RSPO Compensation Mechanism

RSPO COMPENSATION TASK FORCE

Established in August 2011 by RSPO EB, under the WG-BHCV.

Members: all WG-BHCV members + invited experts and stakeholders.

Chairs: WWF-RI (ENGO) & SIPEF (grower).

Currently 18 members: 7 ENGO, 1 SNGO, 6 growers.
WHAT IS THE NEED?

P&C 7.3: "New plantings since November 2005 should not have replaced primary forest or any area required to maintain or enhance one or more HCV areas."


WHAT IS THE REAL NEED?

RSPO is not a niche.
RSPO must have provisions for:
- new producing countries
- new members
- members taking over (non-)members.
RSPO Compensation Mechanism

EARLIER CONSENSUS

The 8 Fundamentals of Compensation:

F1: Global consistency
F2: Economically viable for growers
F3: No "clear and pay"
F4: Incentives for transparency

EARLIER CONSENSUS – FOLL.

The 8 Fundamentals of Compensation:

F5: "fixed goalposts"
F6: ex-situ possible for HCV1-3
F7: in-situ priority for HCV4-6
F8: revisions with P&C revisions.
1. Liability definition
   – in time / in space / in numbers
   – the Matrix

2. Implementing Compensation
   – remediation / compensation
   – how to compensate?

RSPO Compensation Mechanism

1. LIABILITY : WHEN DOES IT START ?
RSPO baseline : end November 2005.

"HISTORICAL LIABILITY"
RSPO Compensation Mechanism

1. LIABILITY : PERIODS.

Historical Liability from November 2005.

November 2005 to January 2010

January 2010 until Comp.Mech.

after Comp.Mech.

RSPO Compensation Mechanism

1. LIABILITY : COEFFICIENTS/MULTIPLIERS

Coefficients : reflect the status of the land.

Multipliers : a dis-(incentive) system.
RSPO Compensation Mechanism

1. LIABILITY : LIMITATIONS

Non-commercial land-clearing: Carried out by members of local communities, acting individually to support their livelihood, and with no funding by any institution and organization. Also government projects (with caveats).

RSPO Compensation Mechanism

1. LIABILITY : METHODOLOGY

Option 1: Historical HCV assessment
Option 2: Satellite imagery analysis (use four classes of forest density)
Both options: SIA.
RSPO Compensation Mechanism

1. LIABILITY: THE MATRIX

Integrates status of the area at the baseline, time periods, coefficients, multipliers, limitations, and certification status of the RSPO member.

<table>
<thead>
<tr>
<th>COMPENSATION MATRIX</th>
<th>CERTIFIED RSPO MEMBER</th>
<th>NON-CERTIFIED RSPO MEMBER</th>
<th>NON-MEMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov. 2005 until Jan. 2010</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>After Comp. Mech.</td>
<td>ESCALATION ?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
RSPO Compensation Mechanism

2. IMPLEMENTING COMPENSATION

Compensation Management Plan, based on liability assessment.

On-site and off-site: "compensation"?

REMEDIATION:
Demonstrable measures taken to restore one or more potential HCVs within a plantation management unit where those HCVs have been lost. Remediation should be considered before compensation.

COMPENSATION:
Demonstrable measures taken and/or funds made available to offset (usually outside the plantation management unit) potential loss of HCV areas resulting from land clearing without prior HCV assessment.
RSPO Compensation Mechanism

2. IMPLEMENTING COMPENSATION

Common attributes:
- Additionality
- Equitability
- Scientific base
- Long-term
- Flexibility

How to implement a Compensation Management Plan?
- internally: remediation
- internally: compensation?
- externally: both?
RSPO Compensation Mechanism

**WHAT STILL LIES IN THE WAY?**
- How to monitor implementation?
- How to assign a monetary value?
- How to collect & manage funds?

**THE SMALLHOLDERS**

**THANK YOU**