

Spicing up social responsibility

Food giant works with small-scale chilli farmers to help improve their livelihood

story by
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CREATING “Shared Value” at Nestle Malaysia’s Chilli Club – a contract farming scheme, means ensuring a win-win solution for both the company’s business growth, as well as the farmer’s livelihood.

Nestle Malaysia Agricultural Services head Yong Lee Keng explained that for this set-up, “win-win” means procuring a safe, good quality supply of chillies for Nestle Malaysia’s chilli sauce manufacturing.

“On the other end, the farmers in our Chilli Club contract scheme get a stable source of income by selling to us at optimal prices, and we also provide education and help with farming practices,” he said.

Optimal, he explained, did not necessarily mean the cheapest.

“To be frank, we can get imported chillies for lower prices, but this way, we can ensure the quality while helping with rural development for the farmers as well,” said Yong.

What started back in 1994 with about 20 farmers in the Bukit Awang Farmers’ Association in Kelantan, has now grown to about 112 smallholders, harvesting on average 500 tonnes of chillies for sauce production.

The scheme celebrated its 20th anniversary of operations last year.



Since its implementation over 20 years back, farmers participating in the Nestle Chilli Club contract-farming scheme in Bukit Awang, Kelantan have seen their incomes rise by 70%. — Photo: SHAARI CHE MAT/ The Star

Yong said chilli was a sensitive crop, with problems no matter rain or shine.

“During the dry season, the plant is attacked by bugs, and in wet season, there’s fungus and rot to worry about,” he said.

Still, a diligent farmer can harvest an average of four tonnes of chilli from their smallholding.

“We started in Kelantan because we wanted to start with one of the poorest states in the country back then, plus the farmer’s association was keen on the scheme as well,” he explained.

With most of the farmers in the scheme working on a holding of 0.4ha or so, this translates into an average of four tonnes of chillis harvested by each smallholder.

A piece of land that size is big

enough for 4,000 chilli bushes.

The size of the holding also ensures that labour costs, an important consideration in Malaysian farming, are kept down.

Furthermore, if there was a bumper harvest and the farmers have fulfilled their contract quota with the Chilli Club, they were free to sell their remainder at the local market, particularly if prices were good.

“On agricultural inputs, like fertiliser, we are also trying to wean the farmers away from conventional farming practices towards more natural ones, so we can reduce our environmental impact too,” said Yong.

In addition, Nestle Malaysia, through its brand Maggi, is investing to open a research-and-development farm

in Kelantan next month, with a focus on finding new, sustainable farming methods to improve the chilli crop.

“The focus will be on developing new varieties and soil improvement methods,” Yong disclosed, elaborating on methods such as using live mulch plants including *sengkuang*, so farmers could harvest a second crop instead of just chillies.

On the whole, farmers’ income in the chilli farming scheme has increased by about 70%.

“Could we have done with just one big farmer on the west coast? Yes, but this way, we bring improvements and are able to help more people,” said Yong.

“Our principle is that quality begins at the farm. Not just for Chilli Club, but everything we do,” he added.

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