

Resolution GA18-2d

Proposed Resolution to be adopted at the 18th General Assembly (GA18) of RSPO Members

2 December 2021

TITLE: Resolution to review and amendment of the Remediation and Compensation Procedure (RaCP) process as applied to scheme smallholders

Submitted By: Golden Agri-Resources Ltd, Musim Mas Holdings Pte. Ltd., PT. Inti Indosawit Subur, Lingkar Komunitas Sawit (LINKS), Yayasan FORTASBI Indonesia, Goodhope Asia Holdings Ltd., PT. Eagle High Plantations Tbk, PT. DHARMA SATYA NUSANTARA, PT. Triputra Agro Persada, Genting Plantations Berhad, PT. Barumun Agro Sentosa, BUMITAMA AGRICULTURE LTD, First Resources Limited, PT. Sampoerna Agro Tbk, Musim Mas Holdings Pte. Ltd., Cargill Incorporated, Kuala Lumpur Kepong Berhad, PT. Sawit Sumbermas Sarana, Sime Darby Plantation Berhad, M.P. Evans Group PLC, Socfin SA, SIPEF Group, PT. Bio Inti Agrindo, PT. Perkebunan Nusantara V (PERSERO), PT. Austindo Nusantara Jaya Agri, Yayasan FORTASBI Indonesia

Background:

On the 10th of November 2016, RSPO General Assembly (GA) adopted Resolution GA13-6f submitted by Solidaridad and Setara Jambi titled "Resolution to review and amendment of the updated NPP process as applied to smallholders, be they scheme, associated or independent". Following the adoption of the resolution, RSPO has issued RSPO Independent Smallholder Standard (RISS) 2019 and New Planting Procedure (NPP) 2021 which differentiate the implementation of RSPO standards/requirements and procedures for independent smallholders with scheme smallholders and plantation companies.

Currently, RSPO is developing the Remediation and Compensation Procedure (RaCP) document that aims specifically for independent smallholders given the application of RSPO Remediation and Compensation Procedures 2015 to smallholders would be an insurmountable barrier to smallholders, be they scheme, associated or independent. Regardless of the status of smallholders, be it independent or scheme, RaCP is the responsibility of smallholders (farmers) as the owner of the smallholdings.

The plantation company, as a partner of the scheme smallholders, is responsible for facilitating the development of the plasma plantation, managing it as agreed by the two parties, and buying the harvest/FFB at the agreed prices and/or prices according to government regulations. All the costs of development, management, and RaCP implementation of plasma plantations should be borne by the scheme smallholders.

The requirement of RaCP which is endorsed by RSPO BoG in 2015 is not only affecting farmer's income but also the existence of the smallholding that falls into the remediation category for conservation areas. Plasma plantations that have been developed and then identified as HCV areas have to be conserved and cannot be replanted. In addition, the requirement to carry out a compensation project either with hectare to hectare approach or with hectare to dollar approach as much as USD 2,500 per

hectares for 25 years, will be very difficult or almost impossible for smallholders to meet. Therefore, there should be an RaCP mechanism for smallholders, be they scheme, associated or independent.

We are of the view that:

1. Scheme smallholders have the same difficulties as independent smallholders in implementing RaCP 2015. The existence of their smallholding is threatened because of Remediation and their income is also significantly reduced because of Compensation that they have to carry out for 25 years.
2. Scheme smallholders and Independent smallholders are both landowners. The only difference between them is the scheme smallholders have sale contracts with companies who assisted them in managing the plantations or who managed the smallholders' plantations. As the owner of a smallholding, scheme smallholders have the right to get proceed from the plantation as well as a responsibility to comply with the RaCP 2015.
3. Scheme smallholders is not the same as companies even though they have a contract with company in managing the plantation and in selling their fruits. Once the contract ended, scheme smallholders potentially become independent smallholders. Therefore, it is unfair to include scheme smallholders in the same category as plantation companies.
4. RaCP 2015 has not made enough and careful considerations to see scheme smallholders as different entities from companies and as a result, RaCP 2015 treats the two as on a par.

Proposed Resolution:

That the RSPO immediately announces a reprieve from the RaCP 2015 for scheme smallholders similar to independent smallholders - until a review of the updated RaCP document is completed.

The review shall adhere to specific conditions as defined by the following. Specific conditions:

1. That the review process must include sufficient consultation with smallholders including scheme smallholders and smallholder representative groups, to encourage smallholder engagement and removing unnecessary barriers to smallholder participation and certification.
2. The review shall specifically focus on simplification and inclusiveness of the RaCP for scheme smallholders. While the RaCP for independent smallholders is being developed.
3. That detailed Remediation and Compensation mechanism should be realistic for scheme smallholders but still be sufficient to mitigate social and environmental impacts caused by non-compliant land clearance.
4. After the amended RaCP document for scheme smallholders is completed and launched, the RSPO shall proceed with a series of training and engagement sessions introducing the RaCP requirements and how it relates to the process of certification.

Potential Benefits:

1. That the smallholders can implement realistic RaCP which consider all characteristics of smallholders' plantations including the type of cooperation between scheme smallholders with the companies.
2. That smallholders will be provided with sufficient capacity to ensure all RSPO requirements can be met, and especially for RaCP requirement.

3. That the number of RSPO certified scheme smallholders has the potential to increase.
4. That the RSPO will be able to show clear evidence of smallholders' inclusivity in the production of sustainable palm oil.

Potential Risks & Mitigation:

We do not see any risks or set back involved in the RaCP development for smallholders including scheme smallholders. There should be no risk in achieving the RSPO Vision.

Proposed Standing Committee/Working Group/Task Force in overseeing the Resolution:

BHCV Working Group and Compensation Task Force.

Contact information:

Agus Purnomo, apurnomo@goldenagri.com.sg

Fadhil Hasan, Fadhil.Hasan@asianagri.com

References:

- Resolution GA13-6f submitted by Solidaridad and Setara Jambi 2016.
- RSPO New Planting Procedure 2021.
- RSPO Independent Smallholders Standard 2019
- Remediation and Compensation Procedure 2015.