

OXFAM FAIR COMPANY- COMMUNITY PARTNERSHIPS

Summary Co-Creation Day and Way Forward

The co-creation day, which Oxfam organized about FAIR company-community partnerships, generated a strong direction forward for design and implementation of a landscape approach in the palm oil sector.

The multi-stakeholder event in Amsterdam on 21 January 2016, sought to validate the model for FAIR company-community partnerships and determine a roadmap for future engagement and next steps. 40 Representatives – among them palm oil traders, buyers and CSR experts from brand manufacturers and retailers, knowledge institutions, professional service providers, commercial banks and impact investors, and Indonesian civil society partners – contributed to tackling the existing areas for action in the palm oil sector for which the FAIR partnership model offers an innovative, collaborative approach.

As a result, a roadmap emerged with concrete actions towards developing FAIR partnership demonstration projects in Indonesia. This 'grand design' provides the basis for further co-creation workshops to work on priority building blocks and further engagement with additional stakeholders. Participants expressed that building FAIR demonstration projects will be worth their future energy.

Overall the workshop concluded that Oxfam and prospective partners need to:

- **Take the shared ambition forward.** Oxfam's aspirations were reconfirmed and participants expressed that future design and next steps should not be too modest. Demonstration projects can and have to aim high to ensure realizing the intended impact for people living in poverty that can be reached by implementing FAIR partnerships.
- **Use the strengths of the FAIR partnership model and Oxfam's thought leadership for joint implementation and learning-by-doing.** Oxfam's role as a convenor and well-connected expert in palm oil sustainability

was acknowledged. The FAIR model offers solid and fresh thinking to jointly approach opportunities as well as the hurdles that need to be taken. Oxfam can be a driving force to take the opportunities forward and realize constructive and inclusive engagement in the priority areas for action.

- **Continue extensive engagement.** All prospective partners realize that a lot of work still needs to be done reconsidering and strengthening elements that were discussed during the co-creation event. We need to continue engagement and also reach out to other stakeholders to get involved, most importantly in Indonesia.

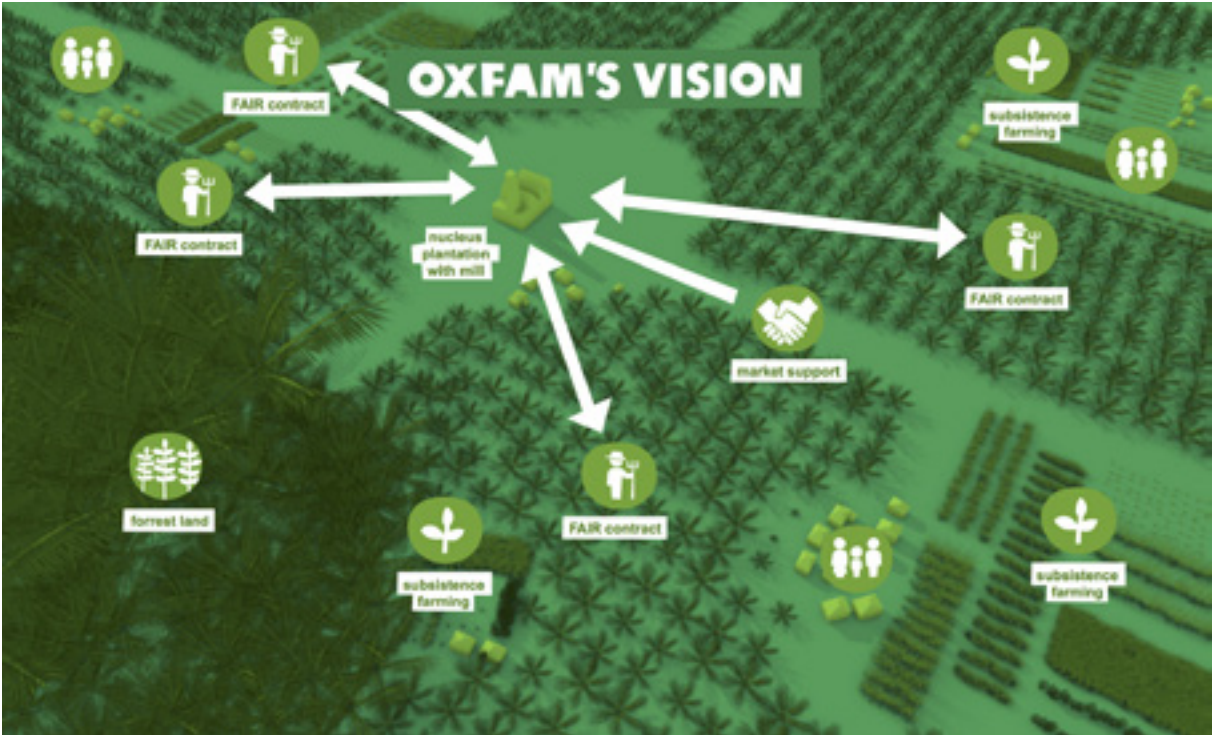


THE CHALLENGE

Oxfam's vision

Indonesia is one of the world's developing, resource-rich and ecosystem-rich countries, where palm oil production offers plenty of economic development opportunities. The rapid expansion of palm oil has, however, raised serious concerns about the impact of this industry on land-use change and on landscape stakeholders. Numerous reports highlight the adverse impacts that oil palm development has had on local communities, notably on land conflicts, food security and working conditions, and on the environment, notably deforestation, peat land fires and greenhouse gas emissions.

In response, the Roundtable on Sustainable Palm Oil (RSPO) and other initiatives promote and certify good practices, but better practices need to be created as a next step. Governments, development organisations, companies, the financial sector and research institutes all have a stake in designing innovative development models that benefit all stakeholders.



Oxfam's vision is to establish multi-functional mosaic landscapes in which stakeholders have applied participatory land use planning to arrive at optimal combinations of export crops such as palm oil, local food crops and conservation areas, notably forest and peat land. Smallholders and their communities, both women and men, will benefit from livelihoods of their choice in terms of food security, safeguarded land rights and diversified income. This requires a direct engagement

from palm oil companies with their host communities and (small) producers in the transition towards innovative, sustainable practices.

Multi-functional mosaic landscapes also generate multiple benefits for the commodity market and the financial sector, executing their sustainable palm oil policies and meeting sustainability objectives, notably taking deforestation out of their value chains and ensuring smallholder inclusion.

Respect for people and the environment will increase consumer trust in brands and the financial sector. This requires a long-term engagement between commodity buyers or finance providers and palm oil companies in the transition towards innovative, sustainable practices.

Co-creation participants shared their palm oil perspectives, expectations and inspirations from other crops like cocoa, bananas or hazelnut. Indonesian civil society representatives brought the voice 'from the field' into the meeting: "In Indonesia partnership often meant a way to grab the land; we now need new fair partnerships".

Iwan Nudin, KPA Agrarian Reform Consortium

SHARED AMBITION

During the co-creation day Oxfam shared its dream and what it believes success looks like. Oxfam's aspirations were reconfirmed and participants expressed that future design and next steps towards developing multi-functional mosaic landscapes should not be too modest. Demonstration projects can and have to aim high to ensure realizing the intended impact for people living in poverty that can be reached by implementing FAIR partnerships.

'Why I Dreamt Colourful Mosaics'

Extract from Johan Verburg's blog on LinkedIn Pulse

I am flying over Indonesia. From my window seat I look down at the landscape. Suddenly in my dream it is the year 2025. I can see a landscape that looks like a colourful patchwork. Somehow it appears to be... different. It feels strange and yet very peaceful. Although I don't see people, in my dream I can hear women and men expressing their different needs and performing activities in a mix of co-existing functions; I feel the humidity of a tropical forest; I notice the smell of a good quality rice with fresh fish from the nearby river; the ground lightly shakes when a truck passes on its way to the palm oil mill. This is all pieced together in one well-fitting mosaic landscape.

At the same time, in the background of my dream, I detect a fading old picture of a monoculture; I hear the echo of a historic land conflict.

In my dream I also remembered a meeting ten years earlier in Amsterdam in the year 2016 that triggered important changes.

That brought me back to reality of the day, a workshop with 40 participants, each with their own realities and dreams. So I invited all to work together because as palm oil heroes we need each-other to co-create the future. The mosaic landscape is what I believe success will eventually look like. But, how to get there? Well, this is the model of change that I suggest: such a multi-functional landscape becomes possible when palm oil companies are engaging all the stakeholders there, enabled by commodity markets and capital markets. In short: if markets engage growers, growers will engage host communities.

[link](#)

THE FAIR COMPANY-COMMUNITY PARTNERSHIPS MODEL

Inspiring a re-design of development models in palm oil production and trade

With the purpose to both foster the economic development opportunities as well as reducing the adverse impacts on local communities, the FAIR company-community partnerships model offers a paradigm shift. This 'green growth' model guides

developments at an early stage, when a company and host community start to (re-)consider relationships in palm oil production, especially at the moment of new plantings or replanting.



FAIR company-community partnerships will meet four key principles that describe the better practices in company-community relationships in palm oil production and trade within a landscape approach. FAIR is an acronym that stands for 1) Freedom of

choice; 2) Accountability; 3) Improvement of benefits; and 4) Respect for rights. FAIR partnerships are considered to be a condition for climate-friendly, land-efficient and pro-poor palm oil production.

FAIR PRINCIPLES & CRITERIA

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FREEDOM OF CHOICE

- Free, prior and informed consent.
- All community members, including women and minorities, have a voice.
- Long-term partnerships based upon symmetrical power relationships and a healthy interdependency.

ACCOUNTABILITY

- Internal alignment on the intent of the partnership.
- Transparent agreements.
- Grievance mechanisms.

IMPROVEMENT OF BENEFITS

- Shared value creation.
- Improved yields and resource use efficiency.
- Resilience to shocks linked to prices, pests and climate.
- Investment in community infrastructure.

RESPECT FOR RIGHTS

- Respect for land and other resource use rights.
- Respect for labor rights, human rights and indigenous peoples' rights.
- Equal opportunities.
- Respect for forests and peat lands.

The FAIR partnership approach positively guides developments to meet no deforestation, no peat, no exploitation commitments. It is not a new standard, nor a toolkit or manual. The principles for FAIR partnerships firmly build upon existing sustainability initiatives like RSP0. To arrive at FAIR company-community partnerships market engagement is providing crucial support.

Because a driving force is needed to get from current practices to FAIR company-community partnerships, workshop participants shared their 'drivers' on green cards and 'concerns' on orange cards, quickly turning the venue walls into colourful mosaics.

"The farmer is both a business man or woman, as well as the natural custodian of the landscape." "But how can these roles be better valued?"

Workshop participants

THOUGHT LEADERSHIP AND CONCEPTUAL MODEL RECONFIRMED

Oxfam's role as a convenor and well-connected expert in palm oil sustainability was acknowledged. Workshop participants believe that the FAIR model offers solid and fresh thinking to jointly approach opportunities as well as the hurdles that need to be taken. Oxfam can be a driving force to take the opportunities forward and realize constructive and inclusive engagement in the priority areas for action.

THE PROGRESS

From Discussion Paper to Demonstration Projects

Since the inception of the research and thinking that led to the FAIR company-community partnership model, many conversations have taken place with a wide variety of stakeholders. These exchanges were targeted at validating and strengthening the model on the one hand, and at engaging with stakeholders from the palm oil sector on the other hand [link](#) to blog on lessons learned ‘The Year of the Monkey’.

In 2014 Oxfam published the **Discussion Paper ‘FAIR Company-Community Partnerships in Palm Oil Development’** [link](#), a joint paper from Oxfam and AidEnvironment. The report is based on the knowledge acquired through extensive experience with and in-depth research in the palm oil sector and its smallholder producers and communities. The report makes the case to invest in mutually beneficial company-community partnerships and presents the design principles for better practices in company-community relations. It underpins a call to action to the palm oil industry and its stakeholders to invest seriously in long-term partnerships.

Acting upon its call to action, and backed up by the market reality in which a majority share of the global refining capacity is now covered by ‘no deforestation, no peat, no exploitation’ commitments, Oxfam embarked on engaging commodity sector and financial sector companies. In 2015 the David and Lucille Packard

Foundation awarded Oxfam a Grant, which enabled an extensive **scoping journey** of palm oil sector stakeholders to investigate interest in co-creating FAIR partnerships.

Early 2016, Oxfam organized a **Co-Creation Day** in Amsterdam and brought together 40 stakeholders from the palm oil sector. The event further validated the FAIR model. Building blocks and priority areas for action have been defined and have been modelled into a roadmap. With this, the workshop marked a pivotal moment from scoping towards co-creation, which will stretch the rest of 2016. The roadmap that has been designed provides the basis for follow-up co-creation workshops. These workshops will address priority challenges and targeted engagement with stakeholders. Oxfam will continue to involve the stakeholders that were already engaged and will involve other prospective partners, most importantly in Indonesia.

By 2017, Oxfam aims to launch multiple FAIR Company-Community Partnership **Demonstration Projects** in Indonesia. The collaborative, adaptive approach will also feature permanent monitoring, evaluation and joint learning. After the five-year project period the aim is to **Scale Up** the FAIR partnership collaboration model based on the proven business case, lessons learned and impact measured. Mainstream producers, buyers, investors and policy-makers in the palm oil sector are expected to adopt the successes.



PRIORITY AREAS FOR ACTION

From roadmap towards demonstration projects

With an agreement on the 'why' and the 'what', the co-creation day clearly called for follow up action to reach agreement on the 'how'. There is a lot of work that Oxfam and prospective participants in demonstration projects still need to do; the real work has only just started. Four issues emerged as priority areas for action:

1. Define the local context

In order to build the necessary coalitions for realizing company-community partnerships, the prospective partners need to identify existing opportunities within the palm oil landscapes. Could existing or emerging crises on e.g. food security, peat subsidence, ageing palms or land conflict create the necessity to act? Which stakeholders hold the keys to e.g. land swaps, investments or safeguards to conservation values in the landscape? Which roles and responsibilities do women and men in host communities, palm oil producers, local governments, buyers and investors have?

2. Build capacity on the ground

With the ambitions that are shared on the landscape level, the partners need to create an enabling environment to implement the FAIR partnership model and realize the intended impact for palm oil smallholder communities. How can e.g. large-scale aspirations of institutional investors be matched with a diversity of farmer needs? Who is best positioned to provide which technical assistance? The palm oil companies, local NGOs or commercial service providers? How can FAIR partnerships leverage other projects rather than compete with them?

3. Determine the business case

Everyone is convinced that all stakeholders will benefit from FAIR company-community partnerships. A solid business case is needed, though, to demonstrate future economic, social and environmental returns on investment. The partnership will have to work on connecting entrepreneurs to the wider financial system in order to realize improved access to fair, affordable and long-term capital. Which rural development needs and rural finance mechanisms merit which opportunity costs and risks? How to prevent unfair distributions of costs and benefits?

4. Develop a rigorous data collection and monitoring system

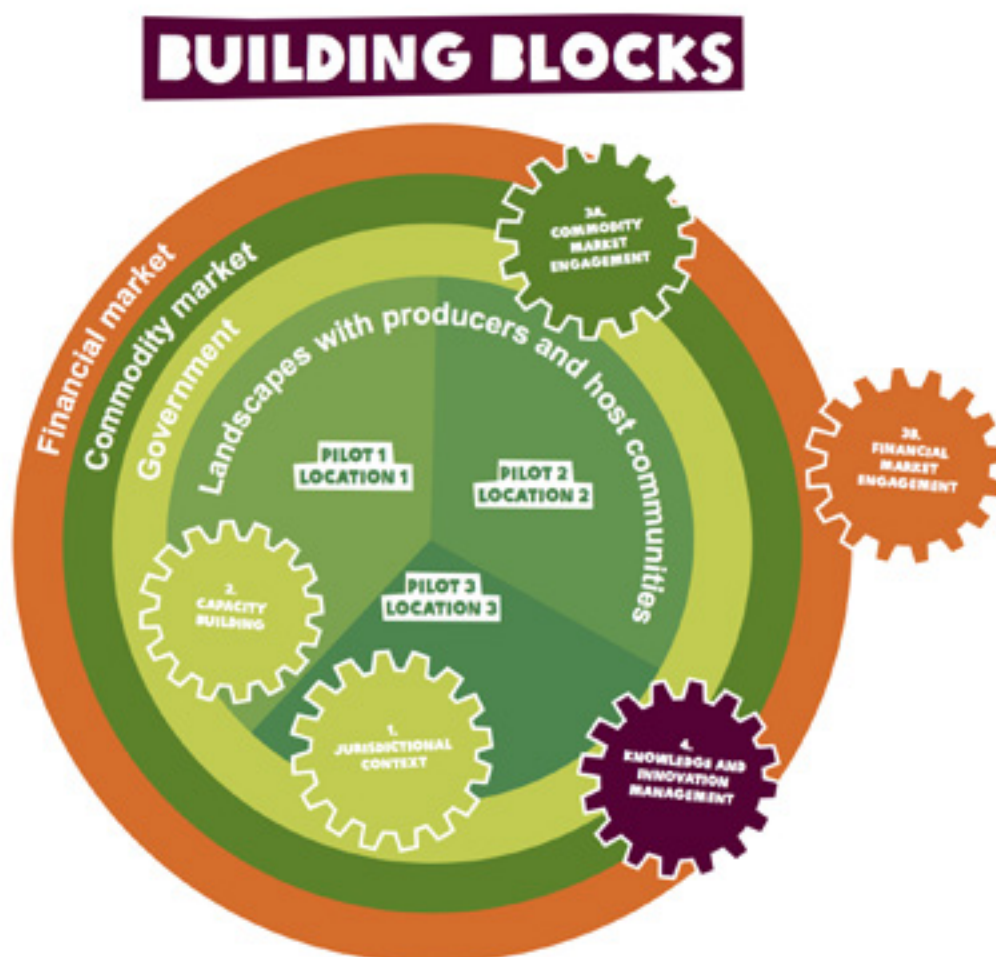
Success means different things for different partners, but still a common success approach will be needed. Collectively accepted success indicators, rigorous data collection methods and a solid monitoring system will need to be in place to guide learning-while-doing and to feed economic, social and environmental impact measurement. Which assumptions need to be tested for a 'proof of concept'? What is needed to determine key success factors to validate innovations for replication? How can stories of change reach other investors, buyers or even consumers?

NEXT STEPS

From roadmap towards demonstration projects

The priority areas that manifested during the co-creation day, shaping the roadmap towards FAIR demonstration projects, have been translated into

building blocks that define the scope of Oxfam's further co-creation activities in 2016.



1. Good governance jurisdictions

While international buyers and investors and NGOs such as Oxfam may incentivise transformation, their local counterparts are indispensable in mobilising the role of local authorities and good governance. Land-use planning approaches may be triggered by companies and host communities reconsidering their engagement and support, but an enabling governance environment is crucial. To safeguard all landscape functions – including public goods such as forests and water sources – in the long run, local authorities will be invited to support the landscape approach..

2. Capacity building

Local level preparations of projects will focus on further engagement with civil society organisations who can help empower communities, local service providers and local government to build their capacity and secure their support. Oxfam will also establish ongoing engagement with other landscape-level initiatives from e.g. environmental NGO allies and local platforms in order to collaborate directly or to align programmatic efforts 'bundled' in the same landscape.

3. Commodity market and financial market engagement

An active and ongoing engagement with both the commodity sector and the financial sector will be needed to establish FAIR partnerships. The private sector does not form one cohesive group. It consists of a variety of players with their own values, business models, risk appetite, return expectations and time horizons. Prospective partners will need to jointly build the business case and develop financial models, also for scaling and mainstreaming the partnership model after the project phase.

4. Knowledge and innovation management

Oxfam will develop data collection methods and a monitoring, evaluation and learning system (MEL) to guide learning and impact measurement. Following the co-creation approach, prospective partners and research institutes will be engaged to define and agree on key performance indicators. The data that will be collected could provide input for market communication to build consumer trust. Oxfam will establish communities of practice across different demonstration projects to promote active linking and learning.

The co-creation workshop facilitators reminded participants of three success factors: “You need connected interests and shared goals; clear divisions of roles and responsibilities; and incentives for the right behaviour.”

Lucas Simons, NewForesight

MORE ENGAGEMENT IS NECESSARY

At the end of the co-creation day all prospective partners realized a lot of work still needs to be done reconsidering and strengthening elements that were discussed during the co-creation event. We will continue engagement and also reach out to other stakeholders to get involved, most importantly in Indonesia.



SUCCESS MEANS DIFFERENT THINGS TO DIFFERENT STAKEHOLDERS.

Out of numerous interviews in the run-up to the co-creation workshop a range of mutually consistent and complementary motivators emerged – from ‘conflict-free sourcing’ to ‘making smallholders bankable’ – that all fit within the landscape approach

that FAIR partnerships will be taking. This justifies a collaborative process to generate buy-in and co-design by all prospective partners, in smart and inter-connected combinations.

PARTICIPANTS FEEDBACK

The co-creation day proved to be an energetic and participative day with very motivated and involved participants. A visual impression of the day is available here:



“ There was a very diverse audience from different organisations with really different points-of-view and everybody bringing a unique perspective. It is through that variety of perspectives that you come up with some really rich discussion. The next step is an engagement even wider than today.”

Geraldine O’Grady, UNDP

“ Today was inspiring because the companies also talked about how to grow together with the smallholders. Today we talked about true partnership - engage together and develop together. And that is a breakthrough to resolve the crises in the field, the crises about the environment, the crises about food security, the crises of land conflict.”

Iwan Nudin, KPA Agrarian Reform Consortium

“ There was no question of why we were here and I think that is a sign of maturity, that is a sign of commitment and we are ready to take the next step.”

Lucas Simons, NewForesight

“ I learned a lot from the people from the countries, about what is actually happening on the ground. It was a eye opener to learn about the real issues.”

An Saveyn, Vandemoortele

“ We have done a lot today. We drafted a roadmap and we are on the good road but we still have a long way to go. I know Oxfam is going to follow up and interact with the different stakeholders, which will make a difference for this initiative.”

Marie Lavielle-Piot, Cargill

“ A lot of people walk away today knowing more, understanding more which role they can play, how they can contribute and how it fits into the bigger picture.”

Johan Verburg, Oxfam