

Joint Press Release

Small farmers in the Philippines reach first milestone towards the production of sustainable coconut oil

Partnership of GIZ, BASF and Cargill promotes the world's first production of copra certified by Rainforest Alliance

For more than three years, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, BASF and Cargill have worked together to promote sustainable coconut oil and improve the living conditions of coconut farmers in the Philippines. They have established the world's first certified production of copra, the dried coconut flesh needed to process coconut oil. The project on the southern Philippine island of Mindanao is partly financed by the German Federal Ministry for Economic Cooperation and Development (BMZ) under the develoPPP.de programme.

Since the project started in September 2011, over 1,000 farmers have been trained in good agricultural practices, such as the right use of fertilizers, intercropping and replanting. This education enables them to increase their yields in the long term. Furthermore, this group received access to a newly-developed drying technology for high-quality coconut flesh and training on the standards of the Sustainable Agricultural Network (SAN).

As a result, 300 small farmers from the region now produce the world's first Rainforest Alliance certified copra meeting the standards of the SAN. The recognized certification system helps them to improve social and environmental standards and increases their revenues as BASF and Cargill pay a premium for high quality and certified copra. Furthermore, these farmers were supported in forming legal producer entities. Their members can now access micro-credit facilities instead of having to rely on pre-financing by middlemen. It allows them to improve their profit margin by selling directly to the mill. Farmers who are participating in all of these joint activities are able to increase their income by at least 15 percent.

Around 2,500 small farmers and their families – up to 12,500 Filipinos – received access to health care through the project: they were able to register at the PhilHealth, government health insurance. Thanks to information sharing seminars and a subsidized enrollment fee, they now receive free medical treatment.

“In our opinion, this pilot project was very successful in bringing together the strengths of public and private partners,” said Ulla Keppel, GIZ Project Manager DeveloPPP.de. “BASF and Cargill have brought their expertise and technology to bear. GIZ has managed the project and contributed with its experience in supporting the formation of farmers' groups as well as implementing good agricultural practices and the sustainability standard.”

“Our ability to feed the world depends on successful farmers at every level of production, including smallholders,” said Efren Barlisan, General Manager, Cargill Philippines. “Cargill works with millions of smallholder farmers worldwide to help them increase their agricultural productivity, yield and profitability to improve their livelihood in a sustainable manner. We are proud to be part of this initiative in which we introduced new technology, provided training and set up internal management system required for the production of high-quality certified copra.”

“Together with our partners, we were able to show that it is possible to specifically promote the sustainable production of high-quality coconut oil and improve the living conditions of the coconut farmers. This success allows us to look to the future with optimism,” said Harald Sauthoff, Vice President Global Procurement Natural Oils and Oleochemicals at BASF.

Even beyond the project in Mindanao, Philippines there is high commitment by all partners to further promote the production of sustainable certified coconut oil. The results that have been achieved until today lay the foundation for potential future cooperation in this field with extended scope and regional scale.

With production of over 15 billion coconuts per year, the Philippines is one of the leading global producers. Coconut palms are grown on an area covering 3.5 million hectares, about 26 percent of the country's land use. The export earnings for coconut products were approximately 1.8 billion US dollars. Yet, coconut producing regions are among the least developed areas in the country and home to some of the largest numbers of Philippine's rural poor. Worldwide, coconut oil is mainly used as an ingredient in food, while coconut oil derivatives are also used in the home and personal care industries.

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About BASF

At BASF, we create chemistry — and have been doing so for 150 years. Our portfolio ranges from chemicals, plastics, performance products, and crop protection products to oil and gas. As the world's leading chemical company, we combine economic success with environmental protection and social responsibility. Through science and innovation, we enable our customers in nearly every industry to meet the current and future needs of society. Our products and solutions contribute to conserving resources, ensuring nutrition, and improving the quality of life. We have summed up this contribution in our corporate purpose: we create chemistry for a sustainable future. BASF generated sales of over €74 billion in 2014 and had around 113,000 employees as of the end of the year. BASF shares are traded on the stock exchanges in Frankfurt (BAS), London (BFA), and Zurich (AN). Further information on BASF is available on the Internet at www.basf.com.

About Cargill

Cargill provides food, agriculture, financial and industrial products and services to the world. Together with farmers, customers, governments and communities, we help people thrive by applying our insights and [150 years](#) of experience. We have 152,000 employees in 67 countries who are committed to feeding the world in a responsible way, reducing environmental impact and improving the communities where we live and work. For more information, visit Cargill.com and our [News Center](#).

About GIZ

The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH is federal government-owned corporation with worldwide operations. It supports the federal government in international cooperation for sustainable development and in international education work. GIZ helps people and companies develop their own prospects for the future and improve their living conditions.

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