

OXFAM FAIR COMPANY- COMMUNITY PARTNERSHIPS

Mission team report from Jakarta (2/10)

During the first FAIR co-creation workshop in Amsterdam, on 21st January 2016, a number of priority areas were identified which shaped the roadmap towards FAIR demonstration projects. These priority areas were translated into building blocks that defined the scope of our co-creation activities in 2016. For more explanation about the roadmap and the building blocks read [Summary Co-Creation Day and Way Forward](#)

In order to convene and design the FAIR company-community partnerships, and for the further engagement with palm oil stakeholders, we defined ten key questions which need in-depth thinking. To address these questions we will gather small groups of experts, our mission teams. These mission teams will, for example, specify the business case for a specific location and project coalition or design the monitoring system.

MOBILIZING PALM OIL PRODUCERS, JAKARTA 19.05.2016

Designing pathways towards applied FAIR pilot projects, and a back-casting exercise to go from a shared vision to today's challenging reality was the focus of the second expert workshop. During the workshop key questions around motivators for progressive change and criteria to be used for the selection of project locations were also addressed.

Mission team participants were:

IPOP secretariat as co-host; growers Musim Mas and Wilmar; CSOs KPA, SPKS; other stakeholders RSP0, IFC, Winrock; Oxfam, Indonesia; Oxfam Novib.



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REALITY CHECK

On May 19th we invited Indonesian growers to uncover joint visions and derive shared pathways forward. The Secretariat of the Indonesian Palm Oil Pledge co-hosted the meeting in Kemang, Jakarta. The morning drew together grower/trader companies' perspectives to identify current crises faced, motivators for change and desired long term outcomes. It served as a reality-check on Oxfam's vision for FAIR company-community partnerships. For the afternoon workshop-session additional stakeholders were invited to join the workshop, among which Oxfam's civil society partners. During the afternoon stakeholders focused on a joint "back-casting" exercise and discussion about potential locations for FAIR partnership demonstration projects.

The morning discussions explored the feasibility of a landscape approach, as well as the ambition levels growers have with regard to the smallholder supply base. Some growers perceived the future multi-functional landscape to be challenging given the current plasma production schemes. Plantation companies with alternative arrangements (HGU or KRP) will have better potentials to diversify into a mosaic landscape. The palm oil growers expressed a desire for longer-term relationships with smallholders, securing supply to their mills and value chains.

One of the outcomes of the workshop was a recommendation to initially follow a pragmatic approach, showcasing inclusivity, rather than aiming at a fundamental policy review of current smallholder schemes. Illegality of smallholders is a "lose-lose" situation both for the smallholders themselves as well as for the mills. More predictable, manageable smallholder supplies would benefit the livelihoods of smallholder families and the mills. A shorter-term aim would be to improve the fairness of contracts and prices paid for palm oil fresh fruit bunches.

NEVER WASTE A GOOD CRISIS

For more revolutionary changes clear triggers are needed. Not surprisingly, when asked to list which crisis the participants experienced, a long list emerged. The different crises have been categorized into four groups:

- *Social crises*: food security, lack of diversification and resilience, limited entrepreneurial skills of smallholders (resulting in debts), smallholders treated as contract farmers, lack of participatory community land use planning, land conflicts, customary land tenure, invisible (hence unregistered) workers due to high targets, gender inequality (land rights, labour rights, safety);
- *Environmental crises*: water quality and availability, climate change impacts on crops, existing plantings on subsiding peat, encroachment to high conservation areas, open burning to clear land;
- *Governance crises*: lack of enforcement of legislation, corruption in land allocation, repercussions of fierce enforcement by RSPO, risks of implications for sector credibility when excluding smallholders in problematic supply bases, lack of interests in investing versus expecting "hand-outs", who will pay for conservation?;
- *Market crises*: volatile market prices, no premium price paid, poor access to finance, few financial products suitable for smallholders, difficulty for mills to meet legal minimum 20% of independent supplies, limited availability of land for sector growth, anti-palm sentiments in international markets.

The multitude of post-its produced also pointed at a range of motivators for change out of these crises and into desirable future scenarios.

PATHWAYS FOR CHANGE

Through back-casting, starting from an envisioned desirable future, the mission team managed to design five pathways which could be followed to overcome today's challenges. The pathways offer important input to the strategies and activities of the FAIR company-community demonstration projects.

What seemed like far-away dreams got translated into pretty manageable first steps. Although not complete our approach has been encouragingly simplified.



NEXT STEPS

Every journey starts with a first step. The first steps identified through back-casting would need to be applied in selected locations. The CSO participants and Oxfam shared how they have tested scoping research in two locations, notably in Sekadau District (West-Kalimantan) and Labuhanbatu Utara District (North-Sumatra). Private sector participants and platform organisations shared their experiences in pilot locations in Siak and Pelalawan Districts (Riau), and Seluma District (Bengkulu). Oxfam will take a deeper dive into shortlisted locations, while also identifying possible coalitions of partners from across the value chain.

The mission team discussed which criteria to use for location selection - preferably:

1. Sufficient smallholder groups must have been formed, or the possibility to form groups is there;
2. Local companies and their downstream supply chain should be supportive;
3. Host government at various levels and departments should be supportive;
4. Extension service providers should be accessible;
5. The opportunity gap should be significant to generate bigger impact;
6. The potential for success should be high.

For Oxfam the availability and capacity of the civil society partner network at the location is also crucial. When applying the criteria to the locations, Pelalawan, Labuhanbatu Utara and Siak came out as most suitable and fulfilled all, or most of the criteria.

Interestingly, when participants were requested to put votes to their most favoured potential location, the overall preference seemed to suggest to Oxfam not to go safe but rather to go far. As a result Sekadau and Siak came out as first and second preferred locations. This strengthens Oxfam's willingness to keep a high ambition level.

ANNEX:

co-creation workshops overview

BUILDING BLOCK	HOST(S)	FOCUS; KEY QUESTIONS TO BE ADDRESSED	WHEN (2016); WHERE
VALIDATING FAIR MODEL <i>MULTI-STAKEHOLDER</i>	Oxfam Novib	Towards building blocks and a roadmap for FAIR. Which key priority areas will need to be addressed? Which further engagements are necessary?	21 st January; Amsterdam
1. ORGANIZING COMMUNITIES <i>CIVIL SOCIETY ORGANISATIONS</i>	Oxfam Indonesia; Oxfam Novib	Towards partner identification and local capacity building. Which local partners can support the demonstration projects? How can FAIR leverage other projects? Which roles can women have?	15 th March; Jakarta
2. MOBILIZING PALM OIL PRODUCERS <i>GROWERS, CIVIL SOCIETY ORGANISATIONS</i>	Oxfam Indonesia; Oxfam Novib; IPOP	Designing pathways towards applied FAIR pilot projects. Back-casting from shared vision to today's challenging starting points. What are the motivators for progressive change? Which criteria should be used for the selection of project locations?	19 th May; Jakarta
3. LOCATING DEMONSTRATION LANDSCAPES <i>CIVIL SOCIETY AND FARMER ORGANISATIONS</i>	Oxfam Indonesia; CSO partners	Towards locating demonstration landscapes & local actors. Which are the local emerging crises that create the trigger to act? How to assign roles and responsibilities?	8 th June; Indonesia; follow up workshop to be planned
4. CONVENING MARKET SUPPORT <i>PRIVATE SECTOR MANUFACTURERS & RETAILERS, GROWERS, CIVIL SOCIETY ORGANISATIONS</i>	Oxfam Novib; co-host	Towards a solid business case for buyers, growers and smallholders. How to build a strong coalition for the demonstration projects? Which additional coalition partners will have to come on board to make the business case?	September; Europe
5. IMPLEMENTATION STRATEGY	Oxfam Novib; co-host	Towards an effective implementation strategy. How do upscaling goals determine pilot designs? How to arrange a fair distribution of responsibilities, risks and costs?	September; Europe
6. FUNDRAISING <i>DONORS, PRIVATE SECTOR PARTNERS</i>	Oxfam Novib; co-host	Towards securing resources. How to create joint-funding routes, aligning multiple donors?	September; TBD
7. MODELING FINANCIAL SUPPORT <i>FINANCIAL SECTOR</i>	Oxfam Novib; co-host	Towards solid investment models. How can large-scale aspirations be matched with the diversity of farmer needs? Which rural finance mechanism works?	October; virtual
8. DESIGNING MONITORING SYSTEM <i>RESEARCH INSTITUTES, SERVICE PROVIDERS</i>	Oxfam Novib; co-host	Towards monitoring systems design. How to ensure a good and effective MEL/impact measurement system? Which KPIs need to be monitored?	November; TBD
9. DESIGNING PROJECT GOVERNANCE <i>PROJECT PARTNERS, DONORS, OXFAM</i>	Oxfam International; Oxfam Novib; co-host	Towards ensuring quality of the project for all stakeholders. How to best and most effectively design project governance?	December; virtual
10. DECIDING ON KNOWLEDGE SHARING & SCALING <i>RESEARCH INSTITUTES, SERVICE PROVIDERS</i>	Oxfam Novib; co-host	Towards knowledge sharing and scaling. How to determine key success factors? How to exchange learnings with other landscape and smallholder projects? How can stories of change be connected?	November; possibly back-to-back with RSP0 meeting in Bangkok