

3rd Meeting of RSPO Compensation Task Force (CTF)			
Date	February 20, 2011 (Monday)		
Venue	Kinds Villa Bintang Resort, Bali		
	Oliver Tichit (OT)	Sipef Group	Chair
	Anders Lindhe (AL)	WWF-International	Members
	Henry S. Barlow (HB)	Sime Darby	Member
	Tim Killeen (TK)	Conservation International	Executive Board (EB) Member
	Junaidi Payne (JP)	BORA	Member
	Michal Zurst	ZSL	Member
	Sophia Gnych	ZSL	Member
	Peter Heng (PH)	GAR	Member
	Richard Kan (RK)	GAR	Member
	Gan Lian Tiong (GLT)	PT Musim Mas	Member
	Dwi R. Muhtaman (DM)	Aksenta	Member
	Norazam Abdul Hameed (NH)	Sime Darby Plantation	Member
	Lee Swee Yin (LSY)	Sime Darby Plantation	Member
	Purwo Susanto (PS)	ISPO Consulting	Member
	Marcus Colchester (MC)	Forest Peoples Programme	Member
	Adam Harrison (AH)	WWF	Executive Board (EB) member
	Anders Lindhe (AL)	WWF-International	Member
	Glen Reynold (GR)	Royal Society	Invited
	Irwan Gunawan (IG)	WWF-ID	Invited
	Haryono	WWF-ID	Invited
	Salahudin Yaacob (SY)	RSPO	Secretariat
	Desi Kusumadewi (DK)	RSPO	Secretariat
	Asril Darussamin (AD)	RSPO	Secretariat
	Audrey Lee Mei Fong (ALMF)	RSPO	Secretariat
Absence with Apology	Devan Subramaniam (DS)	WWF-MY	Member
	Reza Azmi	Wild Asia	Member
	Catherine Cassagne	IFC	Member
	Stan Rodger (SR)	LPF-Shemsi Sdn Bhd	Observer
Agenda	February 20, 2011 (Monday) 0900 – 1200 · Welcoming remarks from the chairperson- OT · Main agenda items:- ✓ Update from EB on compensation issue		

	<ul style="list-style-type: none"> ✓ Task to be completed on compensation issue ✓ Discussion on liability, multiplier, and guidance for members <p>1200-1300 Lunch break</p> <p>1300-1800</p> <ul style="list-style-type: none"> ✓ Discussion on liability, multiplier, and guidance for members ✓ Discussion on compensation panel and ToR <p>End of meeting</p>
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1) Welcoming Remarks and Introduction

OT welcomed members of CTF and introduced new members from ZSL.

2) Update from EB on compensation issue

Before the discussion, members are requested to share their major concerns on compensation issues. Following are comments from CTF members:-

JP: Compensation mechanism provides an opportunity for oil palm industry to generate funds in a transparent and multi-stakeholder manner for sustainable financing of conservation.

GLT: Compensation package must be practical; the criteria should not conflict with RSPO’s vision to promote sustainable palm oil especially on brown field expansion. The current compensation guidance is lack of public consultation and growers has very little awareness in this issue.

NH: SDP stressed the guidance on compensation should consider industry opinion.

DM: Compensation actions should adhere to the local legal requirements.

IG & H: Compensation should not discourage other growers to join RSPO and should not incentivize conversion. RSPO should decide on a minimum compensation package for biodiversity and social values.

PS: The generic guidance should be implementable in every country and provide guidance on monitoring process of the compensation implementation.

MZ: RSPO should not impede by compensation figures but focus on establishment of a robust system. MZ also agreed with JP's suggestion to establish a conservation trust fund.

AL: AL has concern on the accuracy of historical HCV assessment. He suggested a compensation system based on certain fee/ hectare of area, and compensation can be done on-site or off-site.

AH: Compensation mechanism will allow current members/ potential members to move towards certification. CTF group will need to address the liability issue.

PH: HHA could be judgemental. RSPO should advise grower member on consequences of not following new planting procedures.

SY: RSPO will need to prepare a guidance document for certification bodies who will audit the compensation actions on the ground.

TK: Nov 2005 deadline is real and producers should comply with the principles and criteria. RSPO should provide information and scientific methodology for compensation and secretariat will review the compensation proposal. HCV 3 can't be compensated on site and a total compensation program must be implemented; compensation actions suggested for HCV 4 is restoration and HCV 5 would base on negotiation with local community.

OT: Compensation actions must be transparent and practical and avoid clear and pay.

AH summarized EB discussion on compensation issue. EB expects CTF to define on multiplier, cost involved, guidance for grower members and discuss on the liability issue which could not reach a consensus previously.

CTF was assigned to decide on the mechanism and responsible body for compensation i.e. compensation panel/ CTF/ BHCV WG to monitor the compensation cases. AH presented tasks that should be conducted by CTF as below:-

- a) Liability
- b) Multipliers
- c) Set level of acceptable costs of compensation – through the NIWGs if they exist & linked to the multipliers
- d) Develop an acceptable methodology for Historic HCV assessments – including guidance/toolkit and templates for reporting to the RSPO
- e) Develop generic guidance on acceptable compensation measures – some recommendations done already in full report;

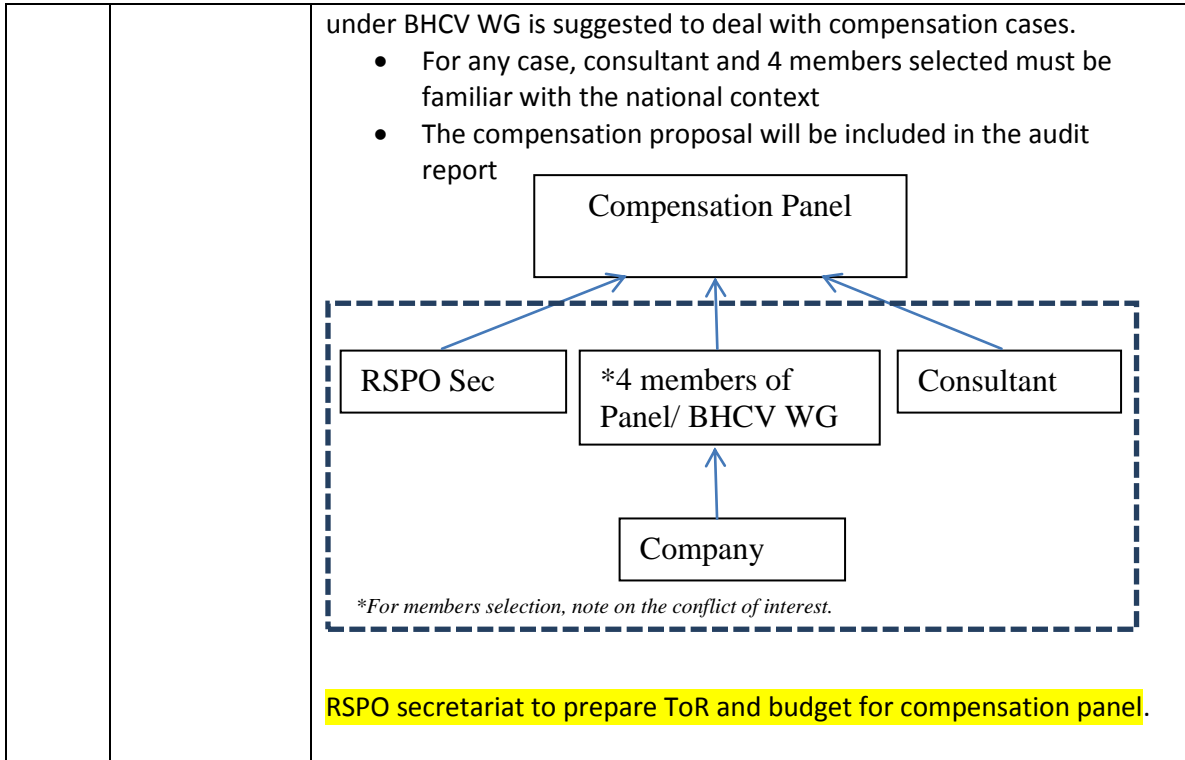
- f) Develop national guidance on acceptable compensation measures – through the NIWGs if they exist
- g) Establish a mechanism to facilitate dialogue with local parties over compensation for HCVs 4-6 – it is proposed that the DSF take this on; alternatively
- h) Establish guidelines and acceptable standards for such dialogues that CBs can assess against and incorporate it in compensation monitoring requirements
- i) Establish a Compensation Panel within the RSPO (EB members and experts) to take over from BHCVWG role – including its ToR
- j) Should compensation be included in the P&Cs?

3) Discussion:

No.	Subject	Proposal/ Decision																
a)	Liability	<p>Compensation is relevant to every RSPO member who manages land that was converted prior any HCV assessment after Nov 2005 regardless the clearance was done by the members, commercial clearance by non-members or non-commercial clearance by community or state.</p> <p>A matrix with a standard co-efficient/ multipliers will be developed based on 2 criteria i.e. time period and parties who converted the land.</p> <table border="1"> <thead> <tr> <th>Who/When</th> <th>2005-2007</th> <th>2007-2009</th> <th>Jan 2010 ></th> </tr> </thead> <tbody> <tr> <td>RSPO members</td> <td>Compensation for HCV lost</td> <td>Compensation for total developed area</td> <td>Multipliers apply</td> </tr> <tr> <td>Commercial clearance by others</td> <td colspan="3">Co-efficient to be decided for different period</td> </tr> <tr> <td>Non-commercial clearance eg. Smallholders, state etc.</td> <td colspan="3">Co-efficient to be decided for different period</td> </tr> </tbody> </table>	Who/When	2005-2007	2007-2009	Jan 2010 >	RSPO members	Compensation for HCV lost	Compensation for total developed area	Multipliers apply	Commercial clearance by others	Co-efficient to be decided for different period			Non-commercial clearance eg. Smallholders, state etc.	Co-efficient to be decided for different period		
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<p>b)</p>	<p>Multipliers</p>	<p>Proposal in November 2011 to EB still stays as:-</p> <div style="border: 1px solid black; padding: 10px; margin: 10px 0;"> <p><u>Final proposal from CTF on cut off dates and HCV compensation</u> Nov 2005-Nov 2007: Compensation mechanism based on the retrospective assessment applies globally for all countries. In this case, if the company does not interested to conduct retrospective assessment for small area, the company can choose to compensate the whole area without retrospective assessment.</p> <p>Nov 2007-Jan 2010: No retrospective assessment, total area cleared without HCV assessment must be remediated. Retrospective mapping (landuse analysis) is required to identify the total area cleared within the period.</p> <p>Jan 2010 onwards: Multiplier effect for the total area without HCV assessment. EBs will decide on the multiply factor and RSPO will facilitates on development of the national matrix.</p> </div> <p>AH and RSPO secretariat are tasked to:-</p> <ul style="list-style-type: none"> i) study on the scale of the conversion without HCV assessment in different time period; ii) collect data from available reports and members who volunteer to share information; iii) cost of restoration & income of oil palm plantation <p>Information will be shared with the BHCV WG and CTF to further decision on fair a multipliers/ co-efficient factor.</p> <p>Landuse change data is available and possibly source from GHG WG, WRI and voluntary companies.</p>
<p>c)</p>	<p>Compensation guidance</p>	<ul style="list-style-type: none"> • AH said the mechanism for every compensation should be standardize but the cost and the list of acceptable compensation options (as guidance) in each country can be task to NIWG. If national guidance is not available then generic guidance should be referred. • OT mentioned the list of options should serve as guidance and allow more options to be developed in future. In terms of cost, it should be flexible.

		<ul style="list-style-type: none"> AL agreed with OT on providing general guidance and keeps the compensation flexible. Cost discussion can be too technical and if the panel does not have expertise from R.O.W, consultant can be engaged.
d)	Acceptable cost for compensation	<p>Part of the study that will be conducted by AH and RSPO secretariat. The study should consider the oil palm income (fluctuating cost and regional variation); restoration cost (default values and figures suggested by HCV RIWG) and to ensures compensation cost must be greater than the HCV management cost to avoid clear and pay.</p> <p>There was a study conducted by Ad Hoc HCV group led by Pak Daud</p> <ul style="list-style-type: none"> The reasoning of the costing are annex to the report The cost of the rehabilitation is based on the information provided by Ministry of Forestry. The group proposed on the acceptable compensation measures. The design is only limited from 2005-2007. OT mentioned the ID guidance discuss on the multiple HCVs and compensation for such area. DK proposed the group to look into harmonization of the ID guidance and the generic guidance. OT responded that the ID guidance can be referred and to use as a baseline for the development of generic guidance.
e)	Guidance for compensation of HCV4-6	The group proposes to put forward for Smallholders working group (SWG) for their discussion and MC will take this subject to the SWG. In general. FPIC and RSPO P&C should be follow during the compensation negotiation.
f)	P&C review process	<p>The standard should clearly state that RSPO allows but does not encourage compensation and clarify on the different time periods of compensation.</p> <p>Compensation mechanism should be attached as a guidance document and not in the standard.</p> <p>CTF to provide feedback to P&C steering group.</p>
g)	Compensation panel	Compensation case must be dealt differently as grievance cases. In order ensure timely response to the companies, a smaller subgroup



RSPO

Roundtable on Sustainable Palm Oil

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 20th February 2012
 Kinds Villa Bintang Hotel, Bali**

No.	Name	Organization	Signature
1.	Sakrudin Jacobs	RSPO Secretariat	
2.	Peter Hing	GAR	
3.	ADAM HARRISON	WWF	
4.	Anders Lindhe	WWF	
5.	Richard Kan	GAR	
6.	MICHAŁ ZRUST	ZSL	
7.	HENRY DARBY	SIME DARBY	
8.	Haryono	WWF-ID	
9.	Purwo Susanto	ISPD Foundation	
10.	IRWAN GUNAWAN	WWF-ID	
11.	ARIL DARUSSAMIN	RILO	
12.	DESI KUSMADEWI	RILO	
13.	Dwi R. MUHTAMAN	Aksenta Consulting	
14.	NORDAM ABDUL HAMEED	SIME DARBY PLANTATION	
15.	LEE SWEE YIN	SIME DARBY PLANTATION	
16.	GAN LIAN TIONG	PT MUSIMI MAS	
17.	Juwaidi (John) Payne	Donor Rhino Alliance	
18.	GLEN REYNOLDS	ROYAL SOCIETY FOR THE PREVENTION OF SUFFERING	
19.			
20.			
21.			