

# RECOMMENDATIONS FOR COMPENSATION FOR LAND CLEARANCE WITHOUT HCV ASSESSMENT

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# 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.**

# Fundamentals

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.



# Consensus

**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.**

# Shared Responsibility

**The requirement for compensation is the responsibility of the growers, industries downstream and the consumers.**

**RSPO**

Roundtable on Sustainable Palm Oil

**Thank you**

 **RT<sup>9</sup>**  
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