The beginning: searching for livelihood options

Fausto Martínez was born in the Lenca community of Guajiquiro, Honduras. At a young age, without proper schooling or knowing how to read or write, he was forced to leave home in search of work. At the beginning of the 1970s, the only place where Fausto could find work was on the banana farms more than 300 km to the northeast. There, he began to learn about agriculture, but the working conditions were often harsh, since no one enforced the labour laws that were put in place to support workers’ rights. “But it was a job,” said Fausto.

The most difficult time came at the end of 1974 when hurricane Fifi-Orlene hit northern Honduras and erased entire communities overnight – it was the worst natural disaster Honduras had seen. The country’s entire banana crop was also completely wiped out.

“Either we all work together to make it work, or we fail one by one.”
As a result, the economy was severely affected, and the livelihoods of tens of thousands of Hondurans were destroyed. Government agencies began working on plans to revive the shattered economy and provide alternative sources of income. An initial plan costing US$5 million to revamp agricultural businesses was established, and another US$15 million was set aside for two-year loans.

One year later, Honduras passed the Agrarian Reform Act. This followed a 20-year effort by the Honduras farmworker movement, who had protested against the difficult living and working conditions in the banana industry. “We were already grouped together and had the land, but those were very difficult years,” recalls Fausto. “We grew rice, corn and other crops, but that doesn’t lift anyone out of poverty.” The leaders of the farmworker movement pushed for new projects with perennial or plantation crops that would actually improve their quality of life.

As part of the government’s revival plan, alternative crops — including sugarcane and oil palm — were being assessed in the area by the National Agrarian Institute (INA). The institute also provides technical, administrative and financial support to farmers. The National Development Bank (BANADESA) provides farmers with financial support, supervision and project management. After deep debates within the farmworker movement, oil palm was chosen. This decision would have great repercussions on the transformation and development of the whole region, and on the living conditions of the farmers and communities there.

Betting on oil palm

“The beginning was very difficult, as there was no confidence, and working collectively is not for everyone,” Fausto said, as he explained the beginnings of a new “social company” that was established in response to low prices and poor self-organization. “Many felt that someone was taking advantage of them, that they were working for someone else, and the first harvests were sold at miserably low prices. It was then that we saw the need to process our own production and thus add value to our fruit. In 1985, with support from the Netherlands, we built a mill with an extraction capacity of 24 tonnes per hour. This is when we began to see some positive change in our lives as our livelihoods improved. We chose the name ‘Hondupalma’ for our organization, which represents 31 associated groups and hundreds of independent partners and producers.” The farmers started as independent producers, but then realized that they had no negotiation power as individual farmers, so they began to form groups and learned how to undertake the various stages of processing. As soon as they mastered one, they went on to another. “Now we also have a refining plant, fractionating plant, churn plant, almond plant, a tank for oil exports, a boiler with a turbine for power generation, and equipment for biodiesel generation. If you didn’t see it, you would never believe how far we’ve come in these 35 years,” confirms Fausto, one of the founders of Hondupalma.

There are approximately 20,000 smallholders in the northern zone of Honduras who, like Fausto, saw oil palm as an opportunity for themselves and their families to prosper. Historically, oil palm in Central America and Mexico does not have the same environmental footprint that characterizes the industry in other parts of the world. An analysis of the history of oil palm expansion between 1989 and 2013 — and the degree to which it was associated with deforestation — reveals that in Southeast Asia, 45% of the oil palm plantations studied were on sites that were forested in 1989. In South America, the corresponding area was 31%, but in Mesoamerica, only 2% of oil palm plantations were established on land that was forested in 1989 (Vijay et al. 2016). “The palm industry has really contributed to our country in the reduction of poverty,” says Nelson Araya, General Manager of
Hondupalma. “But once we passed the survival stage and started to see some profits, we started to think that there were many other factors that we had to take into account. Our production should be responsible and environmentally friendly; we must treat our workers properly, and maintain good relationships with the communities around us. We also realized that we needed to take it one step further to be able to access other markets around the world.”

“Now we are productive, we must find ways to be sustainable”

In 2012, with support from the Government of the Netherlands and the consumer goods company Henkel, the international civil society organization Solidaridad began to promote the Roundtable on Sustainable Palm Oil (RSPO) standard in Honduras, to support the broader inclusion of smallholder palm oil producers, and to ensure sustainable, high-quality production. Initially, Solidaridad and its partners WWF and Proforest found many deficiencies related to good practices, a need to expand technical support to independent producers, and a significant lack of communication among stakeholders in the supply chain. Yet Solidaridad also saw great opportunities.

The first challenge was to work with smallholders to overcome the shortcomings related to agricultural practices. In 2013, Solidaridad and partners held forums in several cities to introduce the RSPO standard. Workshops to train lead auditors were then organized, with the support of Hondupalma. These were the first such courses in the world to be taught in Spanish. In addition, alliances with the government were sought through cooperation agreements with the Honduran Ministry of Agriculture and Livestock, and with the academic sector through the Honduran Foundation for Agricultural Research. The goal was to implement assistance programmes to close the technical gaps that limit smallholder productivity; these programmes have been ongoing.
Omar Palacios, the Solidaridad Country Director, has led the programme in Honduras from the beginning, and has evaluated the processes that have been developed to date. “Changing the mentality of people takes time. But we must not stop. From the case in Honduras, we have learned that the benefits from implementing good practices are many and wide-ranging. And when a producer begins to apply them on his land, it raises curiosity of his neighbours, and more people begin to get involved. In the short term, this generates benefits for the smallholders. In the medium term, it benefits communities and their natural resources. In the long term, it creates changes in policy, decision-making and even change in consumers.”

At the same time, it was imperative to improve communication between the various stakeholders in the supply chain who had been affected by conflicts between private companies and cooperatives. Mediation carried out by Solidaridad brought polarized sectors together at the same table, a key step in restarting dialogue, identifying common interests and challenges within the sector, and agreeing on solutions. This is how the Sustainable Palm Oil Project in Honduras (PASH) emerged in 2014. The project had seven palm oil producer partners in Honduras, and had a great impact by helping to establish the national process by which the RSPO standard was adapted to the Honduran context; this was achieved in less than one year. By December 2015, the national standard was already in place and the first three companies were certified. “It was at this point that the multiple stakeholders of the value chain, despite being competitors in the market, found a common interest and saw the tangible benefits of being organized and cooperating with each other,” recalls Omar Palacios. Today, PASH has more than 50 partners from multiple sectors in Honduras and Nicaragua.

“What do you want to see in the future? How are you going to get there?” Omar Palacios, Solidaridad Country Director in Honduras, and María Durán, Solidaridad Country Director in Nicaragua, during the first Integrated Landscape Management Workshop, May 2017. Photo: V. Cohn/Solidaridad
By creating trust mechanisms and a dynamic of cooperation between the various actors in Honduras, and by replicating this approach across the region, Solidaridad was able to build a sustainable palm oil programme: the Mesoamerican Palm Oil Alliance (MAPA). And by expanding to a regional level, MAPA has been able to position Central America and Mexico as a premier global source for sustainable palm oil. Michaelyn Baur, Regional Director for Solidaridad, sees these achievements clearly: “We are looking forward to supporting 100% of the producers in the region to become RSPO-certified, but we also look beyond certification to achieving sustainable landscapes.”

But can we go one step further?

“There are many opportunities disguised as conflicts,” adds Omar Palacios. “The human tendency is to flee from conflict, but Solidaridad identifies opportunities where others see only problems. It has been a challenge to work with such a controversial commodity as palm oil, as the first reaction of many is to avoid the issue. But I see the advances, and those can only be achieved if you work from within. And it is also important that people understand that in a country like Honduras, where the agricultural model is based on smallholder cooperatives, the economic spillover has a great impact on the livelihoods of many people. The key is not to prohibit their products, but to support them to improve the way they produce them.”

In 2017, when working with the oil palm sector in Honduras, Solidaridad found a perfect opportunity to move from a focus on farms and processing plants to a landscape-level approach. This was because of the inclusive nature of the agricultural economy in the sector. To support this new approach, Solidaridad created the Sustainable Landscapes Programme (Paisajes Sostenibles, or PaSos) to continue facilitating dialogue and build consensus between farmers like Fausto, social enterprises like Hondupalma, and private companies. The programme also includes municipal leaders, water councils, tourism boards, environmental associations, cacao producers and many other stakeholders to find solutions at the broader landscape level that benefit everyone. And when the private sector, cooperatives and local government work together effectively, the implementation of better policies is much easier and faster. The oil palm sector in Honduras has become a regional leader, bringing to the table other commodities across the country; eventually it will include the whole region.

PASH and the Sustainable Landscapes Programme appear to be successful models for improving productivity and increasing inclusiveness in the search for sustainability. They can potentially strengthen the position of smallholder palm oil producers elsewhere and consequently improve their livelihoods.

Representatives of social enterprises like Hondupalma, private oil palm companies, municipal leaders, and many other stakeholders during the first Integrated Landscape Management Workshop, May 2017. Photo: V. Cohn/Solidaridad.
and those of other commodity producers, as well as other marginalized groups such as women, youth and indigenous peoples. They can also clearly be replicated for other commodities.

After 18 months of creating dialogue through a multi-stakeholder platform with the PaSos programme, a meeting took place in June 2018 that a year before would have been unthinkable. Environmental organizations invited palm companies to update everyone on the management plan for Jeanette Kawas National Park, and the oil palm sector accepted the invitation. It was not easy and there were tensions, with many diverse interests, but everybody agreed that the responsibility to do better rests within each of them. Even more importantly, agreements and compromises were reached by all participants.

**Sonia Maribel Ramirez**

Born into a family of oil palm producers, Sonia has been producing palm oil for eight years. She is a member of the Unified Peasant Movement of the Aguan (MUCA), which brings together 612 families working 2,500 ha of oil palm. “The biggest change I’ve seen in a life surrounded by oil palms was in 2017, with the PaSos programme from Solidaridad. It is very difficult to agree with so many people, but we are talking and little by little we are finding things in common. We all agree that for everyone’s sake we must ensure better management of all our shared resources.”

**Scaling up to the landscape level**

During a regional experience exchange co-organized by Solidaridad in Costa Rica in early 2018, Ronald McCarthy, the regional IUCN representative, highlighted the importance of understanding landscape restoration through new eyes. “For the countries in this region to advance towards the achievement of their national and international goals, it is essential to understand the restoration of the landscape from a broader approach, and to talk about the restoration of the productive rural landscape, which means to work with non-traditional sectors in this matter.”

“We’ve developed a very realistic change theory, and despite contextual and regional differences, we’ve experienced great acceleration and uptake in innovations,” added Solidaridad’s Regional Director, Michaelyn Baur. “For example, the success of smallholder producers in Honduras is helping us promote an innovative and inclusive smallholder model in Nicaragua. Technology innovations in Guatemala have been shared to support the programme in Honduras, and the Honduran model is very encouraging to Mexican smallholders, who can learn to improve their yields and quality of product without the need to start finding answers from scratch. And that’s why we are developing...
the Mesoamerican Landscape Accelerator, because we saw that from a Honduran oil palm consortium, PASH, we could scale it to a Mesoamerican oil palm consortium – MAPA. And now we want to do the same with our multi-sectoral landscape platform led by the palm sector. We want to use all the lessons we’ve learned in Honduras to scale it to the regional level.” She also said, “A producer once told me, to get certified is like reaching the top of a mountain: it’s very hard to get there, and once you arrive there you realize there are a lot of even higher mountains that must be also reached. But they also understand that they are leading the way and that they have the power to make changes.”

Of course, there is still a lot of work to be done. The dialogue between actors needs to mature, and more concrete agreements need to be reached. It is essential that both local and national government become more involved in developing territorial planning strategies and in implementing existing strategies and strengthening the regulations that apply. The identification of High Conservation Value (HCV) areas must include more specific commitments to protect them. There is no doubt that Honduras has taken great strides in proving that socially inclusive, economically profitable and environmentally responsible models can be developed. And it is a fact that without smallholders, sustainability in oil palm cannot be reached, and every step taken to support them is the right step.

Five years ago, after almost 40 years working in agriculture, and with profits from his work as a Hondupalma member, Fausto was able to buy some land of his own. Today, after additional investments, he now has 21 ha with oil palm, banana, plantain and cacao agroforestry. “The most relevant change I’ve seen in all these years is the cultural change. I realize now that most of the time people do things the same way because no one has told them that there’s a better way: a better way to work the land, a better way to use the resources, and a better way to talk to each other. I go to all the PaSos meetings. I’ve met so many people and I’ve heard so many ideas. And though I never learned to read or write, oil palm has allowed me to educate my five children, but maybe learning how to learn will be the most useful teaching for all of us.”

Reference