

Developing Conservation Projects for the RSPO Compensation Mechanism

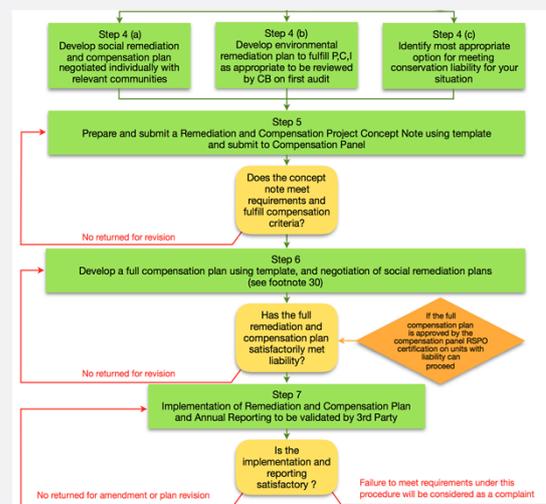


Global Vision | Regional Action
2015 to 2020



Background

- The RSPO Remediation and Compensation Mechanism aims to calculate members' compensation liability for social and environmental remediation as well as that to be compensated via conservation projects.
- Social remediation programmes have to be developed with affected communities.
- On-site environmental remediation guidance is currently in final development.
- Our final need is improved guidance for the development of conservation projects to compensate liability.



The guidance so far

- The two options of “hectare for hectare” compensation and “dollar per hectare” compensation provide flexibility.
- Conservation projects can be developed both in-situ and ex-situ.
- Projects can be undertaken by the company, a third party, or both.
- Projects must address four criteria, and are required to be:
 - Additional
 - Long-lasting
 - Knowledge-based
 - Equitable
- Remediation and Compensation Plan template
- Independent evaluation and monitoring guidance
- Procedures on liability transfers



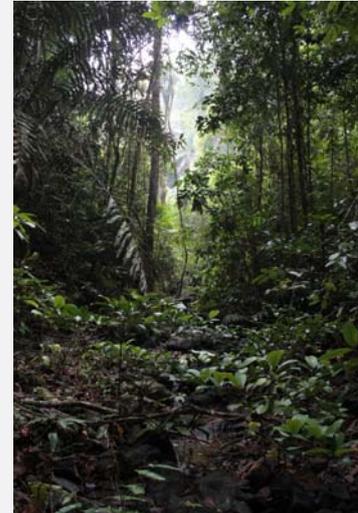
The guidance so far

- Priority project guidance



Why is further guidance needed?

- Request from public consultations in Jakarta, Malaysia, Accra and Cartagena
- Current guidance is still global and very generic
- Growers developing conservation project may not have the correct knowledge and skills to develop optimal compensation projects
- Incredible opportunity to get things right
 - Robust projects stand to deliver clear conservation benefits
 - Positive outcome for the growers and the RSPO



Proposed development

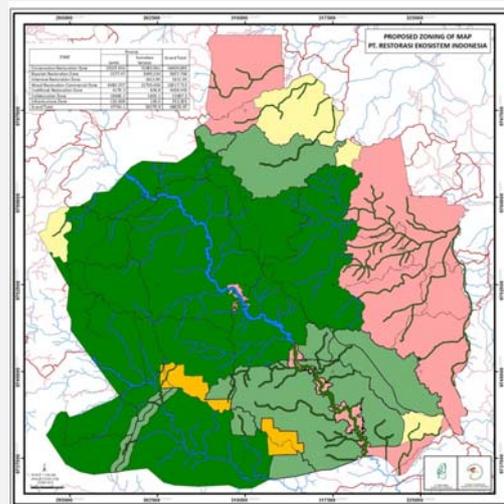
- Further guidance should not limit current options
- Addition of further support via an approved list of projects into which members with liability can contribute.
- Approved projects, the benefits:
 - Reduces the pressure on companies to develop their own projects
 - Reduction of resource pressure on the BHC/VWG to approve and monitor projects
 - Clearer lines of responsibility and accountability
 - Opportunity to amalgamate liability across companies
 - Larger projects may achieve disproportionate conservation benefits
 - Improved chance of success compared to large number of disparate projects
 - Economies of scale
 - Showcase of the mechanism to the outside world

Approved projects – an example

- Ecosystem Restoration Concessions
 - Strategic way to **reverse degradation and deforestation** of Indonesia's production forests with a view for long-term financial viability.
 - **Officially recognised** by Ministry of Forestry regulation in 2004, non-productive production forests in Indonesia can be managed as Ecosystem Restoration Concessions.
 - ER licences must be held by an **Indonesian business entity** and the holder may commercialise NTFPs and ecosystem services (e.g. biodiversity protection, ecotourism, water resources and carbon).
 - **60 year duration**, extendable by further 35 years.
 - ERC must be **financially and economically viable** and not conflict with restoration activities. Applications require a business plan.
 - ERCs require **management and monitoring plans** and are 'audited'.
 - New legislation requires a **conservation zone of 30%** of the total ERC area
 - **Equitable** sharing of benefit through job creation and other economic development activities with local communities.

Approved projects – an example

- ERCs go through lengthy process of approval, but many already exist.
- Conservation activities can be numerous.
- Fulfil the four criteria of the compensation mechanism including sustainable financing and exit strategies
- In-built monitoring and verification systems



Next steps

- Organise a multistakeholder group/task force under the RSPO BHCVWG to develop and agree mechanism for approved project list development.
- Mechanism for developing an approved project list must be:
 - Agreed
 - Transparent
 - Fair
 - Flexible
- Identify criteria which would lead to project approval and increased conservation benefits.
- Develop innovative thinking of how compensation liability translates to conservation projects.
- Need to identify suitable examples in case new projects require development.
- Identification of suitable funding and governance mechanisms.

Thank You

Michal Zrust
Regional Manager – Southeast Asia
Daemeter Consulting
michal.zrust@daemeter.org