



Guide

# Facilitating agreements for community–private sector partnerships in forest landscapes in Lao PDR

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and Nuclear Safety

based on a decision of the German Bundestag

# FLOURISH



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Guide

May 2021

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# Foreword

Flourishing partnerships between communities that depend on forests and private sector businesses are integral to the restoration of forest landscapes as well as to sustainable livelihoods. These partnerships are also the foundation of the project Production-Driven Forest Landscape Restoration Under REDD+ Through Private Sector–Community Partnerships, or FLOURISH.

FLOURISH is an innovative four-year forest landscape initiative that uses market forces combined with community forestry to combat climate change, restore degraded forests and improve the well-being of forest communities. RECOFTC launched FLOURISH in Lao PDR, Thailand and Viet Nam in 2018.

Building and maintaining partnerships takes work and commitment. But these partnerships need to start out as equitable and fair agreements. RECOFTC is committed to building partnerships between local communities and the private sector that benefit every party, most especially the forest.

This step-by-step guide for field practitioners is part of that commitment. It will support RECOFTC field practitioners in Lao PDR who lead processes for developing local community and private sector partnerships. This guide reflects RECOFTC's more than 30 years of experience in building capacity for community forestry in the Asia-Pacific region. Its specific focus is on Lao PDR, where RECOFTC has fostered partnerships between local communities and the private sector for more than a decade but the lessons learned are applicable throughout the region.

About 133 million people from indigenous or local communities in Southeast Asia live in or within one kilometre of forests they rely on for their livelihoods. No single organization or approach can succeed in ensuring that forest communities and forests thrive. Nor can one organization provide the diverse solutions the world needs to mitigate and adapt to climate change, transform conflict into collaboration,

overcome poverty and food insecurity, achieve gender equality and social inclusion, protect the Earth's biodiversity and develop sustainable livelihoods and economies.

Local communities, governments, civil society and the private sector need to work together to accelerate progress towards thriving forests and forest communities, sustainable economies and a world free of the threats posed by climate change.

At RECOFTC, we help foster private sector partnerships with those who share our belief in a future in which people live equitably and sustainably in and beside healthy, resilient forests. Through collaboration, we expect to achieve the goals of our Strategic Plan 2018–2023, which are aligned with the goals of the United Nations 2030 Agenda for Sustainable Development and the Paris Agreement on climate change.

Our engagement with businesses is guided by environmental, social and governance standards and the principles regarding relevance, additionality, development and risk. We assess and mitigate all risks related to partnerships, including financial, reputational and the capacity of our institution, private sector partner and forest communities.

When facilitating partnerships, as this guide advises, we ensure that all safeguards are respected and that all parties receive the information they need to consider giving their free, prior and informed consent. This approach empowers communities, responds to their aspirations, reduces conflict, respects legitimate decision-making roles, promotes sustainable natural resource use and fosters local ownership.

David Ganz  
Executive Director,  
RECOFTC

# Acknowledgements

This guide reflects RECOFTC's experience in promoting community and private sector partnerships in Lao PDR over the past decade. The initiative started out under the Forest Information Generation and Ownership by Local People in a Rapidly Changing World (2011–2015) project and the Responsible Asia Forestry and Trade Program Phase 3 (2016–2018), known as RAFT III. With a broader forest landscape restoration vision, the project Production-Driven Forest Landscape Restoration Under REDD+ Through Private Sector–Community Partnerships (FLOURISH) 2018–2022 carries forward the successes by documenting and refining this approach.

Chay Senkhammoungkhoun at RECOFTC Lao PDR prepared this guide. Trang Thu Hoang and Martin Greijmans at RECOFTC contributed to writing the guide.

The author thanks all RECOFTC colleagues and partners of RECOFTC who participated in these three projects and contributed to the piloting and development of the approach.

Germany's Federal Ministry for the Environment, Nature Conservation and Nuclear Energy, which funds FLOURISH through the International Climate Initiative, supported the production of this publication.







# Introduction

This guide helps practitioners facilitate partnership agreements for the sustainable trade of forest products and/or services in the context of forest landscape restoration. These partnerships involve several parties, but the primary agreement remains between local communities and private sector actors operating in or around a forest.

Establishing partnership agreements is central to the RECOFTC project Production-Driven Forest Landscape Restoration Under REDD+ Through Private Sector–Community Partnerships (FLOURISH) 2018–2022, in Lao PDR, Thailand and Viet Nam.

Six principles steer RECOFTC’s mission to strengthen the role of local people in the forest landscape restoration process: (i) adaptive management and learning, (ii) availability of quality resources, (iii) clear tenure and strong rights, (iv) effective governance and participation, (v) meeting stakeholders’ needs and interests and (vi) supporting policy and regulatory frameworks. For more on these six principles, please read the RECOFTC publication *Translating Global Commitments Into Action for Successful Forest Landscape Restoration: Lessons From Ing Watershed in Northern Thailand*.

## About forest landscape restoration

Forest landscape restoration is defined in various ways. This guide uses the definition from RECOFTC’s Forest Landscape Restoration guide: “an active process that brings people together to identify, negotiate and implement practices that restore an agreed optimal balance of the ecological, social and economic benefits of forests and trees within a broader pattern of land uses”.

Forest landscape restoration involves various stakeholders, including the local government, local communities, private sector companies, research institutes and civil society organizations, to determine and tackle the root causes of deforestation and degradation.

Various stakeholders of course have differing visions and interests. Finding common agreement among them is imperative for successful forest landscape restoration. To achieve agreement among the different stakeholders, much preparatory and follow-up work must take place, including establishing a foundation on which common interests and goals can be discussed.

### **Partnerships between local communities and private sector actors**

In many landscapes, the value chain actors depending on each other for commercial activities have relationships that are not efficient or even congenial. Different requirements and needs, such as product quality and quantity and fair prices, may not be well communicated and addressed, which results in supply chain inefficiencies. This can lead to both parties incurring losses due to high transport costs, unsustainable harvesting or even loss of the product. Improved access to forest management and commercial rights are essential for communities to establish flourishing livelihoods.

One approach to forest landscape restoration is the promotion and achievement of business partnerships between local communities and the private sector for products or services that enhance sustainable livelihood development and are dependent upon economically viable forest management.

### **Who should participate in partnership agreements?**

For partnerships to thrive, each party (local community and private sector company) must express their needs and together discuss how to provide for them. Their conclusions then become an agreement, recorded in a signed document. Equally important, each actor must walk away from that agreement process feeling like a winner.

Most, if not all, local communities likely require assistance to arrive at healthy partnership agreements with private sector companies. Local communities often have limited information, knowledge or other capacity to enter into a partnership, which puts them at a disadvantage with private sector actors. Additionally, their insufficient understanding of commitment and compliance can be a challenge to sustaining a partnership.

A facilitator is thus indispensable to lead the discussions and sessions between the parties to achieve a healthy partnership.

Local government agencies and civil society groups are also important actors in this process. Although they are not party to a partnership or business agreement, their support and follow-up are critical for establishing and sustaining partnerships. First of all, they can supply the facilitator. Moreover, they can help hold the parties accountable to their side of the agreement. There have been instances in which the lack of government support or endorsement led to the failure of a local community–private sector partnership.

In the case of Lao PDR, local government entities must be part of the partnership agreement activity from the beginning, with their role aligned to their respective mandate and agenda. Local government agencies can be incentivized to help build momentum for partnerships, and their involvement from the outset helps ensure their commitment in the long term. In an oversight role, local governments can encourage participatory processes within the community, provide information on relevant decrees and regulations, make recommendations in line with the legal framework and help coordinate particular aspects of a partnership agreement.

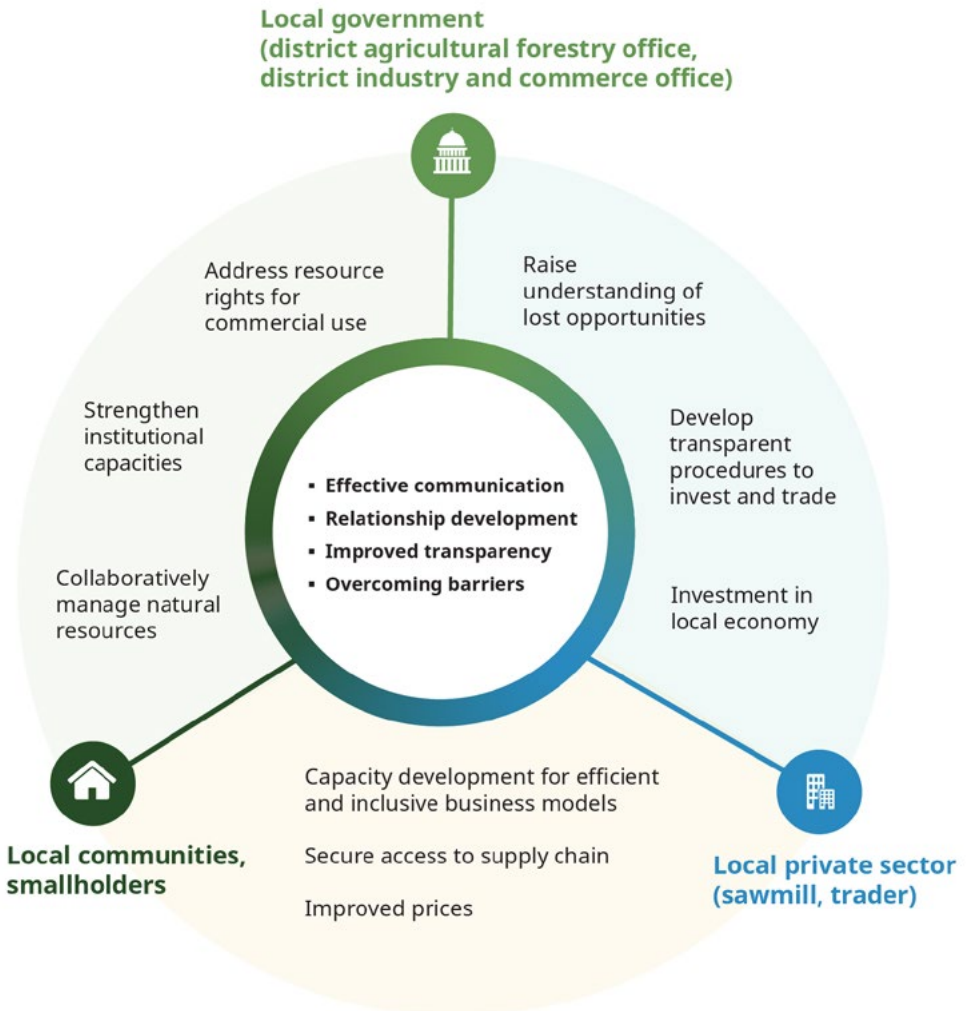
Figure 1 illustrates how a healthy partnership comes together. In this goal, all parties benefit from collaborating with a common objective. At the core of the diagram—and the process—is the role of the facilitator in supporting the different parties and actors in forging a partnership.

### **Facilitator skills that support the partnership agreement process**

FLOURISH emphasizes partnerships between local communities and the private sector regarding the production and/or trade of products and services. Achieving that agreement, through a signed document, requires engagement with many parties. As noted, having an individual with good facilitation skills lead the process is indispensable to achieving the goal of healthy partnerships and ultimately forest landscape restoration.

The following describes some of the most important skills a facilitator needs to lead the partnership agreement process.

**Figure 1.** Win-win-win diagram of a local community–private sector partnership



Source: RECOFTC, 2012.

- **A good facilitator is content neutral.** Content neutrality means not taking a position on the issues being discussed and not benefiting directly from the partnership. The main role of a facilitator is to lead the process for establishing a partnership between local communities and private sector actors. In doing that, the facilitator needs to ensure a fair, inclusive and open process that balances the participation of everyone. And the facilitator needs to establish a safe space in which all stakeholders can fully participate. For a successful partnership to emerge, the facilitator needs all actors to willingly and actively participate in finding solutions.
- **A good facilitator initiates and maintains communication between people.** To ensure that all stakeholders express their needs and opinions, a good facilitator guides all discussions, paying attention to creating the space for everyone to open up and share their thoughts. This is done carefully by listening for domineering voices. Empathy to someone's situation or asking a few questions to understand differing perspectives on an issue can encourage more people to contribute to discussions. A good facilitator remains positive and constructive when encouraging others to talk. A good facilitator trusts the potential of the people in the process to develop solutions, and this trust is felt by the participants.

RECOFTC's manual *The Art of Building Facilitation Capacities* offers field practitioners more information to improve their facilitations skills in the context of community forestry development. These skills will be useful to carry out the different steps described in this guide.

## The guide to facilitating local community–private sector partnerships

This step-by-step guide targets RECOFTC field practitioners in Lao PDR who will lead the process for developing local community and private sector partnerships through the FLOURISH project. The guide is based on lessons learned through RECOFTC projects, including Forest Information Generation and Ownership by Local People in a Rapidly Changing World (2011–2015) and the Responsible Asia Forestry and Trade Program Phase 3 (2016–2018) as well as FLOURISH (2018–2022).

Each step clarifies the objectives, who should be involved and the activities and then offers tips for better managing the step. RECOFTC resources are listed for background information.

We welcome feedback to further improve this guide.



# Facilitation process

The facilitation process to develop a local community–private sector partnership involves seven steps covering several bilateral and multilateral meetings and assessments, as figure 2 illustrates. Any organization or agency can facilitate such a process. This guide speaks to RECOFTC field practitioners and what they can do through the FLOURISH project.

**Figure 2.** Suggested process for developing a partnership agreement







# Step 1 Goal setting and preliminary data collection

The first preparation step of the facilitation process is to clarify what partnership the field practitioner, as the facilitator, sees as beneficial to the local communities and should be supported. Although the goal and purpose of the eventual partnership will be set by the signing parties (communities and private sector actor, in this case), the facilitator needs to make clear at the outset what is the facilitator's goal in shepherding this partnership. Then the facilitator needs to determine which communities and potential private sector companies will be involved.

## Objectives

- Facilitator sets goals for facilitating the local community-private sector partnership.
- Facilitator becomes familiar with the local context in which the goals are to be met.

## Who should be involved?

- Facilitator: RECOFTC field practitioner
- Actors: local communities, local government agencies, potential private sector actors and non-government and civil society organizations

## Activities

### 1 Determine the best possible partnerships

The following five sets of guiding questions should help the facilitator brainstorm and determine the objectives (for seeking a partnership) before meeting with the various potential parties to a partnership agreement. Each agreement ultimately will involve at least one community but only one private sector actor.

These questions are offered as a guide to help determine what is already known and what still needs to be resolved and, thus, what is the starting point of the partnership process.

**a. Why do the parties want a local community–private sector partnership?**

- Why is a partnership needed?
- What should the partnership achieve?

**b. Who are the potential partners?**

- Who are the local communities and the possible private sector actors to be engaged in this process?
- What are the current roles and responsibilities of the local communities and private sector actors?
- What makes the communities a good potential partner of a private sector actor and vice versa? What are their intentions to partner?
- Who else needs to be involved to support local communities and ultimately the selected private sector actor? What is their specific role?

**c. Where should the potential partners be engaged?**

- Where are communities located, and where is each potential private sector actor’s business located?
- What type of market and product does each potential partnership focus on?
- In which setting are both communities and the potential private sector actors most comfortable to discuss potential partnerships?

**d. When is the appropriate timing to support the partnership process?**

- Is there sufficient time, at least 18 months, for the facilitator to commit to supporting the partnership process?
- Are there sufficient resources in terms of staff and budget?
- Can the facilitator support the partnership only seasonally or throughout the year?

**e. How should the work with the potential partners be started?**

- How should each potential partner (community and private sector actor) and other stakeholders (government, civil society, etc.) be approached and how should the case for the partnership be communicated?

- How will the potential results of the partnership benefit all the stakeholders?

The answers to these questions will help the facilitator set the objectives for working to achieve a partnership. These objectives are tentative at first and can be revised along the way as more insights and understanding are gained through the ensuing steps.

Once the objectives are set, the facilitator then works to develop a deeper understanding of the situation in the field. This should include learning as much as possible about the product or service to be produced and/or traded, the trade context and the challenges that the different parties might experience. This information will be necessary in the future discussions with all parties.

## **② Learn as much as possible about the potential product or service per partnership**

Gather information on the relevant forest landscape stakeholders, the products, the existing trade of those products and all relevant government policies.

### **a. Desk and internet research**

Undertake a review of the existing literature to gather information about the local forest products and associated market situations, the involved actors, related strategies, policies, programs and ongoing relevant projects. Sources of information can be project documents, research and study reports and local strategy and policy documents.

### **b. Interviews**

Conduct interviews with local communities, companies, government agencies and other stakeholders. For example, talk with non-government and civil society organization personnel working in the same areas or on the same issues in the forest landscape. It is important to check the previous and current situations or collaborations between the potential partners. Relevant government institutions can be a good source of information for insights into historical experiences and relationships between them, good or bad, and will prepare the facilitator for engaging with them through the next steps of this guide (see annex I for some guiding questions).

### c. Assessment

Analyse the situation of the forest landscape and its actors and summarize all relevant points. Use the SWOT approach to analyse all potential partnerships. SWOT analysis is a strategic planning technique used to help a person or organization identify strengths, weaknesses, opportunities and threats related to business competition or project planning. It is intended to specify the objectives of a project and identify the internal and external factors that are favourable and unfavourable to achieving those objectives.

#### Tips

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- Collect as much information as possible through available sources, especially through all connections and networks in the forest landscape.
- Be thorough, and do not only rely on the internet for information, which may not always be available online.
- Triangulate all the collected data from multiple sources to check for accuracy of the information.
- Update the data continuously because situations might change.









## Step 2 Value chain analysis

A value chain describes the full range of activities required to bring a forest resource from the community forestry producer to the consumer, emphasizing how value for a particular resource is realized and how well relations are established between each of the value chain actors. This step leads the facilitator to a good sense of which potential products or services require a more detailed study or value chain analysis.

All further study should examine how products move from the forest resources to the market and which actors are involved, the types of activities each actor carries out and the profitability levels achieved among various actors. Learning about the value chain will provide insights into the opportunities and constraints faced by local communities and the local private sector.

The value chain information is available from the research conducted in step 1 as well as from the many interviews with the various potential private sector actors. An expert's support may be useful in this second step to carry out more detailed research and to analyse the information. However, it is the facilitator who must lead the process because it is the facilitator who works with the local communities and a private sector actor to forge an agreement.

### Objectives

- Facilitator identifies potential products and value chains in the selected forest landscape.
- Facilitator analyses existing and potential forest product value chains that can be supported.

### Who should be involved?

- Facilitator: RECOFTC field practitioner and possibly research experts
- Actors: local communities, local government agencies, selected company owners or managers (as informants) and non-government and civil society organizations

## Activities

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### 1 Analyse and verify the value chain results

The approach that will help with this research is explained in a guide for enterprise development entitled *The Operational Guide for the Making Markets Work for the Poor (M4P) Approach*. That guide includes detailed instructions for studying products, main actors, activities, relationships, profits, opportunities and constraints related to regulations and investments.

Verify the value chain analysis results through group discussions and feedback. This will involve a series of discussions with potential sellers (communities), buyers (collectors, traders, wholesalers) and other related actors (government agencies and non-government and civil society groups). It is better to check the accuracy of the information in face-to-face discussions rather than checking with a third party or relying on secondary information.

### 2 Draft a plan based on the results of the analysis

All parties must agree with the analysis results and decide which value chains and private sector actors to pursue. At this point, there likely will be several potential private sector actors. All parties' insights may not always be in agreement with each other. The facilitator will need to discuss the analysis results and which of the potential interventions would improve the value chain and then consider what are the interventions needed to enable the success of an intervention. With that analysis, the parties can draft a plan for reaching a final agreement with one or more private sector actor(s).

## Tips

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- Lead the process no matter how many experts are involved in the process. It is the facilitator who engages directly with communities and private sector actors when developing the value chain analysis and in the later steps.
- Remember that the more private sector actors there are in a value chain, the more challenges and issues are likely to emerge, leaving smaller opportunities to improve the price or value of a product.
- Choose the most important private sector actor—the one who makes decisions in the value chain and is able and willing to bring long-term benefits to local communities, such as a middle person or a certain company. An important end goal should be finding the best private

sector actor who can work with and bring more benefits to local communities in the long term. Any actor only interested in short-term gains would not be appropriate.

- Ensure that all parties understand clearly the role of the facilitator and the objectives of the process.
- Engage all actors during this process of working to improve the value chain so that the decisions are valid and sustainable.
- Consider arranging a study tour to similar models to inspire community members and/or private sector individuals who remain unconvinced or unable to agree on working together to improve the value chain.



## Step **3** Private sector screening and shortlisting

This step is critical for identifying the risks when engaging with a private sector actor in a potential partnership, for both the community as well as the facilitator. From the previous step's value chain research, the facilitator will have identified a range of private sector actors, such as middleperson, traders and sawmills or factories. Each of these actors has an important role in bringing products to the market, and each has a wealth of knowledge and resources available to them. It is important to determine which among them can generate long-term benefits for the communities selling their products. Examples of good private sector actors are those who maintain long-term relationships, accept prices that are reasonable and make payments on time and in full. Less trustworthy private sector actors are those who do not follow what has been agreed with communities in terms of price and product quality, etc. Communities as well as local government officials are typically well aware of the reputation of the private sector actors operating in their areas.

### Objectives

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- Facilitator collects data on all private sector actors related to the potential value chains in the area or forest landscape.
- Facilitator shortlists the private sector actors based on defined selection criteria.

### Who should be involved?

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- Facilitator: RECOFTC field practitioner
- Actors: local communities, local government agencies, selected private sector actors and non-government and civil society organizations

## Activities

### **1 Set the criteria for what is desired in a private sector partner**

To eventually settle on a private sector actor who is a good option for collaboration, the facilitator should use the information from the previous two steps to suggest to the local communities what should be the positive traits (criteria) of a private sector partner. These can be improved upon or be more detailed during further discussions with local communities and government agencies to develop a final set of selection criteria. Examples of such criteria include: a company's presence in or near the landscape, reputation, experience in working in the landscape, interest and capacity to collaborate and so on.

### **2 Map the private sector actors in the landscape**

Use a variety of information sources: (i) from the different discussions during steps 1 and 2; (ii) a private sector company list from the government (available at the provincial and district planning and investment department or industry and commerce departments); and (iii) from the facilitator's networks and contacts. The results of the mapping can then be shared with the local communities and local government agencies or authorities.

### **3 Select a shortlist of the best potential private sector actors**

Based on the defined criteria, the facilitator and the communities and local government agencies or authorities should agree and develop a shortlist of three to five potential private sector actors for each selected product. This is not a final list, but by now, the facilitator should have screened out the less-promising private sector actors.

### **4 Start formal engagement with the shortlisted private sector actors**

The facilitator needs to work with the local partners or reliable contacts to officially engage with the shortlisted private sector actors. Meetings with each of them (separately) should aim to find some commonality with the targeted local communities and each private sector actor, in line with the goals that were established in step 1. The facilitator must not rush to negotiate towards a specific goal and partnership yet but should give each private sector actor time to think and decide if they want to collaborate.

More than one meeting with each private sector actor may be needed to better understand their perspectives, capacity and the context in which they work. Keep notes of each meeting and keep track of the

development and the decisions being made in them. These notes will be helpful in later steps.

## Tips

- Develop and agree on the private sector selection criteria before the selection process.
- Make the location of the company a criterion. Long distance entails high costs of transportation. Additionally, local companies tend to have stronger commitment to local business operations and with other local actors.
- Involve government and/or non-government or civil society partners as well as local communities closely during the screening and selection process to ensure that all information is available for making decisions and that there is buy-in from everyone.
- Be aware that working with an unrecognized or unregistered company may negatively affect the facilitator's relationship with the government and with communities who may be put at risk of insincere practices. Many traders and companies might not be legally registered with the government authorities, or information provided by the government might be outdated or incorrect.
- Determine why a private sector actor declines an invitation to meet or explore possible collaboration. Try at least three to four times to interest the private sector actor before concluding that that person is not interested.
- Organize frequent meetings with the private sector actor who accepts an invitation to work together to determine the best collaboration opportunity.
- Frequently update the meeting results with other stakeholders, especially the communities and government partners.





## Step 4 Community engagement and private sector consultations

This step takes place closely after step 3, once communities and the shortlisted private sector actors have initially assessed each other and are interested to explore collaboration. In this fourth step, the facilitator works in parallel processes, with each of the interested communities and the shortlisted private sector actors to get a deeper understanding of their particular challenges in becoming effective partners. This step is likely to require the facilitator to invest a significant amount of time in building strong relationships with all the parties, even with the government agencies whose support will be necessary in the long term. It is important to remember to maintain a high level of transparency and share the results of all ongoing discussions with all parties regularly. This is particularly important for local communities so that they can start to build their readiness in discussing and eventually negotiating a partnership.

### Objectives

- Facilitator collects communities' and government partners' opinions and consent on the products and value chains, potential private sector partners and proposed solutions to the challenges each faces.
- Facilitator builds communities' interest and readiness and discusses their capacity development needs for establishing an effective partnership with a private sector actor.
- Facilitator conducts a full due diligence assessment to assess each shortlisted private sector actor's suitability for partnering with the local communities.
- Facilitator brings all parties together and discusses potential pathways towards collaboration.

### Who should be involved?

- Facilitator: RECOFTC field practitioner
- Actors: local communities, local government agencies, shortlisted private sector actors and non-government and civil society organizations

## Activities

### 1 Organize bilateral meetings

with local communities and relevant government agencies for the following purposes.

- a. Discuss the findings from the meetings with the shortlisted private sector actors, including the opportunities and challenges identified in steps 1, 2 and 3.
- b. Narrow down the shortlisted prospects. These would be the private sector actors who the local communities and government agencies are most confident and comfortable to work with.
- c. Schedule regular follow-up meetings with the local communities, which are vital to achieve mutual understanding, clarify issues, discuss objectives, build trust and achieve buy-in from the government actors.

### 2 Organize multilateral meetings

in which all parties communities, private sector actors and relevant government agencies discuss the challenges and opportunities in trading products or services, including the relevant policies. Then explore potential solutions to the challenges that will enhance the trading and partnership. In particular, clarify what each party's role will be and what they can do within their own mandate to enhance the partnership situation.

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**Example 1** Government officials could consider adaptations in a policy or regulation. In Bokeo Province, for instance, adaptations to the Decree on Commerce and Promotion, which supports registered commercial tree planting and timber trade, allowed farmers who already had tree certificates as proof of timber legality or trees from legal sources to request a harvest and selling permit.

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**Example 2** The private sector actor could agree to increase the buying price of timber based on improved community practices. This willingness to pay more would reflect the private sector actor's openness to negotiate and pay fairer prices and to work towards a closer relationship with the communities and local government. In Bokeo Province, where selling standing trees is a common practice, trees are now sold per cubic metre, including the sale of smaller diameters.

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**Example 3** Community members could agree to follow recommendations to work together as a group to ease access to technical support from the government and to improve communication among all the parties. In Bokeo Province, more than 50 smallholders agreed to register themselves collectively.

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- 3 Conduct a due diligence assessment**, which must include in-depth interviews with the private sector actors. This Due Diligence Assessment Tool from Mercy Corps may be useful at this stage. All the previous steps contribute to the due diligence assessment, but this step refers to the finalization process of the due diligence report. The report should be stored and regularly updated because it will help in the future monitoring of the partnership agreement. By the time the report is compiled, the facilitator and other parties should be able to identify the most suitable private sector actor for each product.
- 4 Prepare a capacity development program** for the partnership development process using a capacity development needs assessment. For this activity in Bokeo Province, different capacity development modules were identified: plantation management, group formation, group management, financial and business planning and even small sawmill or furniture factory establishment. Some of these modules needed to be developed or modified based on available resources or in consultation with external experts.

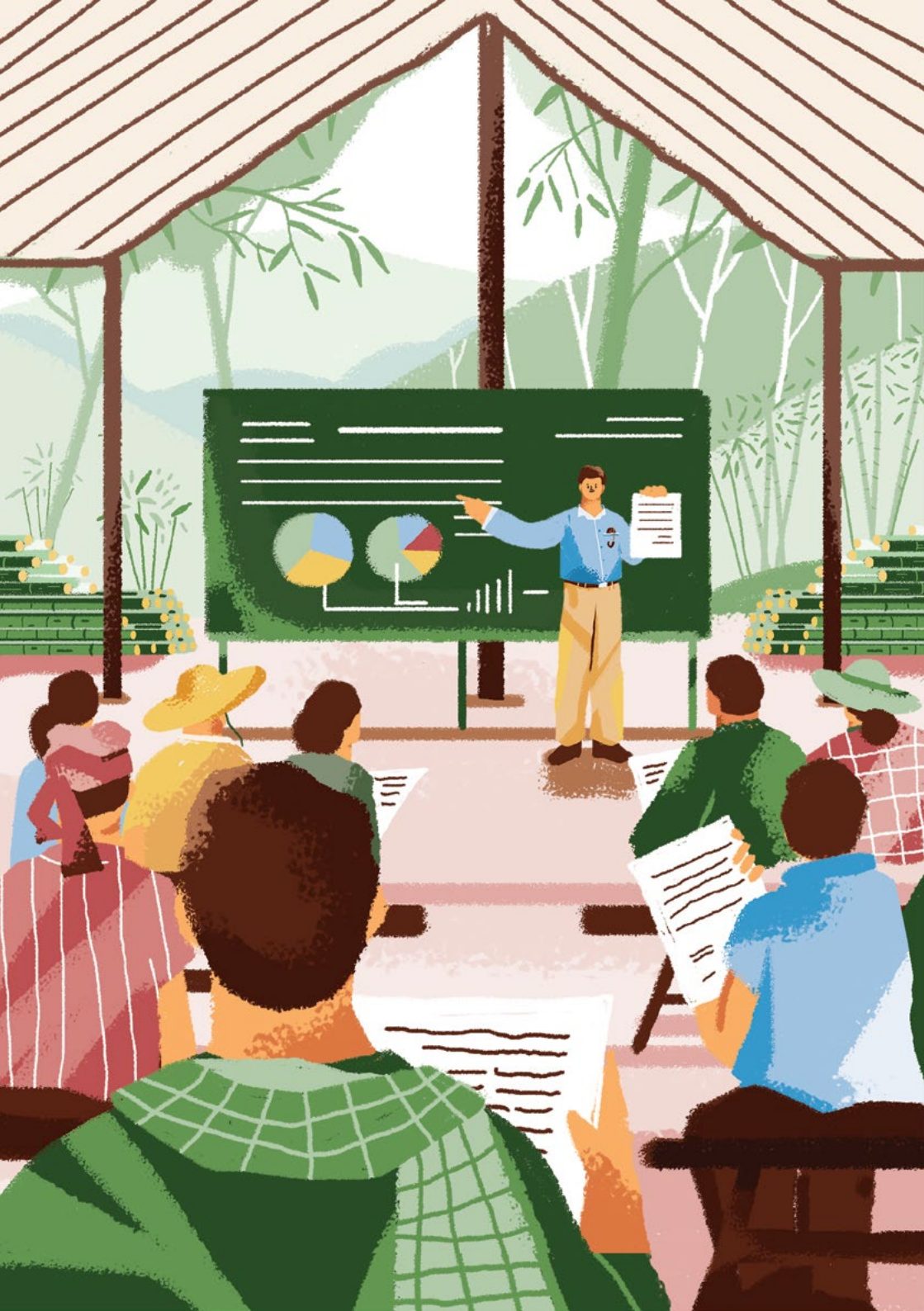
### Tips

- Remind all parties of the role of the facilitator and that the facilitator has no monetary or motivation other than achieving a mutually benefiting partnership. This will help prevent a private sector actor or local community from perceiving the facilitator as having a hidden agenda. Such a perception could lead to a party losing interest and dropping out of the process.
- Be patient and do not rush the process, which is needed to develop relationships and trust. The process may require several rounds of bilateral and multilateral meetings.

- Avoid creating false hopes or expectations.
- Consider arranging informal meetings between the local communities and the private sector actors when appropriate so they can exchange ideas directly.
- Be mindful that local communities are the priority party who require the most support to improve their position when collaborating with a private sector actor. This is important to remember throughout the process, which will involve many opinions and perspectives.
- Remember that many communities may not understand what challenges they may have or how to overcome these challenges because of their lack of power, leadership, trust, inspiration or motivation. Take the time to go through each issue, and support community members in developing suitable solutions.
- Identify champions among government personnel who are willing to cooperate in finding solutions. Finding government champions is crucial but may be challenging because not all government officers have the experience or mandate to support partnership processes.
- Allow government officials and/or non-government and civil society partners to take on important roles in the facilitation process, especially in the case of existing or emerging conflicts.
- Remember that clear communication and having an open mind are the most important requirements in this process of engagement. Provide each party with clear and sufficient information to make informed decisions. Treat their opinions with respect and confidentiality.
- Never share the information of one private sector actor with another.
- Reflect each meeting with a private sector actor in the due diligence report, and keep it updated.
- Be mindful that informal events help build up connections with all stakeholders and thus are equally important as formal activities.









## Step 5 Detailing the partnership

At this point, the facilitator should clearly understand the needs and interests of the local communities and the private sector actors and can assess whether they are ready to partner. The facilitator uses this step to discuss in detail with all parties what the partnership could look like (modality) and then to address the different viewpoints (objectives) of the parties by negotiating the solutions. This step brings together the different interests and benefits for all parties, following the concept shown in figure 1.

### Objectives

- All parties discuss and agree on the details of the potential partnership (negotiation).
- Facilitator presents partnership modalities, and all parties agree on one.

### Who should be involved?

- Facilitator: RECOFTC field practitioner
- Actors: local communities, local government agencies, selected private sector actor and non-government and civil society organizations

### Activity

- 1 **Organize bilateral and multilateral meetings** with the various parties to discuss the opportunity to collaborate with each other and negotiate their interests and needs. Facilitated negotiation starts taking place in step 3, but this step 5 must lead to an agreement between the communities and a private sector actor on the details of the partnership. This step may be drawn out over several months.

With their limited information and capacity, local communities are oftentimes at a disadvantage in a negotiation. This is where facilitators have a pivotal role in being neutral in the facilitation process while safeguarding local communities' rights and benefits.

The negotiations should be about benefits, trade-offs and risks. Benefits include the expected returns for each party. Trade-offs refer to the compromises that each party may need to make.

The facilitator should not be resolving conflicts at this stage. Having a clear grasp of the previous steps and the results achieved in them should have prepared the facilitator for this step. To avoid any conflicts emerging at this point, government champions' involvement is important.

It may take several months or even a couple years to develop a partnership modality between local communities and a selected private sector actor. Once all parties agree on the details of the partnership, an agreement can be developed. The facilitator can continue immediately to step 6.

### Tips

- Be mindful that this is the most challenging step because it brings different agendas and perspectives into the discussions. When it comes to discussing benefits for all parties (see figure 1), the discussions can be highly sensitive and contentious. In certain circumstances, it may take many months to reach agreement.
- Always remember that it is the facilitator's responsibility to facilitate the process—not dominate it.
- Keep checking on whether the agreement will create any harm to local communities who can be in a disadvantaged position. This can be done by asking: "Is it fair for local communities yet?" But remember that it is the local communities and private sector actor who decide on the content of the partnership agreement.
- Identify champions from each party who possess certain leadership qualities (such as open-mindedness, positive thinking, respectful attitude and commitment) who can be a sounding board (for the facilitator).
- Remember that partnership discussions can either build trust or cause distrust, depending on the quality of the facilitation process and the facilitator's skills.
- Be available to meet and discuss with the parties when they need help or guidance on anything related to the partnership, such as additional information, clarification, meeting opportunities or to further discuss the challenges. Again, patience and commitment are critical in this process.

- Emphasize the importance of working together to achieve shared objectives, and be aware that one or both parties might lose interest at some point in the process. Thus, be prepared with a back-up plan or suggestions, should it happen.
- Be aware that some parties might think it is the facilitator's responsibility to resolve challenges and not theirs, which could present a hurdle to sustaining their commitment in the future. Carefully consider the time and resources needed to decide whether to move on to another potential partnership or work to dispel that expectation, should it occur.
- Accept that in the worst case, the parties will not arrive at an agreement due to the required investment such as time, finance, labour and equipment, the required operational changes or the additional workload.



## Step 6 Preparing and signing the partnership agreement

After the intense process in step 5, an agreement should be close at hand. This sixth step is to document in detail what the parties want to specifically agree on and how they intend to achieve it. An agreement will be signed by the direct-partnership parties, and in the early stages of a partnership, this agreement can be simple and short.

### Objectives

- Facilitator discusses and collaboratively drafts the partnership agreement content.
- Facilitator facilitates the agreement process and has the parties sign the partnership agreement.

### Who should be involved?

- Facilitator: RECOFTC field practitioner and local government agencies
- Involved actors: local communities, selected private sector actor

### Activities

#### ① Organize meetings with all parties to discuss and draft the partnership agreement

The draft clarifies the roles of all parties, including government agencies supporting the partnership. The main parties to decide on the agreement details (terms and conditions) are from the communities, such as representatives, the village head or elected group head, and the selected private sector actor. A simple agreement format is available in annex II (based on a locally developed template used in Bokeo Province). Before filling in the template, the parties should agree on the main sections to be included or adapted. Each section is then discussed in detail, whereby the facilitator may need to make reference to the earlier steps and the decisions made by the parties. Each section needs to be written out so that all parties can see and comment on the collaborative text.

## **2 All parties agree on the final draft**

Any additional concerns from all parties need to be addressed and agreed in the draft document. The facilitator needs to make sure all parties fully understand what has been written in the agreement. The facilitator should emphasize:

- a. What each parties' responsibility and obligations are and their compliance with the associated terms and conditions
- b. What types of products are being traded, with clear specifications
- c. The particular set of operations that are required to make a transaction

## **3 Allow time for peer consultation**

Once the drafted agreement is approved by all parties, they need a short period (ideally within two weeks) to consult with their peers and to reflect further on the details before signing. Community representatives need to discuss the agreement with all community members, but also government staff may need to consult with their supervisors on whether the agreement is legally binding and in line with policies.

## **4 Finalize the agreement**

A final meeting with all the parties must be arranged to alleviate any concerns and then to confirm and finalize the partnership agreement. This is also a final opportunity for the facilitator to verify that the agreement fits the objectives of the partnership (step 1) and that all previous steps and decisions are respected. Even at this stage, the facilitator should keep in mind and remind everyone of the desired objectives of the partnership.

## **5 Arrange a signing ceremony with the participation of all parties**

It can be a formal or a simple matter, whichever fits the local context. The signing of the agreement will be between the private sector actor and communities (the village head, the head of the producer group or individual farmers) as contractor and contractee. When there is an elected producer group head, the deputy village head will sign or attend as witness. The government agencies are not a signatory party to the agreement, although they will receive a copy. This will be important in case the community requests support from the government if a problem arises and the agreement can be used as reference. Government agencies can be part of the signing process but only as witnesses.

## Tips

- Be mindful of the objectives of the partnership and the partnership's sustainability during the drafting of the agreement.
- Accept that in certain situations the parties may want to regard the agreement as a test phase of six months or even one year. In this situation, they may be agreeable to signing the agreement as an experiment with what they want to partner on.
- The facilitator must never sign the agreement between a private sector actor and communities. It is only for those parties to be the signatories.
- Consider convincing a local authority representative to take a role in monitoring and supporting the partnership, especially if there is a conflict-resolution or compliance issue.
- Remember that partnership agreements are the reward of a long facilitation process but not the end result. Any party may break the agreement. The facilitator and involved government agencies need to consider how to continue supporting each party in implementing the agreement.





## Step 7 Monitoring, evaluating and learning

To verify whether the collaboration and implementation of the agreement between local communities and private sector actors are effective, follow-up visits and assessments are required. This means the facilitator should monitor all parties to the agreement as to whether they remain interested in the partnership and continue to regard the other party as a suitable partner. Monitoring tasks of the facilitator can continue to build up the parties' interest and commitment. Where needed, the facilitator can provide advice, encouragement or additional capacity-building support.

Note that monitoring does not start at step 7, but that each step in this guide includes elements of measuring progress. Thus, the facilitator monitors the interest, intentions and commitment of the potential parties in the earlier steps. Once an agreement is signed, the facilitator needs to monitor compliance with the terms. At any of these points in the process, if the facilitator discovers changes in interest, intentions, commitment or compliance, adjustments to the agreement need to be made.

### Objectives

- Facilitator monitors the implementation of the partnership agreement and provides support to overcome potential or newly emerged challenges.
- Facilitator supports both parties to assess and evaluate the agreement details and improve on them, if need be.

### Who should be involved?

- Facilitator: RECOFTC field practitioner
- Actors: community, private sector actor and government agencies or civil society organization involved in the partnership agreement

## Activity

### 1 Monitor the partnership's activities frequently to ensure that all parties comply with what they had agreed to do together

The facilitator may need to provide conflict-resolution support. The facilitator will need to work closely with other local parties in doing this, such as government agencies and civil society organizations. The facilitator can use project resources to develop a capacity-building strategy based on the capacity-development needs assessment for local stakeholders to continue to monitor and support the partnership in the long term. A separate capacity-building strategy for local communities to strengthen their position as an equal partner might include group formation or a community enterprise development program that provides training on negotiation or financial management skills.

## Tips

- Remember, trust-building remains the most important factor throughout the partnership development process. Without trust, the interest or commitment of parties can break at any time, even after the agreement is signed.
- Continually remind all parties of the agreed objectives of the partnership during the process. Some government institutions or middlepersons (and other groups) may try to interfere with the negotiations and agreement for various reasons.
- Remember that the communities and private sector actor will need to continue discussing and strengthening their collaboration, especially the critical details of the agreement, such as product quality, volume, pricing, marketing, processing, technologies and labour skills. The facilitator should facilitate these discussions and revisit these details with the parties.
- Be aware that even after signing a partnership agreement, a community or the private sector actor may still change their mind and break the agreement because of other offers or lost interest.
- Draw on a local authority representative who may have already agreed to take on a role in monitoring and supporting the partnership, especially if there is a conflict-resolution or compliance issue.
- Keep track of new laws and policies that could have positive or negative impact on the partnership. Keep engaging with the government agencies to clarify how a new law or policy might impact

the partnership and, where possible, request them to help mitigate negative impact.

- Maintain passion and patience during the facilitation of the partnership, including through this monitoring step, which will be imperative for healthy relationships.



# Conclusion

There are many pathways to restoring degraded forest landscapes. One of these pathways prioritizes improving livelihoods for forest-dependent groups while reducing the pressure on natural resources and incentivizing forest investments—an approach the FLOURISH project is committed to pursuing. Whichever pathway is selected, it is of central importance to engage the many actors in forest landscape restoration, each with their own requirements, capacities and needs.

Many challenges exist in multistakeholder engagement. With skilled facilitation support, the challenges can be managed, and the parties can be directed towards a common objective. In the case of community–private sector partnerships, although the main parties are local communities and private sector actors, other landscape actors are needed to provide support and help sustain the partnerships, especially local governments and civil society.

It may take one to two years to get to the agreement stage and to develop a solid partnership. If done well, developing trust and building up the capacities to effectively negotiate the different parties' requirements will have an empowering effect.

# Annex I Guiding questions for stakeholders

## For community

1. Are there any companies or traders who buy products from you and the community, in the past or currently?
2. Can you provide the name of the companies or traders and their location?
3. What is the arrangement for buying products from the community?
  - a. In what quantity and quality?
  - b. In terms of responsibility for harvesting and transportation of the products, such as to the road side or to the factory or sawmill?
4. How are products sold: through price negotiation, or is the price determined by the buyer?
5. How does the company or trader pay: on the spot, per month, per deposit?
6. What are the challenges or issues that need to be resolved (such as price, marketing, harvesting, relationship with private sector actor and government and policy)?

## For private sector actor

1. What is the main product your company is trading?
2. How long have you been doing this business?
3. How do you buy the product from farmers or a community?
4. What is your demand and supply of the products, including required product standards?
5. How many other enterprises or traders are carrying out similar business in the landscape?
6. What are the challenges or issues that need to be resolved (such as price, marketing, harvesting, relationship with private sector actor and government and policy)?



### **For government agencies**

1. Which supporting and restricting policies and decrees with regard to commerce and promotion of forest products are relevant in the province or district?
2. Which government agencies are responsible for implementing these policies?
3. What are their specific roles and responsibility at the local level?
4. Which companies are legally doing business related to forest products in the district or province?
5. What are the challenges or issues that need to be resolved (such as price, marketing, harvesting, relationship with private sector actor and community, management structure and policies)?

# Annex II Example partnership agreement

(developed in Bokeo, Lao PDR)

Teak Selling–Buying Contract  
(Timber)

Between

Singthoun Vilaysan Wood Processing Factory, Phimon Sin village,  
Houysay District, Bokeo Province, Tel: 020 56977709, 020 22380778  
(refer to as a buyer)

And

Khokluang Village authority (representative of teak smallholders of  
Khokluang), Houysay, Bokeo Province (refer to as teak owner and as  
seller) Tel: .....

Both parties have agreed to sign this agreement with the following  
conditions:

## **Article 01. Singthoun Vilaysan Wood Processing Factory (referred to as buyer)**

- Has agreed to buy teak timber from teak smallholders in Khokluang village, Houysay District, Bokeo Province (Referred to as teak smallholder and a seller).
- Payment will made once the tree/timber is measured and the volume is calculated.
- Give an order to harvest the timber depending on timing and needs.
- Responsible for uploading to the truck and transporting, when the timber arrives at the log landing number 2, which can be accessed by the truck.

### **Article 02. Khokluang Village authority (teak owner as seller)**

- Responsible for harvesting and cutting into small pieces, transporting to log landing number 2 and organizing it properly.
- Responsible for looking after the timer while waiting for measurement and moving.
- Supporting the teak certificate to buyer for document processing.
- The total volume of timber should not be less than 8 cubic metres (m<sup>3</sup>).

### **Article 03. Size and price**

- Short timber (length less than 2 metres), with diameter more than 18 cm, price: 3,500 Thai baht/m<sup>3</sup>.
- Diameter from 12 cm to 17 cm with the length of 210 cm; price: 3,500 Thai baht/m<sup>3</sup>.
- Diameter from 18 cm to 28 cm with the length of 210 cm; price: 4,500 Thai baht/m<sup>3</sup>.
- Diameter from 28 cm to 30 cm with the length of 210 cm; price: 5,000 Thai baht/m<sup>3</sup>.
- Diameter more than 31 cm with the length of 210 cm; price 6,000 Thai baht/m<sup>3</sup>.
- Thinning means to cut big tree out.
- In case the timber market and timber index are changing, the price is subject to change through agreement between both parties.

### **Article 04. The case of changing the contract**

- If there is a change in timber market price (increased or decreased) and in money exchange (Lao kip and Thai baht), the contract is subject to change through agreement between both parties.
- Prior to any changes to this agreement, written consent is required from both parties.

### **Article 05. Seed providing**

- Any villager who requires seeds, teak seedlings for planting can contact the Singthoun Vilaysan Wood Processing Factory, Phimon Sin village, Houysay District, Bokeo Province, Tel: 020 56977709.

### **Article 06. Implementation**

- This agreement is evidence, created voluntarily without coercion, read and discussed in front of both parties. Agreement is made by both parties and signed as evidence. This agreement is effective after the signing from both parties.
- This agreement is made in two copies and three pages. Each copy is equally valuable.

*Signature buyer*

(Singthoun Vilaysan Wood  
Processing Factory)

*Signature seller*

(Teak smallholder head  
of Khokluang)

*Signature witness*

(Khokluang village authority,  
representative of teak smallholders  
of Khokluang)

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At RECOFTC, we believe in a future where people live equitably and sustainably in and beside healthy, resilient forests. We take a long-term, landscape-based and inclusive approach to supporting local communities to secure their land and resource rights, stop deforestation, find alternative livelihoods and foster gender equity. We are the only non-profit organization of our kind in Asia and the Pacific. We have more than 30 years of experience working with people and forests, and have built trusting relationships with partners at all levels. Our influence and partnerships extend from multilateral institutions to governments, private sector and local communities. Our innovations, knowledge and initiatives enable countries to foster good forest governance, mitigate and adapt to climate change, and achieve the Sustainable Development Goals of the United Nations 2030 Agenda.

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