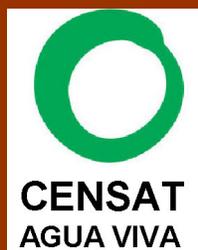




LIFE AS COMMERCE: Carbon sinks in Colombia



The full case study can be found at:
www.globalforestcoalition.org

Case study: Carbon sink projects in Colombia

Summary

The Clean Development Mechanism (CDM) is an arrangement under the Kyoto Protocol which allows industrialized countries to invest in projects that reduce emissions in developing countries as an alternative to more expensive emission reductions in their own countries. One of the ways in which emissions can be 'reduced' is through 'carbon sinks', such as tree planting projects. Carbon sinks are also supported through the so-called voluntary carbon offset market outside the Kyoto Protocol, and World Bank initiatives like the Biocarbon Fund.

A prominent example of a carbon sink is the PROCUENCA project in Colombia. PROCUENCA is a forestry project first established in 2001 that is formally aimed at regulating and improving the quantity and quality of fresh water by restoring the Chinchiná River watershed through natural assisted regeneration and reforestation, focusing on preventing erosion in areas of hydric importance including wetlands (*humedales*) and river and stream banks.

These areas have been threatened by uncontrolled deforestation and the extension of the agricultural and cattle frontier over the course of the last century. Project activities include the establishment of forest plantations, agroforestry, sylvopastoral systems and assisted natural regeneration. PROCUENCA also has other environmental, productive and social objectives. For example, significant increases in timber production are a clear outcome of the project, as was intended in the first place. Also, with respect to the environment, the project aims to increase local biodiversity and improve the connectivity of strategic ecosystems.

Additionally, PROCUENCA is supposed to strengthen both human and social capital, foster environmental awareness and encourage local people to get involved in activities to improve the quality of life locally.

PROCUENCA is partially funded through Certificates for Forest Incentives (CIFs), a national financial mechanism specifically intended to support landowners establishing plantations, by providing subsidies to assist with the cost of establishing and maintaining them. Since the plantations are also expected to sequester a certain amount of carbon, financing from the CDM has been requested. The regulatory carbon market currently seems to be at an impasse, however, with nearly 2,000 CDM greenhouse gas reduction projects reportedly facing a wait of more than two years to acquire accreditation. As a result PROCUENCA, seeking some kind of compensation through the markets, is selling credits on the voluntary markets.

Colombian NGO CENSAT conducted a case study of the PROCUENCA project. It found that although the project is appreciated in the region it does have some significant negative impacts on local communities and their sovereignty over local biodiversity. For example, a majority of the landowners questioned reported that they were not able to choose what species to plant or how to manage their plantations.

There were also bitter complaints from the community about forests that were regenerating being classified as 'stubble' so that they could be logged and replaced with plantations. Because of these concerns, and because of attempts to establish plantations in protected areas as part of the PROCUENCA project, the administration of Villamaría eventually decided not to participate in any more direct reforestation activities involving PROCUENCA (although it does



Project plan which shows areas marked as natural forest even though they contain pine

sometimes participate in other project activities).

CENSAT Agua Viva also found that the use of CIFs – Forestry Incentives Certificates - has created financial difficulties for participants, especially for the smaller landowners that chose to participate in the project and applied for a CIF. This is because the landowners participating in PROCUENCA are contractually obliged by the project to channel the funds straight to the project to cover some of the debts incurred. This leaves the landowners with a wait of up to 20 years for returns on their new plantations, and a reduced area or no land on which to grow coffee or potatoes or raise cattle to sell (as many had previously) or produce food for their families.

The PROCUENCA project also lacks any focus on gender in its design and implementation, ignoring the fundamental role of women and their contribution to the improvement of living conditions in households, communities and regions.

The PROCUENCA Project

PROCUENCA is a project to reforest and restore the Chinchiná river basin in western Colombia. The project, which started in 2001, was initiated by the municipality for the city of Manizales and is being carried out via a cooperation agreement with the UN Food and Agriculture Organization (FAO). The Manizales Financing and Development Department (INFI) is responsible for carrying out the project, while FAO oversees administrative and financial aspects. The first execution phase of the project ended in July 2007.

The agreement signed between FAO restricted the area covered by the project to a strip located between 1,900m and 3,000m above sea level, but it has now spread throughout the basin. The project area encompasses land under various uses, including coffee, potato and cattle production, and aims to create a biological corridor to connect fragmented forests in productive areas. Restoration, reforestation, water flow regulation, biodiversity conservation and employment are all predicted benefits of the project.

The Chinchiná river basin has problems of deforestation and depleted soil, caused by the pressure of migration and the transformation of forests into livestock pastures. Whilst the latter have indeed been identified as causes of degradation in the basin, it should be noted that the land was originally converted from forest into coffee cultivation. The municipalities in the project rank among the largest coffee producers nationally, but as a result of the economic crisis facing the coffee sector, farmers have increasingly started to use the land for livestock pasture.

Commercial forest plantations have been established, using different models such as block, mixed plantation, linear, wild pasture and agroforestry. Both native and exotic species are planted, but the majority are exotic.

The project's goals are to consolidate a process of sustainable forest development in the Chinchiná river basin with the multiple aims of ensuring the regulation of water and the conservation of biodiversity, along with the creation of alternative industries, especially in relation to timber production, and employment for the city and region.

An additional goal is the capture and storage of carbon dioxide (CO²) by planting trees.

Table 1: estimated rates of carbon storage

Timescale	Carbon stored (metric tonnes of CO₂)
Up until the end of 2007	162,000
Until 2012	1,853,554
After a period of 20 years	4,125,027

Certificate of Forest Incentives (CIF)

The PROCUENCA project gets official budgetary resources from the Municipality of Manizales/FAO agreement, but also receives national government subsidies, in the form of Certificates for Forest Incentives. These are a cash contribution towards the costs incurred in the planting and maintenance of monoculture plantations for the production of timber and other wood products.

CIFs were established through Colombian Law 139, introduced in 1994. Its overall aim is to secure direct investments in new forest plantations. To this end the government gives incentives of up to 75% of total net costs for the establishment of a plantation, depending on the species used, and up to 50% of the total net cost of maintenance up until the fifth year. CIFs entitle a person to obtain any benefit directly at the time of the plantation's establishment. The certificate is personal and not negotiable.

A number of community leaders were surveyed to find out how their families and neighbors were getting on with replacing their coffee crops with forest plantations under PROCUENCA. The survey found that the resources from CIF went to the local Development Corporation towards repayment of project debts, even though Colombian

law establishes that the landowners are the rightful recipients of the money.

Farmers investing in plantations are thus finding themselves in a difficult economic situation because they will have to wait up to 20 years to generate an income from selling wood, whilst being unable to use the land to grow food for their families. The fact that the money does not go directly to the owner of the land, coupled with a lack of clarity concerning the management of resources, has resulted in serious problems for some landowners, primarily those with small plots of land.

Owners also expressed a number of other anomalies associated with CIFs, including not receiving incentives payments three years into the project and not knowing the amount to which they were entitled.

There were also bitter complaints from the community about the 'stubble' issue. For example, in Cuchilla de Corozal (in the Villamaría municipality), regenerating forests were classified as stubble: this made it possible for them to be logged in order to establish plantations in their place. This contravenes Article 5 of the 1994 CIFs law, which states that plantations cannot generally be established anywhere where there is natural forest, or even where there has been natural forest in the preceding five years. However, the case study analyzed numerous PROCUENCA contracts and found clear evidence that some of these are on land that was previously covered with natural forests.

Because of concerns such as these, and because of attempts to establish plantations in protected areas as part of the PROCUENCA project, which were related by diverse landowners and municipal administration officials, the council of Villamaría decided not to participate in any more reforestation projects involving PROCUENCA.

Moreover, although individuals can participate in the project and manage their plantations in an autonomous way, it is indisputable that this is conditional upon the constraints imposed by selling CERs on the carbon market. This drives the process, prices and approvals to the point that it creates a high degree of uncertainty, as has been voiced by the FAO (which manages the financial administration of the project). Thus the role of local landowners in the management of affairs is quite uncertain, despite being the owners of the certificates for reduced emissions.

Impacts of plantations

Field work and structured surveys conducted with local leaders and people affected by the project revealed multiple negative impacts of plantations, including:

- Impacts on public indebtedness
- Deforestation and degradation of forests
- Regeneration projects stopped/ interrupted
- Reduction of food security as land is taken from agriculture to forestry plantations
- Loss of native species
- Impacts on soil, especially through landslides, potholes and erosion, probably caused by the removal of large trees
- Degradation of springs and local watercourses used for water supplies, including by local utilities
- Phytosanitary impacts, especially disease and death of trees
- Fragmentation of ecosystems
- Export of soil nutrients
- Negative effects from continued emissions
- Impoverishment and unemployment of local people

The fact that external costs are not included in the price of timber exports means that these will accrue over time, thus becoming environmental liabilities,



Workshop with students and communities of the river basin in Colombia.

including the loss of forests, natural assets, biodiversity and the environmental functions of ecosystems.

Social and Cultural Analysis

Many local people are in favor of PROCUENCA, largely because of the positive information disseminated about it. Equally, however, there are sectors of the local communities that are critical about the way in which the project is run and the impacts it has.

PROCUENCA is intended to have numerous social benefits: strengthening both human and social capital as well as fostering environmental awareness and encouraging local people to get involved in activities to improve the quality of life locally. However, the published results of the first phase of the project only give numerical indicators on the social components of the project (numbers of events and attendees, for example, or of partners, visits and tours). This

provides a quantitative assessment, but sheds little light on the quality, impact, or scope of the results presented.

One case in point is the origin of the project proposal itself (which did not come from the local communities). The use of mechanisms designed to facilitate international commercial negotiations, in which the economic and business interests of business take precedence over those of the community can be questioned.

Only 27% of owners surveyed knew how the income generated by the sale of CER's will be distributed (although even those respondents cited various different percentages, which rarely coincided with those offered by the project itself). Other owners had no information about the subject: they either did not understand the issue or failed to discuss it. Some local leaders even expressed ignorance about the existence of CERs.

It seems that peasants and landowners are involved in the project without having enough clarity concerning the economic benefits they might get, including what percentages of the profit from CER sales they are entitled to. Thus they cannot tell if the income generated will be enough to cover the loans they have taken out with the Project in order to participate in it. In this way, the autonomy and sovereignty of these communities is affected: insufficient information is undermining local communities' political power and capacity to participate fully in decision-making.

Clearly, for the project to achieve meaningful participation, important information needs to be presented in an accessible way so that the people involved can understand it. The publication of technical documents is insufficient.

Landowners involved in the project can choose how to use their land, but there is no equivalent degree of self-determination when it comes to choosing which species to plant or how to manage their plantations. When the owners were asked: "Can you freely manage your properties, means of production, use and choice of species?" 64% of those surveyed responded negatively, saying they had no autonomy concerning the use of their land and that they had to comply with recommendations or conditions imposed by PROCUENCA.

Focus on gender

The PROCUENCA project lacks a focus on gender in both its design and implementation. It ignores the fundamental role of women and their contribution to the improvement of living conditions in households, communities and regions. This means that the project cannot fulfill all of its social change objectives.

The project initiation document contains



Phytosanitary state of alder (Alnus jorullensis) plantations, Colombia

no criteria or indicators for assessing whether women will benefit from it.

46% of those who responded to CENSAT's survey did not identify any role for women in developing the project. Among the respondents who did identify roles for women, 43% mentioned some form of indirect participation, such as women participating because they had inherited land or women being delegated to take part in meetings by their husbands. Among those who did recognize women's role in the development of the project, 14% based this on the fact that women are the legal owners of some land, even though they do not take an active part in any planning or decision process related to it.

Creation and quality of employment

People living in the project area have limited access to employment. In the first quarter of 2008, the unemployment rate in the city of Manizales stood at 13.2%, higher than national average of 12%. PROCUENCA's potential for job creation thus created high expectations

in the area.

In the first phase, the project is reported to have created the equivalent of 2,000 jobs annually. And indeed, 77% of respondents have received some kind of employment as a result of the project. However, the quality of the jobs created needs to be assessed, along with the extent to which they really contributed to alleviating unemployment and improving the quality of life for local inhabitants.

91% of the land owners who have established plantations underline the fact that the jobs created or foreseen are temporary. Labor is mostly needed in the initial stages, for soil preparation, cleaning, hoeing and planting, amongst other tasks. After this, the need for labor decreases. 36% of owners stated that work is offered on a daily basis only, with no social security provision.

Community assessment of PROCUENCA's social development

Settled communities in the project's catchment area were consulted on their assessment of the project's contribution to social development.

Unfortunately 27% of owners directly linked to the project failed to respond on this subject. This could suggest that some people in these communities do not feel they derive any specific social benefits from the project. However, 78% of landowners participating in the Agroforestral group (set up to facilitate participation of the landowners in decision-making and commercialization of carbon credits and forestry products) did mention aspects of logging and sales as perceived economic benefits. 33% of them also mentioned training for Agroforestral associates.

Government officials involved with the project claimed good progress on community participation. This is at odds with the vision of community leaders,

who said project officials only had limited contact with landowners; the project did not extend benefits to the rest of the community; and that they had low levels of responsibility for the project in their areas. The closure of local project office was also cited as a problem.

Those that assessed the social development component as 'very poor', gave reasons that included the unsuitability of staff working with the communities; the abandonment of initiatives involving orchards; and the transfer of responsibilities and the organization of activities to the landowner.

As has been seen, training provided by the project is one element respondents found positive. Nevertheless, 36% had not heard of the School of Forestry Leadership, which provides training as part of the project; and 45% had not participated in training. 55% thought that the School had failed to improve conditions for families and communities.

The Project does not buy land itself, but persuades landowners to allow their land to be used. This makes it doubly inappropriate that the project gained access to land and began planting trees before it provided training to communities concerning the project's scope, functions, implications and requirements, and on technical aspects such as plantation maintenance.

Finally, neither the results of the project, nor the views of the landowners involved, really suggest that the project has raised capacity or increased people's knowledge and skills to such an extent that they can fully participate in the project.

Conclusions

Project PROCUENCA, designed in part to capture carbon, has been developed by felling naturally regenerating forests

to make way for commercial plantations. It thus fails to achieve its environmental objectives, and clearly demonstrates how this particular market-based approach can be an inefficient means of conserving biodiversity. Furthermore, it clearly reduces people's autonomy over their lands, both in terms of what species are planted, how plantations are managed, and whether there are reasonable financial returns generated by the project's activities.

PROCUENCA is founded on an unequal relationship. One of the reasons for this is the fact that local participants lack political and economic power and are unable to incorporate negative externalities into the price of the goods and services they are selling. This in turn erodes sovereignty and local self-determination, as the negative externalities are borne by local communities and the environment. This is exacerbated by the lack of accurate

and comprehensive information that might enable communities to participate meaningfully in decision-making.

In its design and implementation the project also lacks a gender aspect that might ensure the full and effective participation of women, a recognition of their role in social transformation and acknowledgment of their contribution to the improvement of living conditions at the family, community and regional levels. There are no indicators to identify any tangible benefits that women might derive from the project.

The case study also demonstrated that projects that were never intended as carbon sinks projects are still able to apply to and qualify for funding from the Clean Development Mechanism.

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Farmers on the river Chinchina in the low part of the river basin, Colombia.



CENSAT Agua Viva - Friends of the Earth Colombia is an environmental organization, working to develop and construct sustainable societies based on environmental justice, energy, ecological and food sovereignty.

The work is developed at both urban and rural levels in diverse regions of the country, including with Indigenous Peoples, afrodescendants, campesinos and campesinas, young people and women. Some of its themes include: Water, Energy, Climate Change, Mining, International Financial Institutions, Debt, Agroecology/Forests and Biodiversity.

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