

# Reforestation with Indigenous Peoples and Small Landowners

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# Agenda

- History and Local Context
- Main Lessons
- Indigenous People's contract
- Small Landowner contract



# Where we work: Darien, Panama

- Opened to settlement in the 1980's
- Government policies incentivize “productive” use
- Indigenous peoples claim ancestral land rights



# Who we work with: Indigenous peoples and subsistence farmers



**Arimae - Indigenous**



**Nuevo Paraiso –  
Subsistence farmers**

Land ownership	Collective with individual plots
Economic activities	Subsistence agriculture, forestry, some cattle
Management style	Holistic; longer term mentality

Individual
Subsistence agriculture, cattle
Maximize short term yields



# Monoculture teak farms

- Marginal economic benefit to local communities
- Decrease amount of arable land



# Business charter

- Funded by private investment
- Lease land; partner with communities
- Native species
- First planting in 2007



# Operating model



# Species planted

Common Name	Scientific name
Almendro	<i>Dipteryx oleífera</i>
Mahogany/ Caoba	<i>Swietenia macrophylla</i>
Rosewood/ Cocobolo	<i>Dalbergia retusa</i>
Spanish Cedar/ Cedro amargo	<i>Cedrela odorata</i>
Spiny Cedar/ Cedro espino	<i>Pachira quinata</i>
Teak/ Teca	<i>Tectona grandis</i>
Yellow-wood/ Amarillo	<i>Terminalia amazonia</i>
Zapatero	<i>Hieronima alchornioides</i>
Zorro	<i>Astronium graveolens</i>



# Lessons to Consider

- **Reduce their risk**
  - Short term benefits
  - Not all of their land
- **Maintain land in their hands**
  - Collective Land
  - Access Agreements
- **Share equity**
  - Long term incentive
- **Long term technical assistance and management**





# Small Landowner Contract\*

	Monthly	Per 5 Has	Total 5 ha/year
Value of payment yrs. 1-5	\$13.33	\$67	\$800
Value of payment yrs. 6-10	\$15.84	\$79	\$950
Value of payment yrs. 10-15	\$19.74	\$99	\$1,184
Value of payment yrs. 16-20	\$25.80	\$129	\$1,548
Value of payment yrs. 21-25	\$32.16	\$161	\$1,929

\*Juan Cruz contract for Adelante Plantation, 2008

# Small Landowner Contracts

- **25 year – if death, land passes to heirs**
  - Need secure title
- **PE pays all plantation expenses**
- **Monthly payment plus revenue share**
  - Daily or full time employment
- **We manage all aspects of the plantation**
  - Consult landowner
- **Prevent perverse incentive**
  - Deforestation clause



# Indigenous Communities

- **Collective Land**
  - Consultation process and land use plan
- **\$2000/ha upfront, 10% net revenue share**
- **PE pays all plantation expenses**
- **PE manages all aspects of the plantation**
  - Invests in local capacity building
- **Assist with dual benefit projects**
  - UNDP nursery



# Conclusion: Lessons and benefits

## Lessons

- Reduce Risk
- Land Ownership
- Equity Inclusion
- Long Term Management

## Benefits

- Reduce micro level project risk
- Increased land returns
- Solve market failures of credit and capacity





# Other Private Sector models

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