Organizations tell the Green Climate Fund to say NO to funding requests for industrial tree plantations

The Board of the Green Climate Fund (GCF) must say No to funding requests for industrial tree plantations. That is the message of 133 organisations and 101 individuals from 56 countries to the GCF Board on 08 March 2020.

Specifically, their Open Letter calls for the rejection of a funding request from the **Arbaro Fund** which the GCF Board will discuss at its 25th meeting from 10-12 March. The Arbaro Fund proposal requests a 25 million USD investment from the GCF to help fund industrial tree plantations in seven countries in Africa and Latin America (Ethiopia, Ghana, Sierra Leone, Uganda, Ecuador, Paraguay and Peru).

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Open Letter to Members of the Green Climate Fund Board

The Board must refrain from funding projects that promote monoculture tree plantations and reject in particular the funding request of the Arbaro Fund for its so-called "Sustainable Forestry Fund".

At its 25th meeting from 10-12 March 2020, the Board of the Green Climate Fund (GCF) must reject Arbaro Fund´s funding request. The project name "Sustainable forestry" suggests planting trees on an industrial scale while improving livelihoods of communities in and around the industrial plantations, supporting a healthy environment and delivering benefits for the local and wider economy. But, learning from the experience with similar industrial monoculture tree plantations in the global South1, including in Arbaro Fund´s target countries, plantation investments like the one proposed by Arbaro tend to result in many negative impacts.

Studies, carried out in and with communities that have experienced tree plantation projects for industrial use over the past decades have documented very significant negative social, environmental and economic impacts – see the background section for more details. Evidence also shows that these impacts tend to be more severe on women, among other reasons, because of women tend to lack rights over land. These impacts are completely absent from Arbaro's project presentation. What is the basis for assuming that Arbaro's investments will be different from the failed and conflict-ridden investments where industrial tree plantations have taken over community land? FSC certification cannot be a guarantee because several FSC-certified plantations are embroiled in conflicts over land. This history must be taken into account by the GCF in order to take a responsible decision.

Industrial tree plantations have a long history of failure. This includes examples in the majority of countries listed in the Arbaro proposal. The main actors that in fact benefited from such projects are companies in the plantation business sector itself and consultancies involved in the projects. Promised benefits to communities affected by the commercial plantations, by contrast, fail to materialize and few plantation investments of the size proposed by Arbaro escape land legacy

conflicts. This reality is particularly important considering that while presented as a private sector fund, Arbaro seems to be relying up to 50% or more on public money.

In our analysis, the Arbaro project proposal will not be able to avoid the conflicts and failure that have been the outcome of similar attempts to establish industrial tree plantations in the past. These have failed on social, ecological and economic grounds. The Green Climate Fund must refrain from financing an activity based on a model that has failed to fulfil its promises so many times before.

Arbaro is requesting that GCF provides not only a loan but also take a stake in the Fund. In this funding model, GCF Board members will be far removed from the plantations on the ground – yet the GCF as investor in Arbaro will be exposed to the reputational fall-out when conflicts related to the Arbaro plantations arise. With the approach presented and the size of plantations envisaged, such conflicts will not be avoided. How will land legacy conflicts be resolved without communities once again losing out?

The economic assumptions provided by the project proponents appear to be particularly optimistic: That in all of the 7 countries included in the proposal (Sierra Leone, Ghana, Uganda, Ethiopia, Peru, Ecuador, Paraguay), Arbaro would be able to set up local / regional processing chains for the timber products produced on its industrial plantations within the 15 years the Fund intends to remain an investor in the plantations. This is, at best, unrealistic. Green Resources, a company that set out with comparable aspirations to Arbaro in sub-Saharan Africa, has faced land conflicts in all three countries it set up tree plantations and in 2019, had to be bailed out by the Norwegian and Finnish governments.

For all these reasons, we call on Members of the GCF Board to unequivocally reject the project "Arbaro fund – Sustainable forestry fund".

Background:

There are many reasons to reject the Arbaro Fund funding request. These include:

• Blueprint for failure on social grounds:

The proposal does not include any convincing analysis of the history of failure of industrial tree plantations in the target countries. In fact, the approach proposed shares characteristics of earlier failures. Many of these are well-documented, and experiences from project target countries such as Uganda and Ecuador, are also mentioned in overview reports on the impacts and expansion of industrial tree plantations in Eastern and Southern Africa and in the global South more widely. In the global South, industrial tree plantation projects and countries with tree plantations share many characteristics in terms of context and negative impacts such as those related to social and environmental conflicts that are different from today's experiences in typical forestry-based countries in the global North, such as Finland and Sweden.

The conflicts caused in one of the target countries of Arbaro, Uganda, by the latest round of industrial tree plantations that were advanced in the name of climate mitigation, are well documented. Chapters 10 to 14 of a 2015 publication of the World Rainforest Movement highlight a total of four of these tree plantation projects where carbon sequestration has been one of the objectives. These projects have caused serious social upheaval, ecological destruction and ran into a number of land legacy conflicts that remain unresolved. A series of reports by the Oakland Institute provide another source of

information and analysis into the causes of these repeated failures of industrial tree plantations in the same region. With their 2015 publication, Carbon Conflicts and Forest Landscapes in Africa, academics Melissa Leach and Ian Scones compiled a compendium of articles particularly relevant to the context in the target countries of the Arbaro Fund on the African continent.

Several of the plantation ventures highlighted in these publications sought – and some obtained – FSC certification. One major problem with FSC certification is that the supposed independent parties that carry out the certification are hired and paid by the company interested in the certificate. This raises questions about the impartiality of the certification bodies. Another major problem is that the FSC has always accepted that the model of large-scale and monoculture tree plantations can be "sustainable", legitimizing the large-scale negative impacts inherent to this model and further expansion. In recent years, a growing number of NGOs have left the FSC over the FSC's approach to certification of industrial tree plantations. Examples of conflictuous FSC certifications under comparable circumstances to those envisaged in the Arbaro Fund proposal underscore that FSC certification cannot be considered an assurance that Arbaro will avoid land legacy conflicts.

Land conflicts are a common phenomenon wherever commercial tree plantation plans reach the ground in the global South, and one cannot expect something different in the case of projects described in the countries where the Arbaro Fund intends to invest the GCF money. The main reason is that for industrial plantations to produce quality timber in the time frame envisaged in the project proposal, the plantation companies are looking for good land – fertile and flat, neither too dry nor too swampy, often forested. These are also the lands on which communities rely to ensure their food sovereignty and maintain their livelihoods – even more so in times of climate chaos. Markus Grulke, executive director of the plantation management company Unique, which has partnered with the agricultural investment firm Finance in Motion to create the Arbaro Fund, the project applicant, once stated: "we are looking at investments where maximum timber growth per hectare can be achieved. In the tropics the limiting factor is rainfall and soil conditions. We are only going into regions that have annual rainfall of 1,200mm".2 Community needs for land with similar characteristics do not seem a priority. The approach expressed in this quote underscores the probability of conflicts and disputes with communities over fertile, productive lands.

A 2019 study by the international organisation GRAIN highlights how conflict-laden land acquisition or land leases for industrial plantations have become, particularly in several countries targeted by Arbaro. The study found that of the leases for industrial oil palm plantations that were handed out by governments in West and Central Africa, "only a tiny fraction" were in the end turned into plantations, largely due to strong community opposition to these land grabs of their community land by external investors. The recent exit of the global palm oil company Sime Darby from Liberia shows that even once industrial plantations have been set up, companies that have not obtained community support will struggle to maintain their operations. The Arbaro Fund project proposal fails to outline a credible approach for how the company intends to obtain community support for its industrial plantation ventures. The Arbaro project proposal also fails to make reference to free, prior and informed consent procedures and how communities that will be affected by the plantations that the Fund invests in will be consulted early on in land lease or purchase negotiations. The proposal also lacks information on how Arbaro intends to avoid or tackle land legacy issues. The project proposal further lacks any reflection on the suitability of existing plantation company redress mechanisms to actual resolution of land legacy conflicts.

The sections on 'community benefits' are also wholly inadequate. The 'benefits' offered are of colonial-era proposals such as construction of schools and health dispensaries, reinforcing the impression that the consent of communities and/or traditional chiefs as their representatives, is

obtained as part of an “exchange”. In exchange for building a school or dispensary and promises like job creation, the company secures long-term access to fertile community lands for its plantation project. Do GCF Board members really consider these proposed hand-outs an acceptable interpretation of ‘community benefit’ for an equity-investment by a 21st-century global fund set up with public funds to tackle climate change? Moreover, the Arbaro fund fails to propose true partnership models that enable community development and prosperity in the long run, and which ensure that communities maintain control over their customary land, not least to be able to react to the uncertainties of climate chaos.

A particularly hypocritical proposal for ‘community benefits’ is the provision of water boreholes when the choice of tree species (eucalyptus in particular) is known to exacerbate water stress when used in industrial tree plantations.

• Blueprint for failure on economic grounds:

One of the main reasons that communities usually are open to accept plantation projects on their land is the promise of jobs. In fact, when natural vegetation has to be cleared; lands prepared for planting the trees; tree nurseries set up; trees needed to be planted; and the seedlings maintained during the first 1-2 years, several people in the community are usually employed. These jobs, however, are not only poorly paid and hazardous, they are also temporary and people are dismissed after 1-2 years. A tree plantation project in Tanzania has become over the years a complete disaster, especially when it comes to job generation. The project is run by a company that portraits itself as the largest forestry company in Africa, outside South Africa. In a country considered a reference in terms of experience with commercial tree plantations in Africa, the company operations left communities without lands and without jobs.

Arbaro admits in its project presentation that they cannot guarantee ‘sustainability’ beyond the 15 years that the Fund wants to keep its investment in the plantation companies it invests in. It seems that the Arbaro Fund is requesting funding from the GCF for the promise that its plantations will capture and store 20M tons – without any apparent assurance that this carbon will also be maintained once Arbaro sells its stake in the plantations after 15 years.

The project proposal contains little tangible information on the growth rates Arbaro has assumed for its calculations. It is worth noting that comparable commercial tree plantation projects have consistently overestimated the growth rates and yields. How realistic are the assumptions Arbaro makes about growth rates of the trees given that the Fund claims to be targeting ‘degraded’ lands? We are aware of few if any successful industrial tree plantations established on ‘degraded’ land. In reality, plantation companies usually look for fertile lands, as explained before.

• Blueprint for failure on ecological grounds, including climate change

Industrial tree plantations are an ecological disaster. The profit-driven objective of producing as much timber as fast as possible means that companies prefer fast-growing species such as eucalyptus, acacia, teak and pine, and plant them as monocultures with short rotation cycles and at a large-scale to increase profits. Such a model results in a huge and constant water stress, particularly where eucalyptus is planted. Over time, water sources in the area are depleted, causing hardship for communities that depend on these water sources for food production. Because all industrial tree monocultures apply chemical fertilizers and agrotoxins, contamination of soils and water are constant issues of conflict between plantation companies and communities. Agrotoxins used in commercial tree plantations include herbicides such as glyphosate. The toxicity of glyphosate has been

reassessed in recent years and the substance is considered much more dangerous than previously thought, with its use restricted in several countries. On top of this, aerial spraying is an increasingly common practice, for example in Latin America. Aerial spraying puts people and the environment even more at risk than application of the toxins by hand. Monoculture tree plantations therefore must not be confused with forests, they are not forests and do not represent reforestation or forest restoration. By contrast, commercial tree plantations tend to degrade the soils and deplete and contaminate water. Community experiences from around the world already testified to this – they are too many to count. It is important that GCF Board members take these experiences into consideration, exactly in times where increasing impacts of climate change already start to heavily affecting rural communities in the global South.

From a climate perspective, industrial tree plantations are not a solution. According to a recent study published in Nature magazine, forests are 40 times better than plantations at storing carbon. Besides, the article states that “plantations hold little more carbon, on average, than the land cleared to plant them. Clearance releases carbon, followed by a rapid uptake by fast-growing trees such as Eucalyptus and Acacia … But after such trees are harvested and the land is cleared for replanting … the carbon is released again by the decomposition of plantation waste and products (mostly paper and woodchip boards).” Moreover, more pressure on peoples’ lands for expanding industrial tree plantations might in practice imply more pressure on remaining forest lands and lead to more forest degradation and destruction.

For all these reasons, GCF Board members must say NO to funding requests for monoculture tree plantations, and unequivocally reject the project “Arbaro fund – Sustainable forestry fund”.

1. In the ´background´ section of this letter, several reports, articles and studies are mentioned around social, environmental and economic impacts of commercial/industrial tree plantations
2. https://www.grain.org/article/entries/4501-the-great-food-robbery-a-new-book-from-grain

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