Climate and Land Use Revised Palm Oil Strategy 2018-2021

Belinda Morris
Gillian Lui

February 7, 2017
Background

Oil Palm Production and Deforestation
The production of palm oil is responsible for substantial global emissions of greenhouse gases (GHG), primarily from the expansion of oil palm in tropical forest countries driving deforestation and drainage of carbon-rich peat soils. Indonesia – one of the world’s largest emitters of GHG – is ground zero for oil palm expansion. Almost half Indonesia’s emissions come from land-use, land-use change, and forestry (including peat fires) (Wijaya, 2017), and oil palm production is a major driver of land-use change. Although it is difficult to identify the precise economic drivers of forest loss due to the complex dynamic of deforestation and a high degree of uncertainty of available data, it is evident that oil palm is a major cause, both directly and indirectly. We know that approximately 28 million hectares of forest were lost in Indonesia between 1990 and 2005. However, only 5 million hectares of that land was planted with oil palm. This is attributed to the fact that many companies received forested land to grow oil palm and extracted the timber, which had higher immediate economic rent, but never planted the oil palm. In Riau, less than half the land licensed to oil palm production between the 1970s and 2007 was planted, and in Kalimantan, only about 5% of licensed concessions was planted by 2010, though much of the area has been logged (Dwyer, 2015).

With increasing global demand for palm oil, there are ever increasing pressures on forested land. Projections of palm oil demand suggest that beyond 2020, even if production on existing oil palm plantations is enhanced, avoiding further deforestation will be increasingly challenging (Wicke B, 2011). This means that strong policies must be established by companies participating in the palm oil supply chain and by local and national governments, mandating that expansion only take place on marginal or already degraded lands. In addition, in order to further reduce climate impacts, some existing plantations that are disrupting the hydrology of peat domes, should be retired and their areas restored to the original ecosystem functions.

Global Palm Oil Production
Currently, palm oil production and exports are highly concentrated in Indonesia and Malaysia, which together produce around 85 to 90% of global supply – an estimated 60 million metric tons (MT) in 2016. Indonesia is the world’s leading producer, producing around 36 MT of palm oil in 2016, followed by Malaysia and Thailand at approximately 21 MT and 2 MT, respectively. The industry’s growth is driven by exports. In the 1960s, when global production was less than 2 MT, about half of palm oil produced globally was exported. By 2014, about 75% of global production was exported making global demand a key driver of oil palm expansion. Central and West Africa, where oil palm originates, are the only regions where palm oil is produced primarily for domestic consumption. In terms of productivity, Malaysia has the highest yield per hectare (over 4t) followed by Colombia and then Indonesia (just less than 4t), while Africa has the lowest yields of 1.5t/ha and less (Byerlee, 2017).

---

1 A 2011 study shows that in Indonesia production projections range from 31 to 63 million tons CPO per year in 2020. In the most optimal scenario (converting only degraded lands and improving yields from 3.4 tons CPO per ha per year to 5.9 tons per ha per year) oil palm expansion into forested areas would be limited to 1 million ha. However, if the yield is not improved, land use change could increase up to 28 million ha. Degraded land availability at the time of the study was 12. 5 million ha. (Wicke B, 2011)

2 [https://www.indonesia-investments.com/business/commodities/palm-oil/item166](https://www.indonesia-investments.com/business/commodities/palm-oil/item166)
In Indonesia, commercial oil palm production dates back to the early part of the 20th century, when yields in Sumatra were discovered to far surpass those in Africa (Tate, 1996). The state’s role in the oil palm sector in Indonesia started to grow in the 1960s. In the mid-80s the government began encouraging more private investment, resulting in both Indonesian and foreign (primarily Malaysian and Singaporean) companies investing heavily in the sector. In addition, the World Bank financed some oil palm schemes, primarily associated with Indonesia’s Transmigration program. Indonesia is the world’s lowest-cost producer of palm oil due to the low costs of labor and land in Indonesia. Indonesia’s low production costs and relatively high yields make its palm oil sector an attractive option for investors. Starting in the 1990s, oil palm growth took off in Sumatra and Kalimantan with substantial investment from Malaysia and Singapore. To attract further investment, the government offered reasonable terms on large concessions, as well as other benefits.

In 2006, Indonesia surpassed Malaysia as the largest palm oil producing country in the world, and, in 2008, it became the world’s largest exporter of palm oil. Today, palm oil accounts for about half of Indonesia’s agricultural exports, with about 70% of Indonesian oil palm grown in Sumatra (Byerlee, 2017) and much of the rest grown in Kalimantan. Papua is currently considered a frontier area greatly threatened by oil palm expansion.

**Oil Palm Production on Peat Soils**

About 20% of oil palm grown in Indonesia and Malaysia has been planted on peat soils. Peatland in Indonesia covers around 14.9 million ha (Osaki M., 2016) but a wider area of around 22 million ha is critical to the long-term protection of the peat soils because of the peatland hydrology. The peat soils are distributed between three provinces: Sumatra (6.44 million ha - 43%), Kalimantan (4.78 million ha - 32%) and Papua (3.69 million ha - 25%) (Osaki M., 2016). Sumatra has the largest area of oil palm production on peat soils (around 1.3 million ha of a total 6.44 million ha), and Kalimantan has around 730,000 ha of oil palm production on peat. Wetlands International estimates that palm oil production on peat soils in Indonesia causes around 438 million tons of CO2 emissions per year. A hectare of peatland drained can release an estimated 3,750-5,400 tons of carbon dioxide over 25 years as compared to a hectare of forest cleared on mineral soils, which releases between 500 and 900 tons. So the significance of not draining peatlands cannot be underestimated. In December 2016, the Government of Indonesia signed into law a moratorium on the conversion of peatlands, stating that activities that degrade the hydrological functions of peat soils are illegal.

**Indonesian Smallholder Oil Palm Farmer Production**

According to a study conducted by Daemeter Consulting in 2015, approximately 40% of the total planted oil palm is owned or managed by Indonesian smallholder farmers. This represents about 35% of crude palm oil produced in Indonesia. (Daemeter, 2015). Smallholders are represented throughout Indonesia and therefore are a critical part of the sustainable production solution, although their composition varies from province to province, both in terms of share of the total and whether they are independent or tied to corporate concessions. Increasing smallholder production and improving smallholder livelihoods could contribute significantly to overall palm oil productivity. However, this may not reduce the impacts of smallholder farming on the environment. It could in fact have the opposite effect and increase their expansion into forested areas. Therefore, it is critical to approach smallholder farmer

---

3 https://www.wetlands.org/casestudy/towards-sustainable-palm-oil/
interventions with care, within effective landscape planning parameters, to avoid undesired impacts on the environment.

**Domestic Demand for Palm Oil**

In addition to being the largest exporter of palm oil, Indonesia is the second-largest consumer, after India. In the first half of this decade, the Indonesian government provided additional incentives to increase domestic refining capacity by reducing the export tax on refined oil from 25% to 10% in 2012 and then to 0% in 2014. More recently, in 2015 the government mandated an increase in biodiesel blending to 20% and then to a planned 30% in 2020 and established the Crude Palm Oil Supporting Fund (CPO Fund) subsidy for biodiesel production, both of which provide a further incentive for increased production of palm oil and domestic refining capacity. Current use of biodiesel is around 2-3 billion liters per day. If these mandates are fully met, biodiesel levels would increase to about 12 billion liters per day at the 30% mandate, and mandated biodiesel consumption will continue to rise as overall diesel consumption in Indonesia is projected to steadily rise. Hence the mandate could drive a five-fold increase in biodiesel consumption over the next 8 years. However, to date the mandates have not been reached, and there is talk of the 30% target being delayed. So while the threat remains high, there is time to act and it will be critical to ensure that adequate sustainability measures are put in place.

**Land Use Decision Making in Indonesia**

The policy making context in Indonesia is complex, making it a challenge to govern the expansion of oil palm. The Ministry of Agriculture, the Ministry of Environment and Forestry and Bappenas (the Ministry of National Development Planning) each retain authority for different aspects of decision making around oil palm production. Since 2000, decentralization has shifted local development decisions to provincial, district, and village authorities, and enabled licensing decisions to be made at the local level. This means that no one agency or government entity has full authority of land use decisions. Nevertheless, addressing land use decisions is critical for achieving long-term sustainability in the oil palm sector.

**Lessons from Grantmaking (2012-2017)**

**Background**

Since 2012, the Packard Foundation, in collaboration with the Climate and Land Use Alliance (CLUA) foundations, has funded work to reduce the climate impacts of the oil palm industry by slowing the rate of conversion of peatland and native forests to new plantations, with a geographic focus in Indonesia. In 2014, the Foundation published a strategy for reducing emissions from oil palm cultivation in Indonesia. Towards the end of 2016, after more than three years supporting work aimed at stopping the rate of forest conversion caused by palm oil industry expansion and nearing the end of the first three years of the Palm Oil Strategy, the Foundation engaged in a consultative process with grantees and other core partners to look back on what had been achieved and identify needed changes to the strategy for the next five years. In collaboration with CLUA, two in-person grantee and partner workshops were held, in addition to other ad hoc consultations. The workshops and consultations intended to bring a community

---

4 Stephanie Searle, ICCT, Personal Comment
of practice together to take stock of progress made under the initial few years of implementing the Palm Oil Strategy, reflect on major developments in the domestic and international arenas with relevance to the strategy, collaboratively generate ideas on where grantmaking under the strategy could focus over the next three to five years to maximize its impact and efficacy, and engage participants in the co-development of the revised strategy.

The strategy review process also included a look back on progress reported through grantee reports, press articles and other information. In addition, in 2016 and early 2017, CLUA underwent a five-year evaluation, which included independent evaluations of the CLUA Indonesia Initiative and CLUA’s engagement in the Packard Foundation’s Palm Oil Strategy and Bioenergy Strategy. Lessons from both reports were considered in this strategy review. The review process examined progress, challenges and lessons learned under the 2014-2017 Palm Oil Strategy and our grantmaking prior to 2014 (the Foundation had funded work focused on the palm oil industry since 2012) to inform how to evolve our approach and adjust our expectations and priorities.

**Demand-side Approach**

The “demand-side” approach focuses on mobilizing buyers and traders to incentivize improved production practices by producers. While the boundaries between supply chain actors are not always clear (e.g. some traders are also producers), the main objective of the “demand-side” approach is to change market and finance demands on producers. Over the past few years, a rapidly increasing number of companies pledged to eliminate deforestation from their supply chains. A March 2017 report tracking corporate commitments to deforestation-free supply chains from NGO Forest Trends estimated that, of roughly 720 companies (including producers, processors, traders, manufacturers, and retailers) whose supply chains are exposed to the “Big Four” commodities (palm, timber and pulp, soy, and/or cattle), roughly 450 companies have made a total of 760 commitments to reducing deforestation impacts in their supply chains. The report showed a 31% increase in the number of commitments by 2017 compared to 2016 (Donofrio, 2017). Of those companies tracked, far more companies with exposure to palm and timber and pulp have made commitments than those with exposure to soy and cattle, due in part to palm and timber and pulp having longer-standing certification schemes that have captured larger portions of commodity market share.

Progress on securing No Deforestation, No Peat Expansion, No Social Exploitation (NDPE) supply chain commitments have occurred more quickly than many had anticipated, giving rise to a new suite of challenges regarding the need to address the complexities of implementing these commitments. Most of the 450 companies have committed to fully traceable supply chains by 2020. However, substantial challenges remain in monitoring and pressuring mid-sized and smaller producer companies to shift their practices, and many of the companies that have made commitments encountered challenges in fully implementing their commitments within the stated time frames. Independent verification of implementation of no deforestation commitments has been difficult. Companies and third-party service providers have increasingly recognizing the difficulties in measuring tangible progress against realistic time frames. The appropriate role of NGOs in pressuring companies to go beyond their business-as-

---

6 One company may make more than one commitments because each individual commitment may be specific to a commodity (e.g. soy, palm oil, pulp and paper)
usual practices has been challenged. Are NGOs providing too much “green cover” through their industry engagement? At what point is engagement counter-productive?

Going forward, we see the need for a more concentrated focus on ensuring the transparent implementation and verification of company commitments. The major palm oil trading companies (Wilmar, Cargill, Asian Agri, GAR, Musim Mas, IOI) have made NDPE commitments which cover the vast majority of traded crude palm oil (CPO), but they lag on commitment implementation. Therefore, continued pressure on these traders to follow through with their existing commitments is certainly necessary, but perhaps not sufficient. Furthermore, additional advocacy work is still required to shift the practices of producer companies that are still non-compliant. Community-level capacity and empowerment to watchdog and hold companies to account on the ground remains limited, as does the capacity of independent service providers to help companies implement their commitments. Efforts must continue to improve the quality of standards like the Roundtable on Sustainable Palm Oil (RSPO) to meet more stringent standards such as RSPO Next. Finally, while our strategy thus far has focused on palm oil demand from the EU and U.S. markets, we should increase support to grantees to explore tactics to address demand from China, India and Indonesia.

With respect to efforts focused on the financial sector, although progress has been made on adoption of environmental, social and governance standards (ESG) both internationally and within the banking sector in Indonesia, much of Indonesia’s palm oil production is financed privately through wealthy Indonesian families and Chinese and Southeast Asian banks, which are much more difficult to influence than international banks. Although we know a lot more now than we did four years ago, the most effective point of entry to influence financial leverage over palm oil production in Indonesia is blurred by the lack of transparency of the private banking sector.

Challenges to financial sector progress has also included the lack of effective due diligence whereby investors can verify client company compliance with NDPE commitments, and the lack of extensive, publicly available information on financial flows that can be used to mobilize public pressure on financial sector actors. Aligning and coordinating the finance and banking sectors around a consistent message and providing mainstream asset managers and banks with a convincing business case for investing in NDPE commodity production are both areas that require further focus.

Demand-side country efforts and policies such as Norway’s banning of the public procurement and use of palm oil-based biofuel, the EU parliamentary vote to ban biofuels derived from palm oil, and the French environment minister’s announcement of plans to stop “imported deforestation” have garnered the attention of producer countries, and indicate further opportunities to leverage consumer country signals to effect change in producer countries. Further analysis of comparable demand-side strategies in countries such as China and India is necessary.

**Supply-side Approach**

Our supply-side approaches to the Palm Oil strategy focus on improving governance conditions in landscapes where oil palm is produced, directly engaging local stakeholders in more responsible land management practices that minimize greenhouse gas emissions from oil palm expansion. One of the primary avenues through which we are pursuing such work is at the jurisdictional level, through what we call a “jurisdictional approach.” The jurisdictional approach aims to bundle public and private sector incentives in ways that operationalize public and private sector commitments to reducing deforestation
at sub-national jurisdictions (e.g. provinces or districts) and make production of NDPE palm oil sustainable and profitable.

We have encountered a number of challenges to realizing successful jurisdictional approach pilots. First, there is an absence of material incentives for change (e.g. REDD+ finance has not yet been offered to sub-national jurisdictions, nor have corporate commitments to jurisdictional sourcing and finance been translated into bankable offers). Without these types of incentives, sub-national governments and jurisdictional actors have little incentive to improve overall jurisdiction-level performance. This has made it challenging for NGOs working at the jurisdictional level to identify ways to productively engage producer companies and communities around shared, mutually understood alternative models for rural development. As a result, broad alignment on standards for jurisdictional performance and accountability mechanisms to ensure the implementation of these standards do not yet exist.

Encouraging companies to engage in preferential sourcing agreements at the jurisdictional level has been more challenging than anticipated. For example, although Unilever (which committed to preferential sourcing from progressive jurisdictions in 2015) is assessing the potential for preferential sourcing activities in East Kalimantan, Central Kalimantan and Riau, to date the company has not shown a willingness to engage with stakeholders at the jurisdictional level, possibly in part because supply sheds map across jurisdictions. With respect to supply shed mapping, traceability of palm oil upstream to the mill level, where palm oil is extracted from fresh fruit bunches (FFB), is fairly straightforward; however, traceability further upstream beyond the mill to the source fields/growers, particularly in areas dominated by smallholder producers, is much more challenging, yet necessary in order to fully map, understand, and transform entire supply sheds. Hence the bar is high for companies trying to achieve traceability on their own. Jurisdictional-scale sourcing would make traceability all the way to the grower/field less essential for individual companies.

Overall there are few incentives for the continuity of political support for progressive policies. One way to ensure continuity is to offer fiscal incentives for good performance that would be lost if policies changed and resulted in a decrease in performance and associated incentives. Although fiscal incentives remain unproven, it is generally believed that they could be effective for increased performance at the jurisdictional scale. One area of concern is the potential for a progressive governor or district head who is currently a champion of sustainability to be replaced by a less-progressive leader, posing political risks that need to be managed. Concrete policy change and buy-in from active stakeholders needs to take place within jurisdictions to ensure long-term sustainability of jurisdictional approaches. These approaches will take time, focused effort, and strong collaborations amongst private sector, CSOs, and public sector stakeholders.

Even efforts to engage with progressive companies have not necessarily resulted in the coordinated corporate constituency considered to be a requisite for true policy change. The Indonesian Palm Oil Pledge (IPOP), launched at the UN Climate Summit in September 2014 by the Indonesian Chamber of Commerce and four leading palm oil traders, was meant to serve as an industry-led agreement among leading palm oil companies committing them to pursue industry-leading sustainability practice. IPOP’s
disbandment\textsuperscript{7}, primarily a result of backlash from the less progressive industry players and their influence over government, suggests that companies may be less likely to take collective action on advancing policy change in Indonesia moving forward. The will to act on NDPE commitments must come primarily from within companies themselves – hence, the importance of continued and direct pressure on and engagement with companies.

On the ground, monitoring company activities can be challenging. There is a lack of data regarding actual concession boundaries, mill supply sheds and the extent to which smallholders are responsible for deforestation. A shortage of “boots on the ground” presents a barrier to effective verification of existing data. In addition, where data is available, there are challenges to ensure data can and are being used to enhance sub-national government capacity to manage fire and address social conflict and to inform campaigns and corporate action.

The Government of Indonesia’s One Map Initiative, as a national effort to bring together land use, land tenure and other spatial data (including peatland extent) into a single database for Indonesia, is largely viewed as a potential solution to addressing land conflict in Indonesia. As such, there is increasing recognition of the need to strengthen the role of Indonesia’s Corruption Eradication Commission (KPK) in the One Map development process. Equally important is the need for the adoption of a broader sustainable development model and evidence showing how it might manifest at national and sub-national levels, particularly with respect to the provisioning of economic development options or alternatives for smallholder farmers.

The concept of such an alternative or counter narrative in Indonesia remains relatively nascent. While the general consensus is that effective alternative narratives must be self-cultivated within Indonesia, there is limited evidence data to support the development of these narratives in-country. There is also a lack of pro-active, coordinated messaging that can be easily understood by policymakers, opinion leaders, and the general public in ways that foment productive public discourse, and little coordination and campaigning capacity among actors deploying these messages.

\textsuperscript{7} As the CLUA evaluation pointed out, IPOP was not a failure. It raised the profile of a variety of environmental and social issues relevant to the growth of the palm oil industry in Indonesia, brought companies and civil society organizations together and opened lines of communication in ways that did not previously exist, and brought sharper focus to the shortcomings of standards of practice, skilled capacity, and existing government policies in Indonesia necessary to make lasting change.
Strategy Goals and Theory of Change

Long-term Goal
The goal of the Packard Foundation’s Palm Oil Strategy is to catalyze a transformational shift in the oil palm industry globally to one that is low-carbon, pro-smallholder, and respectful of international norms related to protection of land and labor rights and biodiversity values and that addresses the legacy issues associated with plantations already under cultivation.

Near-term Goal
By the end of 2021, in Indonesia the rate of conversion of peatland and native forest to oil palm is trending sharply downwards.

Theory of Change
Transforming the palm oil sector to one that is low-carbon, pro-smallholder, and respectful of international norms related to protection of land and labor rights and biodiversity values, with a primary focus in Indonesia, will significantly reduce projected GHG emissions. Because the bulk of emissions from palm oil in Indonesia are associated with the drainage of peat soils, achieving a low-carbon palm oil sector requires stopping the expansion of oil palm plantations on carbon-rich peat soils and drastically reducing oil palm related deforestation. The deforestation pressures of the oil palm industry in Indonesia will be substantially reduced when there is strong governance and enforcement of laws (including the moratorium on peat expansion), increased productivity across plantations of all sizes (including smallholder farms), and where expansion of plantations only occurs on already degraded land. The global demand for palm oil is projected to continue to increase beyond 2020, and therefore it is essential that strong policies ensure that expansion only take place through increased production or expansion on marginal and already degraded lands. If the palm oil moratorium were fully enforced, it is likely that we would achieve our near-term goal.

Both demand-side and supply-side strategies are required to achieve transformation of the palm oil sector. Ultimately, protecting carbon-rich landscapes from conversion requires clear land rights regimes, sound spatial planning processes, a transparent and accountable permitting process, traceable supply chains, and politically legitimate law enforcement efforts in producer countries.

In order to create the strong governance and enforcement required to curb expansion of oil palm on peat soils, our core theory of change is that sufficient pressure can be placed on private consumer facing, trader and producer companies so that oil palm producing jurisdictions that do not have strong policies that restrict expansion of oil palm to marginal or degraded lands will face loss of business. In addition, relevant fiscal incentives from national government to local governments (such as distribution of general fund revenue in proportion to forest cover) will provide strong incentives for local governments to protect and restore forests. Recognizing that even with the threat of loss of business and sufficient incentives from national government, some local governments will not be willing to change without evidence that an alternative approach could work, we will concentrate our resources in three priority districts in Riau and West Kalimantan to demonstrate the viability of this approach. Critical to the success of such an approach will be the capacity of local Indonesians and Indonesian organizations to take leadership roles and to develop an Indonesian vision for sustainable economic
development that protects forests and peatlands. We will conduct our grantmaking in such a way that builds capacity within Indonesia, at the local and national levels, and enhances leadership and local ownership of the strategic thinking behind a narrative of sustainable economic development.

Our approach to implementation

The palm oil industry is characterized by a complex supply chain—involving a large and diverse universe of producer countries and companies, buyers, and markets—and thus requires multiple points of entry and tactics. Work during the first phase of the Palm Oil Strategy has confirmed that there is no “silver bullet” intervention that will on its own transform the relevant markets or production practices. Continued focus on demand-side work is important, improving on private sector commitments and ensuring that companies follow through with their commitments. However, an increased focus on supply-side work in key geographies in Indonesia is vital to the long-term success of the strategy.

Lessons from the first four years of grantmaking under the Palm Oil Strategy reveal that demand-side approaches are important for catalyzing change in a subset of the palm oil industry in the short term, and potentially for creating a new and powerful constituency for reform of legal and regulatory environments in producer countries in the longer term. Supply-side efforts are critical for supporting successes achieved on the demand-side. Achieving full implementation of strong private sector commitments will take time and concerted efforts from multiple parties. Private voluntary efforts can change the practices of progressive companies within areas that they control, and policies in consumer countries can provide additional incentives for change (although not without the potential for backlash from producer countries). But neither can directly address the poor governance conditions or illegal activity that allow forest and peatland conversion to continue. Thus, despite the slow and often frustrating rate of progress in strengthening land and forest governance, those efforts are vital to the overall long-term success of the strategy, and we feel a ground up approach working at the subnational level is the most effective way to strengthen policies and their overall enforcement.

On the ground, approaches such as the jurisdictional approach—including linking supply-side and demand-side interventions and public and private sector actors and civil society working together in particular sub-national geographies—are necessary for “grounding” policy commitments in the supply chain. Grounding policy commitments at the sub-national level in a subset of districts where potential for success is highest, both in terms of reducing emissions and achieving political buy-in, and where potential for scale is greatest, will provide the basis for scaling and replicating this approach across key geographies in Indonesia. In addition, targeted pressure on districts with abundant peatland and natural forests, where industry pressure is high and political buy-in for sustainable land use is low, is also an essential tactic.
Expected Outcomes of the Revised Strategy

The Palm Oil Strategy refresh process consolidated and refined the strategy's original eight outcomes into four outcomes that collectively reflect a stronger focus on NDPE commitment implementation for the period from 2018 through 2021, while maintaining a balance of focus on both demand- and supply-side activities. This second phase of strategy implementation is aligned with CLUA’s new five-year strategy (2018-2022).

Outcome 1

Major trader and consumer goods companies have strong NDPE commitments, publicly disclose progress on a verifiable path towards changing their practices, and align with progressive producer companies around a common vision for NDPE-compliant palm oil throughout the supply chain.

Since 2013, major consumer-facing companies have been steadily increasing their levels of commitment to NDPE palm oil, while most of the large global palm oil traders have already made strong commitments to sourcing NDPE palm oil (see Climate and Land Use Palm Oil Strategy Review 2013-2017). As companies continue to move towards implementing their commitments, ensuring greater transparency in how the goals of the commitments are being achieved will be of utmost importance for measuring overall progress and enabling different supply chain actors to react appropriately. In addition, major consumer-facing companies are recognizing that, while RSPO standards for sustainable palm oil are important mechanisms for measuring progress, they not sufficient in and of themselves for achieving sector transformation. Still, refusing to source from non-compliant suppliers and being able to fully trace CPO, particularly beyond the CPO mill, both pose substantial challenges for companies.

It is clear that demand-side campaigns must continue to maintain pressure on non-compliant companies and companies that have not yet made commitments, in particular ensuring that third-party suppliers are publicly exposed and cut off from supply chains, and that both implementation and verification of existing company commitments, particularly those that are time-bound, becomes a major focus of campaigns. Such campaigns require a synergistic suite of complementary efforts that include increasing the visibility of an improved business case for NDPE palm oil for producer companies, strengthening of sustainability standards, transparently aligning progress on reporting and verification, building community capacity to monitor and hold companies to account on-the-ground, building capacity in jurisdictions to flexibly respond to new markets, increasing the capacity of service providers, identifying tools and approaches for tracing FFB to the field, and empowering watchdogs on the ground to ensure corporate commitments are implemented. Through the broader CLUA network, work under this outcome will include support for communities to understand and defend their rights, take collective action, and become empowered to monitor FPIC and industry social performance. Activities to ensure necessary spatial data are available to identify and/or anticipate where deforestation is occurring will also be supported.

Even if this outcome is achieved, its impact will be undermined if a bifurcated market is created, where the major traders supplying CPO to the U.S. and Europe adhere to strong NDPE commitments, but other traders supply unsustainable CPO to China, India and Indonesia. For that reason, we will explore the potential to affect demand from these three countries.

---

8 See NYDF progress assessments http://forestdeclaration.org/
We will continue to explore the opportunities for regional banks and institutional investors to put pressure on companies by adopting strong policies to only finance NDPE palm oil and implementing those policies as a means to pressure companies and other financial institutions to change their practices. Although we recognize that the international finance community can use their leverage as lenders and investors to put pressure on companies across the palm oil value chain, it’s not clear that this is sufficient given that the majority oil palm production in Asia is financed by regional and domestic financial institutions and wealthy Indonesia tycoon families. Global banks do play a role in this finance, but it’s not clear how much of a role. And should global banks shift to only financing companies that are for example RSPO certified, will this leave a large gap that other banks can easily fill? Overall, it will be important to understand the extent of influence that the finance sector may have on our short- and long-term strategy objectives.

Outcome 2

Consumer country demand-side policies send strong market signals to suppliers to adopt NDPE practices.

As we have seen from Norway’s ban on palm oil-based biofuels, the EU parliamentary vote, and efforts in France to ban palm oil imports, signals from consumer countries have captured the attention of producer countries and are important components of achieving our strategy’s goals. While the Foundation’s Bioenergy Strategy features a more robust focus on demand-side policies, additional modest investments under the Palm Oil Strategy could be helpful, particularly if opportunities arise to influence government policy in China and India. While CSO engagement in China has become more challenging due to the Chinese government enacting greater restrictions on foreign NGO activity in-country, there seems to be an opportunity for registered NGOs to expand on progress that has already been made both with the Chinese government and Chinese companies on sourcing sustainable soy. In addition, growing awareness among the Chinese middle class and their desire to purchase sustainable products, paired with the proven success of previous consumer-facing campaigns such as the anti-shark fin and endangered species protection campaigns, indicate the presence of a consumer appetite in China to opt for sustainable and/or socially responsible products and behavior.

Meanwhile, India is the largest importer of palm oil in the world and the second largest consumer of palm oil globally, after only Indonesia. Few companies in India have begun taking action on certified sustainable palm oil mainly due to price sensitivities of the Indian market. The premium for sustainably produced palm oil is too high for a market that is dominated by demand for unbranded vegetable oil and commercial and low-income buyers, where the cost implications of even a small increase in price are great. Government policies in India could play a key role in the palm oil market, with the Indian government itself being the largest procurer of palm oil in India.

Finally, this outcome features strong linkages to outcome 4 (on counter narratives) with respect to Indonesia. CSOs are increasingly recognizing Indonesia’s status as a major consumer country of palm oil, as well as the opportunity to harness the growing purchasing power of Indonesia’s consumers,

---

particularly Indonesia’s urban middle class and digitally savvy youth, in support of a sustainable palm oil industry trajectory.

All consumer country interventions during the next phase of the Palm Oil Strategy will require a better understanding of relevant country-specific intervention points and sub-strategies that will harness the relative power of consumers in catalyzing in-country policy change. Therefore, in the early stages of this next phase of strategy implementation, we will map out potential for demand side policies in consumer countries and subsequently focus our efforts where these opportunities are identified. We will continue to focus work on the EU parliament and Norway to ensure their resulting policies are well-informed and provide potential models for other countries to adapt.

**Outcome 3**

**Progressive sub-national leaders effect meaningful changes in regulations, policy and practice governing land use at the jurisdictional scale.**

The refreshed Palm Oil Strategy remains focused on building proof-of-concept in pilot jurisdictions and identifying opportunities to scale. Over the past several years, we have learned of the importance of public and private incentives (and disincentives), as well as multi-sectoral and multi-commodity approaches, to support meaningful change at the jurisdictional level. This means the activities that contribute to this outcome are also strongly linked to outcome 1 (e.g. preferential finance and sourcing related to jurisdictional performance).

Over the next implementation period of the Palm Oil Strategy, the Foundation will focus primarily in Siak, Katapan, and Sintang districts, with a moderate amount of activity in Kapuas Hulu and Musi Benyuasin depending on progress made in those districts and the activities of other funders. These districts are all important from a peat and forest perspective and have progressive leadership in place and promising pathways towards models for sustainable land use. We will also prioritize Palalawan and Rokan Hilir districts as important jurisdictions to try to shift towards sustainability, focusing more on demand side pressure on companies operating in these districts and less on district leadership, unless changes occur in leadership. The priority districts were selected based on the results of a prioritization process that the Foundation pursued in collaboration with Daemeter Consulting (see Box 1). Although Papua is clearly a province with a great deal at stake in terms of forested and peat lands, we have chosen not to focus on Papua in this strategy for three reasons. First, the imminent threat in West Kalimantan and Riau are much greater. Second, the “proof of concept” in the selected priority districts stands to provide a useful process to inform progress in Papua. And last, a number of our foundation partners have chosen to increase their focus in Papua.

In the jurisdictions we will focus on achieving a shared definition of success, including time-bound milestones and goals; setting up monitoring, reporting, verification and learning systems; ensuring an integrated system of incentives and cost-sharing is in place; and building a multi-sector governance structure. With these key aspects as intended outcomes, our funding will be directed at building the capacity of organizations working within the districts, encouraging collaboration and shared goals amongst these organizations, funding groups working both with government, with private sector and with smallholder communities to ensure multi-stakeholder approaches, and building capacity within government and communities as needed. Across districts, we will continue to build the capacity of groups like Lingkar Temu Kabupaten Lestari (LTKL), the Sustainable Districts Platform, to ensure learning across districts and the potential for scaling the approach.
Outcome 4

Decision-making of key stakeholders is guided and influenced by credible data and narratives on the benefits of low-emission development in the land use sector.

Findings from the recent CLUA evaluation as well as discussions during the consultative Theory of Change workshops we hosted at the end of 2016 indicate a strong desire from our grantees to mobilize more resources towards advancing the “alternative narrative” under the refreshed Palm Oil Strategy. The current dominant development narrative in Indonesia primarily promotes the industrial agricultural plantation complex as a critical source of employment and viable means of economic development, while relatively little visibility in comparison is afforded to the very real and deleterious impacts of industrial plantation growth on the nation’s natural resources and identity, local livelihoods, and broader climate. Alternative models of equitable low-emissions development (LED) that allow for economic growth with minimized risk to natural and social capital are not yet well defined, nor are they clearly or strategically communicated in Indonesia -- at least in ways that materially influence decision-making regarding development planning. Currently needed are more coordinated efforts particularly among the philanthropic and civil society communities to facilitate a strategic shift in Indonesia’s economic development paradigm to one that is not only low-emissions but also adequately incorporates necessary environmental and social safeguards. Collectively, these messages constitute the so-called “alternative narrative.”

Activities in support of this outcome are envisioned to focus on supporting additional policy research and analysis to first identify, define, and validate evidence-based narratives promoting viable alternative models of sustainable development that improve rural livelihoods while reducing pressure on native forests and peatlands. Complementary to these efforts will be grantmaking to communicate these narratives to decision-makers: building resilient coalitions of local NGOs and other messengers, champions, and opinion-leaders who can articulate and disseminate these alternative narratives both within and to core audiences including the Indonesian government, the Indonesian public, and key opinion elites; and developing “unbranded” communications in support of these alternative narratives. This work will complement and be supported by a broader unbranded communications effort being designed by CLUA, which will enable additional capacity to be built within Indonesia and wider communications to occur both within Indonesia and globally.

BOX 1: PRIORITY JURISDICTIONS

To help prioritize districts for jurisdical approach grantmaking, Daemeter Consulting performed an analysis that scored and ranked districts based on 1) the importance of pursuing jurisdictional approaches in those districts, and 2) the real opportunities to engage in such work in those districts. District importance was quantified by biophysical parameters such as the presence of peat soils and native forests, as well as the level of threat/risk from oil palm expansion. Opportunity metrics addressed district governance, adat rights, and the presence of progressive private sector actors and CSOs. Districts were assessed for potential “carrot” and “stick” based engagement approaches.

The geographic scope of the analysis included a total of 60 districts, including all districts in the provinces of Riau, West Kalimantan, Central Kalimantan, East Kalimantan, and North Kalimantan and select districts in Aceh (Aceh Tamiang, Aceh Timur), Central Sulawesi (Sigii), and South Sumatra (Musi Banyuasin). All districts were scored on multiple parameters describing “importance” and “opportunities.” Districts were then ranked and classified into groupings, outcomes which also underwent a sensitivity analysis based on emphases on forests versus peat versus both.

In the results:

- Ketapang, Musi Benyuasin and Siak scored highest for opportunity and importance;
- Kapuas Hulu, Sintang and Seriyan scored moderate to high for both opportunity and importance;
- Paser and Kotawaringan Barat scored high for opportunity but lower for importance;
- Bengkalis, Pelalawan and Rokan Hilir scored high for importance but low for opportunity (these districts would be best served with a “stick” approach). Note that all three of these districts are located in Riau and Pelalawan borders on Riau, a high opportunity district; and
- Berau, Kapuas, Katingan, Indragiri Hilir and Pulang Pisau scored moderate for both importance and opportunity.
Outcome 4
Decision-making of key stakeholders is guided and influenced by credible data and narratives on the benefits of low-emission development in the land use sector.

Findings from the recent CLUA evaluation as well as discussions during the consultative Theory of Change workshops we hosted at the end of 2016 indicate a strong desire from our grantees to mobilize more resources towards advancing an “alternative narrative” under the refreshed Palm Oil Strategy. The current dominant development narrative in Indonesia promotes the industrial agricultural plantations model as a critical source of employment and viable means of economic development, while there is comparatively little visibility to the very real and deleterious impacts of industrial plantation growth on the country’s natural resources and identity, local livelihoods, and the broader climate. Alternative models of equitable low-emissions development (LED) that allow for economic growth with minimized risk to natural and social capital are not yet well defined, nor are they clearly or strategically communicated in Indonesia -- at least in ways that materially influence decision-making regarding development planning. Currently needed are more coordinated efforts particularly among the philanthropic, civil society and academic communities to facilitate a strategic shift in Indonesia’s economic development paradigm to one that is not only low-emissions but also adequately incorporates necessary environmental and social safeguards. Collectively, these messages constitute an “alternative narrative” to the current “dominant narrative”.

In support of this outcome, we will work closely with the CLUA Indonesia team and other funder partners to support additional research and analysis to first identify, define, and validate evidence-based narratives promoting viable alternative models of sustainable development at the subnational level that improve rural livelihoods while reducing pressure on native forests and peatlands. This work will likely include some capacity building in Indonesia. Complementary to these efforts will be grantmaking to communicate these narratives to decision-makers: building resilient coalitions of local NGOs and other messengers, champions, and opinion-leaders who can define, articulate and disseminate these alternative narratives both within and to core audiences including the Indonesian government, the Indonesian public, and key opinion elites; and developing “unbranded” communications in support of these alternative narratives. Linking these efforts with on-the-ground work and realities in key jurisdictions will be important for informing the narrative and ensuring that local leaders and other constituencies are supportive. Local communities will need to own and support this sustainable development narrative. Local leaders will need to understand and promote the short, medium and long-term economic benefits of a sustainable economic development path. This work will complement and be supported by a broader unbranded communications effort being designed by CLUA, which will enable additional capacity to be built within Indonesia and wider communications to occur both within Indonesia and globally.
Capacity Building

Building additional governance, science, NGO and individual leadership capacity in Indonesia will be critical in order to meet our short-term and long-term goals and to enhance future efforts in the country. Our grantmaking in Indonesia will prioritize funding local civil society organizations and individual leaders. We will also seek ways to link experts in international NGOs to local NGOs as a way of building capacity, in particularly communications and advocacy capacity. Working closely with our Oceans and Agriculture, Livelihoods and Conservation teams, we will endeavor to strengthen the leadership of individuals.

Projected Budget (USD)$

<table>
<thead>
<tr>
<th>OUTCOME</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Major trader and consumer goods companies have strong NDPE commitments, publicly disclose progress on a verifiable path towards changing their practices, and align with progressive producer companies around a common vision for NDPE-compliant palm oil throughout the supply chain</td>
<td>2.5M</td>
<td>2.7M</td>
<td>2.5M</td>
<td>2.5M</td>
</tr>
<tr>
<td>2. Consumer country demand side policies send strong market signals to suppliers to adopt NDPE practices12</td>
<td>0.8M</td>
<td>1M</td>
<td>0.7M</td>
<td>0.5M</td>
</tr>
<tr>
<td>3. Progressive sub-national leaders effect meaningful changes in regulations, policy and practice governing land use at the jurisdictional scale due to provision of sufficient incentives</td>
<td>2.5M</td>
<td>2.5M</td>
<td>2.8M</td>
<td>3M</td>
</tr>
<tr>
<td>4. Decision making of key stakeholders is guided and influenced by credible data and narratives on the benefits of low-emission development in the land use sector13</td>
<td>0.7M</td>
<td>0.8M</td>
<td>1M</td>
<td>1M</td>
</tr>
<tr>
<td>TOTAL</td>
<td>6.5M</td>
<td>7M</td>
<td>7M</td>
<td>7M</td>
</tr>
</tbody>
</table>

11 This is an indicative 5-year budget for the Palm Oil Strategy. It will be re-evaluated annually.
12 Some of the European focus of this work is funded via our bioenergy strategy
13 Projected funding under this outcome may change as CLUA’s unbranded communications work scales up in Indonesia.
Monitoring, Evaluation, and Learning (MEL)

Central to the Foundation’s MEL philosophy is the belief that successful strategy requires continuous learning about what does and what does not work. Our MEL work is guided by five principles: continuously learn and adapt in partnership; inform decisions with multiple inputs; cultivate curiosity; and share this learning to amplify impact. MEL is integrated at the outset of grantmaking and guides our strategy on a regular basis.

We do this work in partnership with our grantees. As critical partners in implementing our strategy and monitoring, evaluating and learning from this work, we will also be funding grantees to further develop their capacity to monitor oil palm driven forest loss and peat drainage in Indonesia and will use the data from their work to help monitor our overall objectives.

The following section lays out our plans for how we will monitor, evaluate and learn from our strategy.

Monitoring:

Monitoring is the ongoing collection of information about program implementation and the shifting strategic context. It helps us understand what is and is not working, and what is emerging in our fields.

Outcomes and Indicators Tracking:
- Regularly we will measure progress toward achieving outcomes by collecting information on indicators (see matrix in Appendix 1)
- Each year we will revisit this set of indicators and refine them as necessary

Annual grantee reports:
- In addition to providing indicator data, grantees provide annual reports (interim and final) with an update on progress for their grant. The grantee reports include both a narrative update on progress and a financial report.
- Our reporting guidelines are structure to help our grantees provide information that will help us capture progress on our palm oil strategy

Grantee meetings:
- The Foundation staff conduct phone calls and site visits with grantees throughout the year, in group settings with multiple partners as well as through one-on-one meetings.

We will track progress against the following our four outcomes. Please see Appendix 1 for a detailed monitoring table.

Evaluation:

Evaluation is the systematic collection, analysis, and interpretation of data for the purpose of determining the value of a program or policy. Evaluation looks at what we have set out to do, what we have accomplished, and how we accomplished it.
**Targeted third-party evaluations:**
- The Strategy will consider opportunities for third-party evaluation. Decisions to engage in these evaluations will be based on where evaluation findings will have the greatest impact on our major outcomes and areas of investment and where findings will be useful to other partners (including grantees and co-funders).
- The goal of a third party evaluation will be to test our underlying assumptions, inform any needed changes to our outcomes and/or approaches, and shifts to our levels of investment.
- Initial priorities are likely to include evaluations to explore progress on work we are funding in priority jurisdictions and the connection between successful outcomes in these jurisdictions and overall progress towards our near-term goal.

**CLUA evaluations:**
- As relevant we will integrate evaluative elements of the palm oil strategy into CLUA’s mid-term and final evaluation for its current 5-year strategy.

**Summative strategy review:**
- In the second half of 2020 we will plan to complete strategy review process similar to the process we conducted in 2016/17 to reflect on the progress against our intended outcomes.
- The results of the strategy review will be completed in time to input to the Board’s July 2021 decision on the Foundation’s climate program.

**Learning:**

Learning is the use of data and insights from a variety of information-gathering approaches—including monitoring and evaluation—to inform strategy and decision-making. Foundation staff conduct a variety of activities to continuously learn and help further monitor and evaluate the progress of programs.

**Learning questions:**
- The Foundation will identify a set of key learning questions. These are intended to help Foundation staff clarify learning priorities to improve the strategy, explore new opportunities for greater impact, or better understand the overall status of the field.
- Findings from this research will be incorporated into regular reflection meetings:

**Quarterly Strategy Team Reflections:**
- The Palm Oil Strategy team, including the C&S Director, CLU Program Officer, CLUA Program Associate, CLU Regional Senior Advisor, MEL team members, Organizational Effectiveness and Communications team members (as relevant) will meet quarterly to discuss strategy progress
  - Bigger team meets annually
  - Smaller team meets quarterly

**Annual Year in Review Meeting:**
- Each fall Foundation staff will hold a year in review meeting to reflect on challenges, successes, and shifts for the strategy (including colleagues from the Conservation and Science, Communications, OE, and MEL teams).
• The meeting is intended to be a retrospective review to consider progress over the past year as well as to anticipate any potential course corrections over the coming year.

Annual Grantee Meeting:
• The Foundation is committed to co-developing and sharing learning with our partners. Annually the strategy team convenes grantee meetings. We will use these meetings to discuss relevant research and evaluation findings and to plan future learning needs.

Informal learning:
• The Strategy team will organize site visits and participate in conferences and meetings to stay apprised of advances in the field, and will remain in regular contact with grantees and funders throughout the year

Exit Plan
Successful implementation and enforcement of the oil palm moratorium would indicate a clear pathway towards achieving our goal and would likely lead towards an exit plan for the Packard Foundation Palm Oil strategy. Similarly, a high level of success with the jurisdictional approach beyond just our priority districts, to the point where we can see a natural scaling to multiple jurisdictions, could lead to a gradual exit from our palm oil related investments in Indonesia.

On the flip side, a major change in government in the next election to a government that is clearly not supportive of our objectives would also necessitate an exit plan. Similarly, if we conclude that it is impossible to influence demand from India, China and even Indonesia, and demand from these countries continues to increase, we may consider an exit strategy.
Communications

Communications is a key element of strategy implementation. As part of our effort to ensure open and transparent communications, we will commit to:

- Ensuring clear communications with grantees, partner foundations and international foundation colleagues.
- Keeping up-to-date information regarding the implementation of the Palm Oil Strategy on the Foundation’s website -- the strategy itself will be accessible on the website, and we will develop a simple blog to share information with and amongst grantees and partners, including papers and other outputs from current grantees.
- On-the-ground direct communications through our Senior Advisor, who is based in Jakarta. This will include working closely with our Indonesia-based CLUA partners, convening meetings amongst grantees and partners, as well as individual interactions as deemed most useful for our partners.
- We will be taking steps to translate all our grant materials (including the strategy) into Bahasa Indonesia, in collaboration with other Packard Foundation sub-programs and programs focused in Indonesia.

We will also selectively use the voice of the Foundation and the Climate and Land Use Alliance to support grantee and partner efforts and amplify or accelerate progress as needed. The Packard Foundation and CLUA are well respected among civil society organizations, key government partners and the business sector in Indonesia. As needed, we will communicate directly with these audiences to accelerate progress on the Palm Oil Strategy and the CLUA Strategy, as well as other Packard Foundation strategies that touch Indonesia.

Through our grantmaking, we will support grantee communication efforts critical for the achievement of our strategy goals. Our internal Foundation communications team will work with us where helpful to help develop priorities for communications contracts and grants to support relevant communications-related activities.

Capacity Building

The strategy prioritizes building the capacity of local Indonesia organizations and leaders wherever possible. To this end, we are increasing our funding of local organizations and, where there is a defined need, will offer assistance to increase their overall organizational effectiveness. The Climate and Land Use sub-program is also working closely with our Western Pacific subprogram and Agriculture, Conservation and Livelihoods program within the Foundation to collectively increase the capacity of emerging environmental leaders in Indonesia.
References


Seymour, F. a. (n.d.).


APPENDIX 1: Notes on Changes to the Original Strategy

During the strategy refresh process, we condensed our original 8 outcomes into the 4 current outcomes. In this section we explain why we subsumed four of the original outcomes into the four current outcomes.

**Original Outcome 2: Increased awareness of the risks of oil palm–related investments among financiers translates into clear signals to producer companies and producer-country governments of the need to improve policy and practice**

The work being done with the financial sector has evolved to focus on the global financial sector sending strong signals to producer companies and other companies in the supply chain to improve the practices and implement company policies committing to NDPE palm oil. As such this work fits squarely in the revised outcome 1, focused on companies committing to and implementing their NDPE commitments. There is still a lack of clarity with respect to how much influence the global finance sector can have on palm oil production in Indonesia. Therefore, we felt an independent outcome focused specifically on the finance sector may not be justified. Nevertheless, we will continue to try to more fully understand the relative influence of palm oil finance originating in Asia.

**Original Outcome 5: Engagement with progressive companies produces a road map to market transformation and active corporate constituencies for policy change.**

Lessons from the first few years of the Palm Oil Strategy seemed to suggest the importance of civil society and companies aligning around a common vision or road map for achieving sectoral transformation (e.g. a common standards framework, key performance indicators, the direction and relative importance of RSPO and ISPO). However, the disbandment of IPOP and weaknesses in RSPO have demonstrated that engagement with progressive companies collectively does not necessarily lead to a strong corporate constituency for political change, causing us to question our assumptions and theory of change around the role of a common road map as a precursor for market transformation. Thus, parts of this original outcome 5 have been integrated into the refreshed outcomes 1 and 4.

**Original Outcome 6: Spatial data of sufficient coverage and quality are available to support targeting and implementation of the strategy, including attention to “legacy” issues.**

Elements of this outcome have been integrated into the refreshed outcomes above. In addition, the Indonesian Peat Prize will have contributed to achieving a core component of this outcome. Our funding is not sufficient for the broader mapping of Indonesia’s peatlands once the Peat Prize has been awarded, however, so we are expecting the Indonesian government and other donors to take on this continued role of support. Furthermore, with the establishment of Indonesia’s Peatland Restoration Agency (the BRG) in January 2016, the Indonesian government seems to have demonstrated its commitment to broader spatial data gathering and provisioning. It will be critical to the strategy to monitor progress with One Map and BRG. We will continue to do so in close collaboration with CLUA’s Indonesia team.
**Original Outcome 7:** The implications of changes in government policies and corporate practices resulting from the strategy are monitored sufficiently to identify and respond effectively to potential unintended consequences for rural communities.

This outcome has been integrated into the refreshed outcomes, mostly in the form of indicators. Part of this outcome will also continue to receive support from CLUA member foundations, while receiving additional support from the Packard Foundation’s new Agriculture, Livelihoods, and Conservation Strategy, which aims to provide support for Indonesia’s indigenous communities to steward their lands, develop sustainable sources of food, and protect the forests that surround them.

**A placeholder revision of Outcome 7 also arose from the Jakarta workshop:**
Communities in frontier geographies and pilot jurisdictions are empowered to make choices around palm oil expansion in their areas.

This pro-active outcome with strong equity and inclusion elements could focus on, or incorporate the use of, Village Funds. It could include developing capacity and educating the communities of their rights with respect to palm oil expansion in their communities. We did not include this outcome in our Palm Oil Strategy though much of the focus of this outcome is capture in CLUA’s strategy. This outcome is also important for other donors.