



THE PARTNERSHIP OF HENKEL AND SOLIDARIDAD IN COLOMBIA



CONTEXT

The global demand for palm oil is expected to increase between 2022 and 2030¹. Experts expect future growth to take primarily place in other regions, particularly in Latin America². Colombia is the largest palm oil producing country in Latin America. More than 82 percent of the 6,000 Colombian producers are smallholders³ and the sector has 134 associations in which small, medium and large producers are integrated. Colombia is projected to produce two million MT of palm oil by 2030⁴.

However, despite the strong sector progress, most smallholders in Colombia still lack knowledge of sustainable economic, environmental and social practices. Technical assistance is expensive and only reaches 30% of the smallholder farmers. Many producers have limited organizational capacity, causing technical bottlenecks to meet sustainability standards demanded by their buyers. On top of that, most small producers have a poor understanding of these sustainability requirements and are unaware of the associated investments and benefits for their competitiveness. Market access for these smallholders is under threat as they are not often able to show compliance with the sustainable palm oil commitments of (inter)national buyers and upcoming mandatory sustainability criteria of importing markets such as the EU.

¹ It is expected to grow at a compound annual growth rate of 5.1% in terms of revenue from 2022 to 2030: https://palmoilalliance.eu/wp-content/uploads/2022/10/Palm_Oil_Report_161022_amm_final.pdf

² <https://www.agri-outlook.org/commodities/oecd-fao-agricultural-outlook-oilseeds.pdf>

³ Colombia adopts the official RSPO definition for "small producer" as those that possess less than 50 hectares

⁴ https://www.solidaridadnetwork.org/wp-content/uploads/2022/09/Palm-Oil-Barometer-2022_solidaridad.pdf



DIGITAL INNOVATIONS FOR SMALLHOLDER FARMERS

Solidaridad has been supporting palm oil smallholder farmers in Colombia since 2013. In 2018, Henkel and Solidaridad joined forces to boost sustainable palm oil production in Colombia via the development of innovative digital tools. The partnership, together with Cordeagropaz, Fedepalma, Cenipalma and local mills, contributed to the development of a mobile self-assessment, planning and monitoring application. This tool was designed with the aim of enabling farmers to find information to continuously improve their agricultural practices in accordance with the RSPO standard. This digital tool, at the moment, complemented technical assistance, giving farmers autonomy to identify and plan improvements on their farms by providing access to tailored audiovisual information on best practices.

In 2022, the Farm2Bar project started with the objective of guarantee a sustainable supply chain approach, integrating the palm oil supply chain with the participation of processors, processing mills and the farmers (520 smallholders in the north of Colombia), which allows real value transfer (shared value), effective collaboration between origin and global industry players, as well as setting the basis for the sustainability of the business case, both from the perspective of producers and as the industry, by improving production standards and resilience associated to environmental management and deforestation.



The Farm2BAR project brings together key supply chain stakeholders, which integrate their knowledge, experience and resources towards a common purpose, with the support of digital tools. It has a supply chain approach, integrating the palm oil supply chain with the participation of processors, mills and the farmers, which allows real value transfer (shared value), effective collaboration between origin and global industry players, as well as setting the basis for the sustainability of the business case, both from the perspective of producers and as the industry, by improving production standards and resilience associated to environmental management and deforestation.

KEY SUPPLY CHAIN STAKEHOLDERS TOGETHER



Through the use of the Extension Solution digital tool, it has been possible to identify and monitor the main gaps of smallholders (related to formal labor, implementation of health and safety systems in the workplace, solid waste management and others), in order to continue with the development of practical strategies to accelerate the adoption of sustainable practices. The intervention promotes a data driven strategy to support decision making within the supply chain.



ACHIEVEMENTS SO FAR

Facilitating sustainable palm oil certification:

- 526 smallholders farmers assessed according to the RSPO ISH voluntary sustainability standard and APSColombia protocol.
- Segmented data per group and practices to prioritize interventions
- Deforestation assessment on 520 producers
- 211 farmers with access to finance
- 1 credit line enabled for farmers
- Over 1 million EUR in credits disbursed

Sustainable production and productivity:

- 10,000 tons sustainable produced and traded

Farmer's capacity building:

- 560 smallholders trained in vest agricultural practices through field days
- 787 smallholders trained on sustainable practices (34,5% women)
- 3 digital classrooms in the influence area providing internet access
- 30 tablets in use by field technicians and farmers



NEXT STEPS IN THE PARTNERSHIP

Between 2022 and 2024, the partnership, in collaboration with Hada, Oleoflores and GIZ, will focus on building a fully traceable supply chain through the Farm2BAR project. This project aims to build a traceability linkage for the production of soaps under the brand name Dial. As such, the project aims to link Henkel's supply chain with the production of sustainably certified palm oil delivered by 520 small- and medium size farmers in the Bolivar region of Colombia. The partnership will generate additional value for Henkel and Hada by communicating about the impact it makes at the origin of the ingredients of its Dial soap brand.

Farm2BAR will also facilitate the monitoring of progress in zero-deforestation commitments and other responsible sourcing policies. Building on the early successes of digital innovations, digital applications such as Extension Solution will be used to identify areas for improvement for farmers to comply with the RSPO standard and APSColombia protocol. As part of the Farm2BAR project, tailor-made action plans will be then elaborated using individual assessments for both the company and the producers (micro level) that provide fresh fruit bunches to the processing mills. In this way, the project will pilot digital driven innovations that can facilitate market access to smallholders.



PARTNERS Henkel, GIZ, Hada, Oleoflores and Solidaridad

MORE ABOUT THE PARTNERSHIP

Henkel and Solidaridad are committed to improving oil palm smallholder livelihoods, while driving progress towards sustainable palm and palm kernel oil globally, and making a positive impact on both the environment and the people in the palm oil community. Since 2013, Henkel and Solidaridad worked together to reach farmers in all major oil palm producing regions.



Henkel operates globally with a well-balanced and diverse portfolio. The company holds leading positions in both industrial and consumer businesses thanks to strong brands, and strategic, technical innovations. Henkel uses palm oil products and derivatives in its home, laundry care and personal care products. The company is committed to responsible sourcing of palm oil, establishing full traceability and transparency for palm (kernel) oil in its products, and improving the livelihoods of smallholders farmers and protection of nature.

For more information visit:
www.henkel.com

Solidaridad

Solidaridad is an international organization, which operates in 53 countries through over 1,000 employees across the globe, to facilitate the transformation of supply chains of commodities produced in the world to make these value chains more inclusive and sustainable. Through its office in Colombia, Solidaridad is responsible for project management, as well as development and implementation of the proposed interventions at mill and farm level. It develops the tools, applications and materials to ensure RSPO adoption of palm oil producers who are linked to Oleoflores, Hada and Henkel's supply chain. Solidaridad supports the verification of key metrics at farm level through cost-effective digital monitoring. Furthermore, it will link the project to incentives and finance to ensure sustainability on long-term.

For more information visit:
www.solidaridadnetwork.org



Extension Solution App

- Through self-assessment and technical assistance palm oil producers identify their challenges.
- After identifying points for improvement, the application automatically generates a work plan for farmers to improve their practices at their own pace, based on their own priorities and availability of resources.
- Farmers can learn how to implement good practices with the support of audiovisual materials while keeping up-to-date with local and sector news.
- Farmer performance automatically updates based on finishing tasks in the work plan and allows for easy checking of progress.
- Practices are benchmarked against RSPO requirements, so farmers can get an overview of the path ahead if they are interested in becoming certified

Key interventions Farm2BAR project

- Ensure traceability from the shelf to the farm
- Create access to supply chain data
- Provide technical assistance and support to small and medium size farmers
- Invest in fresh fruit bunches small and medium size farmers
- Design incentives to accelerate for the adoption of RSPO certification and zero-deforestation practices
- Supply of certified sustainable palm oil