RECOMMENDATIONS FOR COMPENSATION FOR
LAND CLEARANCE WITHOUT HCV ASSESSMENT

Olivier Tichit - Sipef Group (CTF Chair)
Mikaail Kavanagh - ERE Consulting Group (CTF Co-Chair)
Randolph Jeremiah - ERE Consulting Group
Background

- Commissioned by the Biodiversity and High Conservation Value Working Group (BHCV WG) at the request of the Executive Board.

- Aimed to facilitate the development of an RSPO position on compensation for land clearance after Nov. 2005 without prior HCV assessment.

- Executive Board – need for a permanent compensation mechanism.
A rose by any other name would smell as sweet...

COMPENSATION...  REMEDIATION
Statement of Need

• Criterion 7.3 – New plantings since Nov. 2005 should not have replaced primary forest or any area required to maintain or enhance one or more HCV areas

• NI of Indonesia and Malaysia – Allowance for land clearance without prior HCV assessment after Nov. 2005 but before end Nov. 2007 to rectify this situation through a compensation mechanism

• Urgency among RSPO members to get the necessary compensation mechanism defined and operational with clear guidance as to the process of compensating
Facilitation Process

• A series of consultations with experts, two stakeholders’ consultation workshops in Kuala Lumpur and Jakarta from Jul. to Oct. 2011

• Steered by the BHCV WG

• Facilitated by a dedicated Compensation Task Force (CTF) under the BHCV WG which comprised:
  – Growers
  – Non-governmental organisations
  – Financing Representative
Fundamentals

1. The compensation mechanism will be globally consistent, with local adaptations where necessary.

2. The compensation actions will be economically viable for responsible growers.

3. Compensation costs will escalate over time to discourage ‘clear and pay’.

4. Incentives will be provided for companies that undertake efforts on transparency.
5. There will be “fixed goalposts”, no ambiguities and clear communication on the compensation mechanism.

6. There will be flexibility in the application of in-situ and/or ex-situ compensation for HCVs 1 to 3.

7. Compensation actions for HCVs 4 to 6 will be applied locally as a priority and through dialogue with affected parties.

8. Reviews and updates of the compensation mechanism will coincide with the review of the P&C.
Compensation Timeframes

- Nov. 2005 to end Nov. 2007 – companies required to compensate for lost HCV areas as a result of land clearance.

- From Dec. 2007 to end Dec. 2009 – companies required to compensate the total area cleared without prior HCV assessment.

- From Jan. 2010 onwards – companies required to compensate for the total area cleared plus a multiplier.
Agreed by consensus by the Biodiversity and High Conservation Value Working Group
Responsibility for Land Acquisitions

What happens when you acquire land after 2005?
Responsibility for Land Acquisitions

If land has been previously cleared (and/or planted) for a commercial purpose, the company that acquires the land will be required to bear the responsibility for rectifying non-compliances (since end Nov. 2005).

If cleared (and/or planted) in a non-commercial manner (by local communities or smallholders), the company will not be subject to compensation for non-compliances prior to ownership.
Disclosure Requirement

All members will also be required to disclose the extent of their landholding that has been cleared without prior HCV assessments since Nov. 2005.

– New members – before their first certification audit
– Existing members – before the next annual progress report in 2012
Next Steps

• EB will deliberate on these recommendations on Friday.

• The recommended ‘rules’ have also been submitted.

• More work will be needed to finalize the mechanism before the next GA.

• Companies are welcome to start with remediation work, in consultation with RSPO using the Fundamentals.
The requirement for compensation is the responsibility of the growers, industries downstream and the consumers.
Thank you