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NGO-Business Interaction for Social Change: Insights from Oxfam's Private Sector Programme

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Abstract

For over a decade, Oxfam has increasingly interacted with the private sector as a means to address the wicked problem of poverty. For Oxfam, poverty is caused by injustice and is a consequence of people's inability to materialize their human rights. Such rights-based approach to development shapes Oxfam's view on how businesses can play a role in achieving socially responsible and sustainable economic progress. In this contribution, we present an overview of Oxfam's Private Sector Programme and discuss some of its key features concerning policy and practice. In particular, we define four areas in which Oxfam's Private Sector Programme exerts change: markets, rules, knowledge, and empowerment. We also discuss some of the risks and excuses commonly faced by Oxfam and we pose some questions for future research.

Keywords: Human rights, multi-stakeholder initiatives, Oxfam, private sector, social change.

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Introduction

Wicked problems cannot be solved by single actors and single actions alone. Therefore, Oxfam works with others, including the private sector, to bring about lasting change. Oxfam's mission is to realize a just world without poverty. In Oxfam's view, the wicked problem of poverty is caused by injustice and is a consequence of people's inability to materialize their human rights. This rights-based approach turns development into a political matter. Oxfam organizes its work around the fundamental Human Rights, including the right to a sustainable livelihood and the right to be heard. The private sector also has a responsibility to respect these rights. Oxfam identifies the private sector as a worthwhile actor because of its role in both in the creation and the alleviation of poverty in poor countries and at the global level. In particular, the role of businesses in the contexts of struggle for land, water, and food, as well as in the creation of fair markets and financial systems, are thematic priorities for Oxfam's mission. Since 2003, Oxfam sustains institutional engagement with businesses through its Private Sector Programme.

What gets us out of bed in the morning? The potential to change business practices.

Oxfam believes that, with the right opportunities cultivated, businesses can play a role in achieving socially responsible and sustainable economic progress. To this end, Oxfam might take part in critical advocacy and campaigning, joint development projects, and marketing or fundraising relationships with companies. Oxfam's terms of engagement have been set in the *Guide to Working with the Private Sector and Ethical Screening*. This document states that each Oxfam affiliate retains the right to interact with companies according to its own strategies and circumstances, while committing to some basic principles. Accordingly, all private sector engagements should further Oxfam's mission by means of: influencing corporate policies to bring sustainable gains to people living in poverty; granting Oxfam greater resources, knowledge, or recognition; strengthening businesses that seek to harness equitable economic development and social justice; improving Oxfam's access to key alliances; and/or promoting the development of private standards around the impacts of business activity.

In the field of voluntary regulation, participating in the creation of mainstream certification schemes allows Oxfam to engage in and improve the design of production standards, putting forward rights-based principles that help strengthen social criteria. Oxfam believes that private standards, developed collaboratively by businesses and NGOs, can help fill governance voids that are not addressed by available formal regulatory instruments. Private regulation thus creates interesting opportunities for managing wicked problems, particularly in commodity sectors that affect millions of people living in poverty and are more susceptible to consumer pressure.

Oxfam believes in the potential for affecting the private sector through strategies around markets, rules, knowledge, and empowerment:

1. Using supply and demand forces between value chain stakeholders in pre-competitive conditions, acknowledging a shared responsibility to ensuring ethical policy decisions: Markets have the power to positively change the world.

2. Regulating markets through voluntary standards, e.g. private certification systems, in combination with formal regulatory frameworks that complement each other: Rules have the power to positively change the world.
3. Sharing expertise, transferring technology, and mobilizing innovative networks to bring continuous improvement in entire sectors: Knowledge has the power to positively change the world.
4. Giving stakeholders, notably those that would otherwise be easily excluded, a voice in making the decisions that affect their livelihood, such as decent work conditions and using the natural resources they depend upon: Empowerment and democracy have the power to positively change the world.

A few examples of Oxfam's engagements in multi-stakeholder initiatives include:

| Multi-stakeholder Initiative | Oxfam's Role | Challenges Addressed |
|---|--|--|
| Aquaculture Dialogues | Technical advisor to standard development for tropical shrimps. | Company-community conflicts over natural resources, certification for smallholders. |
| Common Code for the Coffee Community (4C) | Advice on rules of engagement, development of verification system. | Certification of smallholders, gender mainstreaming, and empowerment. |
| Roundtable on Sustainable Palm Oil (RSPO) | Participation in the Executive Board, Complaints Panel, and Smallholders Taskforce. Alliances with other NGOs. | Prevention and resolution of land-related conflicts, deforestation, smallholder certification. |
| Commission "Corbey" on Biomass Sustainability | Social NGO member, advising the Dutch government on Bioenergy Policy. | Production volumes and their impact on the food versus fuel conflict, food security, and climate change. |

What keeps us awake at night? Risks, common excuses, and remaining questions.

Oxfam's theory of change is based on a series of assumptions that need continuous testing and improvement. This implies that the possible outcomes have inherent limitation. Through its engagement with businesses, both directly and through multi-stakeholder initiatives, Oxfam has identified a number of risks that can potentially undermine the opportunities for success, namely:

- Oxfam has the potential to connect the global strategies pursued in multi-stakeholder initiatives with the situation of local actors. Yet, ensuring a decisive impact in the lives of poor people requires a continuous effort.

- Conflicting perspectives need to be carefully managed in cases in which other NGOs or Oxfam affiliates favor a less collaborative philosophy towards the private sector.
- Engagements done with businesses in one country should not conflict with interventions in another. All Oxfam affiliates must ensure a level of policy coherence and internal coordination to effectively act as a countervailing power to the private sector.
- The complex nature of wicked problems compels Oxfam to engage with a growing range of issues and actors, demanding the Private Sector team to effectively manage multiple relationships and combine a healthy balance between expertise and innovation.

With respect to the limitations of its approach, Oxfam needs to deal with the common excuses voiced by actors who resist change and often blame the problem on others who are not at the table. These excuses undermine Oxfam's strategies around markets, rules, knowledge and empowerment:

1. It is easier to blame it on the uncontrollable market power of anonymous consumers, like 'the Chinese', than to improve the way markets work.
2. It is easier to blame free riders, banana republics, and certain government bureaucrats for ignoring or abusing the rules, than to properly enforce regulation.
3. It is easier to blame it on complexity and the lack of knowledge, or to rather flee into an overburdening technocracy, than to actually share what we know and learn from others.
4. It is easier to blame the majority of the undisciplined, undemocratic, or corrupt forces, than to take a proactive approach to collaborate with those individuals and organizations that are willing to make things happen.

As proactive actors, scientists and research institutions also have an important role to play in addressing the wicked problem of poverty and injustice. They can help Oxfam and a wider range of stakeholders who struggle with similar dilemmas and their related questions. To name but a few:

- a) Despite their public commitment to sustainability, many companies continue to display a disconnection between their policy at headquarters and practice in other country offices, hampering the business case that NGOs and international institutions have made for sustainability.

Under which conditions can market actors harmonize sustainability actions between headquarter policies and their operations in third countries?

- b) Companies are increasingly moving their production facilities to developing countries where labour and land is cheaper, and regulation is more lenient. Corporate investment in less-regulated and fragile states gives way to new power dynamics, demanding collaboration with new actors in different types of institutional arrangements.

Considering that public and private regulation co-exist and complement each other, to what extent and in what ways can voluntary private regulation serve as catalyst for establishing and reinforcing formal regulation? How can private and public regulation mutually affect positive change?

- c) So far, evidence has shown that the effectiveness of certification is context- and issue-specific. In particular, issues internal to specific value chains (e.g. child labour in the cocoa sector and low wages in the coffee sector) have been relatively well addressed by private certification schemes. Yet, managing external issues (e.g. land grabbing and deforestation in tropical countries) has proven to be more difficult.

What factors determine the tipping points capable of bringing the broad transformation required to tackle the wicked problems associated to agricultural commodity production?

Conclusion

Do multi-stakeholder dynamics in the agribusiness sector create the value and resources that Oxfam is hoping for? Oxfam's participation in innovative arrangements with businesses has been largely experimental, and occasionally risky. Oxfam's engagement in such arrangements has not gone unquestioned, both internally and externally. Interaction with private actors has often been accused of contributing to 'greenwashing' or trivializing the sustainability demands of fierce NGOs. Oxfam chooses for a combination of insider-outsider approaches by which it is able to affect multi-stakeholder processes as member collaborating with companies, while remaining able to take an independent perspective and campaign against them. This gives Oxfam enough flexibility to interact with the private sector while remaining truthful to its constituencies. Even though Oxfam acknowledges the limitations of private governance arrangements, it estimates that interaction with multiple stakeholders is one of the keys to managing the wicked problem of poverty and injustice.

