment in seedlings and adoption of improved farming techniques will see her income increase in the next two to three years.

As the female chief, Messie participates in several community forums, including those designed to advance gender equality. She longs to be an example of a successful female-headed household and has worked with women on transferring farming skills she learnt from Goldtree Extension Officers.

The change which Goldtree expects to have in Messie's life is to increase her income to at least US\$ 2 per day through improved yields, resulting from her purchase of higher-yielding tenera and the implementation of improved farming techniques. If she can increase her yield to three tonnes per hectare in the near term, she will achieve this goal.

Extension officers continue to work with residents of Gbaama and we anticipate a stable supply of palm fruit coming to the mill as a result of the goodwill created by providing free advice and the increased supply of quality, organic product.



CASE STUDY 2: MOMOH GANDI

Momoh Gandi, 56 years old, has lived in Bandajuma village his whole life. He is married and has seven children, including one who passed away.

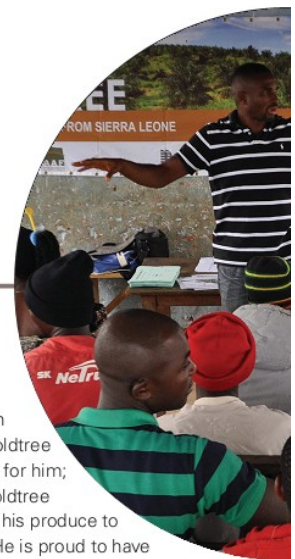
Momoh is an outlier in that he has five hectares of planted palm oil (compared to the average of 1.8 hectares), one hectare of planted cassava and two hectares for crop rotation to preserve soil nutrients.

Before Goldtree was reopened in 2013, he earned a little money doing farm labour for his neighbours and now he earns enough to focus exclusively on operating and managing his farm. He even employs people temporarily to assist with certain tasks, such as slashing.

Like Messie, Momoh also participated in the nursery loan scheme, acquiring 90 seedlings of tenera, which he is growing organically. He plans to convert more of his land to younger tenera seedlings,

a process he will do in tranches to maintain a steady income while building a sustainable pension for his old age.

Momoh earns an average of US\$ 60 per month exclusively from Goldtree. He says the road Goldtree built to his village has opened up new markets for him; this means he can sell directly and easily to Goldtree Outgrower Agents without having to transport his produce to local processors who pay less than Goldtree. He is proud to have gained skills from Goldtree's organic and RSPO training programme and says if it weren't for Goldtree, he would have insurmountable financial challenges.



Unless otherwise indicated, all data in this report is as at 30 June 2020.

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