

**RSPO**  
Roundtable on Sustainable Palm Oil

**PRE-CLUSTER 4  
HCV & BIODIVERSITY MANAGEMENT  
RSPO COMPENSATION MECHANISM**

OLIVIER TICHIT – CTF CO-CHAIR

 **RT10** Resorts World  
2012 Singapore  
AN EVENT BY **RSPO**

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 CERTIFIED SUSTAINABLE PALM OIL  
**RSPO**

**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.

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## RSPO Compensation Mechanism

### 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."

MY&RI NI : "P&C initial pilot implementation period" from November 2005 to November 2007.



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## RSPO Compensation Mechanism

### 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.



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## 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



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## RSPO Compensation Mechanism

### 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.



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## RSPO Compensation Mechanism

### 1. Liability definition

- *in time / in space / in numbers*
- *the Matrix*

### 2. Implementing Compensation

- *remediation / compensation*
- *how to compensate ?*



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## RSPO Compensation Mechanism

### 1. LIABILITY : WHEN DOES IT START ?

RSPO baseline : end November 2005.

 **"HISTORICAL LIABILITY"**



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## RSPO Compensation Mechanism

### 1. LIABILITY : PERIODS.

*Historical Liability from November 2005.*



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## RSPO Compensation Mechanism

### 1. LIABILITY : COEFFICIENTS/MULTIPLIERS

**Coefficients** : reflect the status of the land.

**Multipliers** : a dis-(incentive) system.



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## 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*).



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## 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.



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## 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.



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## RSPO Compensation Mechanism

<b>COMPENSATION MATRIX</b>	CERTIFIED RSPO MEMBER	NON-CERTIFIED RSPO MEMBER	NON-MEMBER
NOV.2005 UNTIL JAN.2010	Orange cross-hatch pattern	Orange	Light Green
JAN.2010 UNTIL COMP.MECH.	Orange cross-hatch pattern	Orange cross-hatch pattern	Orange
AFTER COMP.MECH.	Red with text: ESCALATION ?	Red	Red

## RSPO Compensation Mechanism

### 2. IMPLEMENTING COMPENSATION

Compensation Management Plan, based on liability assessment.

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



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## RSPO Compensation Mechanism

**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.



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## RSPO Compensation Mechanism

### 2. IMPLEMENTING COMPENSATION

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



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## RSPO Compensation Mechanism

### 2. IMPLEMENTING COMPENSATION

How to implement a Compensation Management Plan ?

- internally : remediation
- internally : compensation ?
- externally : both ?



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## 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*



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## RSPO Compensation Mechanism

***THANK YOU***



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