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This presentation describes what needs to be done during the third stage of implementation of the Social Requirements of the High Carbon Stock Approach or HCSA. This is the negotiation stage, at the end of which local communities give or withhold their formal consent for the planned commodity development to go ahead. It is preceded by the preparation and assessment stages, which involve information-gathering, initial engagement with local communities and completion of the required site assessments. If communities give consent, it is followed by the fourth, operational stage, when land clearance, planting and production get under way.

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Here's a reminder of the outputs from the earlier stages of implementation, which provide a substantial basis for negotiations. Minimum outputs from stage 1 are the appointment of a company 'social team', who oversee implementation of all aspects of the social requirements; completion of a social background study and a land tenure and use study; development of a list of potentially affected communities, who must have given FPIC for assessments to go ahead, and agreement of procedures for community engagement. The outputs from stage 2 are the reports from the social and environmental impact assessment and the HCV-HCSA assessment, which must have successfully undergone quality evaluation by the HCV Network, and a summary of social baseline data, with accompanying data files.

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The main thing that now needs to be negotiated is the Integrated Conservation and Land Use plan (known as the ICLUP). The ICLUP includes a definition of the geographic scope of operations, describes the planned land-use zoning and the agreed conservation management and monitoring measures, including roles and responsibilities, and gives details of any community incentives and benefits or corporate social responsibility commitments. It also describes the agreed mechanisms for ongoing communications between the company and local communities.

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A zero draft of the ICLUP is assembled at the start of the negotiation stage, based mainly on the HCV-HCSA assessment report. Initial meetings with communities are then held and the draft is presented to them, along with supplementary materials such as factsheets and presentations on specific topics that need to be discussed, and where relevant, a map of the local area that is pertinent for each community or group of neighbouring communities.

Communities then decide whether they wish to proceed. If so, they need to re-confirm their chosen representatives and the procedures for negotiations need to be reviewed and agreed.. This is also an opportunity to propose non-governmental organisations or government departments that may be able to support communities in relation to different aspects of the process. Once this is done, the negotiations can begin in earnest.

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As part of this process, agreements are negotiated with individual communities (or groups of communities) about the details of local aspects of implementation. For example, this may include the details of arrangements for any proposed conservation areas on their lands, and of incentives and benefits which they will receive in return. Rules and restrictions on use of conservation areas where communities hold rights need to be negotiated on a case by case basis, starting from the

conservation objectives. Details may also need to be agreed locally on individual cultural sites and community use zones, including how these will be maintained and monitored and what restrictions there are on access by company staff. These local details are developed starting from measures in the overall proposed ICLUP, and as agreement is reached this then feeds back into the ICLUP in an iterative process as negotiations progress. In this way, the details of how the ICLUP will be applied in different parts of the site are filled in and at the same time any necessary modifications are made to the ICLUP based on discussions with communities.

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There are also some policies and procedures on broader aspects of the Social Requirements that need to be agreed with communities. These are: grievance and redress procedures (which are the subject of Social Requirement 10), labour rights and conditions (the subject of Social Requirement 11), and non-discrimination (the subject of Social Requirement 12). Companies will probably have standard policies and protocols on each of these, in which case these can serve as the starting point for negotiations. Adjustments can then be made as necessary in order to make sure that procedures are accessible and culturally appropriate. All these agreements are subject to FPIC and the FPIC process needs to be documented.

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Once the negotiations are concluded and everything has been agreed in principle the company makes any necessary revisions to the Proposed ICLUP and related agreements and provides 'clean' versions to communities, so that they can check them through carefully and make sure that everything is as they expect. This is the process of community validation. If the negotiation process has been conducted appropriately then no major new points should emerge at this stage, but if points do arise, they need to be resolved before proceeding to the next stage.

Once communities have validated the documents the final FPIC gate in the HCSA process has been reached. Each community or group of communities (with the assistance of any advisors) either gives their formal consent for the proposed operations to go ahead, or they do not. FPIC must be legally witnessed by a notary or by others chosen by the communities. If any community withholds FPIC, their lands must be excised from the site of operations and the ICLUP must be modified accordingly.

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In summary, the minimum outputs from stage 3 are the validated ICLUP and related community agreements; formally agreed policies on grievance and redress procedures, labour rights and non-discrimination, and legally witnessed FPIC agreements between the company and the affected communities. External quality assurance requirements are under development by the HCSA Quality Assurance Working Group.

A frequently asked question is how long the full negotiation process will take. Obviously, this will vary according to the size of the site, the level of complexity of the issues that need to be considered, the number of communities involved and whether there are already any existing disputes. However, it also depends very much on the level of engagement between the company and communities during the previous stages of implementation, and on how much has already been discussed and agreed in principle. Agreements cannot be formalised until the HCV-HCSA assessment report has been approved, but the draft report should already have been shared with communities, and outstanding points can continue to be discussed while it undergoes quality evaluation. The best-case scenario is that by the start of the negotiation stage all major issues have been resolved in

principle and MOUs are already in place, in which case negotiations should be relatively straightforward and quick.

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Finally, here's a summary of key sources of further information.