March 16, 2018

Att: Mr. Erik Knive
CEO, Green Resources
Lilleakerveien 31,
0283, Oslo,
Norway

CC:
Finnfund
Norfund
Unicredit Bank Austria AG
Nordic Property Holdings AS
Sundt AS, Macama AS
Steinervd AS
The Resource Group TRG AS President, Director of Communications
Forest Stewardship Council
Executive secretariat, United Nations Climate Change
The Climate, Community and Biodiversity Alliance
Phaunos Timber Fund Limited
National Forestry Authority
National Environment Management Authority
Norwegian Agency for Development Cooperation
International Emissions Trading Association
Carbon Markets and Investors Association
Swedish Energy Agency
Netherlands Development Finance Company
York Timber Holder Ltd

Subject: Green Resources' non compliance with Swedish Energy Agency's demands

Dear Mr. Knive,

We write to you regarding Green Resources plantation forestry and carbon credit project in Kachung, Uganda. As CEO of Green Resources, we are sure you are aware that in 2015, the Swedish Energy Agency (SEA), your sole carbon credit buyer, suspended payments because of the direct adverse impact of your forestry project upon local populations. We write to draw your attention to some key information related to this matter.

Following the release of the Oakland Institute's report, *The Darker Side of Green: Plantation Forestry and Carbon Violence in Uganda* in 2014 and growing international media and campaign pressure, the Swedish Energy Agency cancelled its payment to you for carbon credits. Furthermore, they made the reinstatement of payment for these carbon credits conditional upon ten practical reforms that your corporation was required to carry out. The results were monitored by the SEA through an audit commissioned in March 2017.

The Oakland Institute also undertook an audit of your activities. The report *Carbon Colonialism. Failure of Green Resources' Forestry & Carbon Offset Project in Uganda,* released on December 12, 2017, details your sustained failure to address the many concerns raised by the local communities at your tree plantation in Kachung, Uganda. Our report also underscores an abysmal failure on your part to comply with the previously mentioned carbon payment re-instatement conditions outlined by the SEA.

Drawing from extensive field research conducted between November 2016 and August 2017 in the villages surrounding the plantation, the Oakland Institute's findings are significantly different from those of the Kachung Community Development Performance Audit report, commissioned by the Swedish Energy Agency. A comparison of the findings is presented in Appendix 1.

The Oakland Institute's research concurs with the SEA audit's findings on only one issue, which is a major one: Green Resources is 'non compliant' on food security, and has been called out for failing to take effective steps to address the food security crisis and the acute shortage of land issues in the area.

In other instances where Green Resources is deemed 'partially compliant' or 'compliant' to the Swedish Energy Agency's demands, the Oakland Institute's research ascertains differently.
We particularly find shocking that SEA auditors allow Green Resources and its financiers to shirk responsibility on the land issue, by placing the onus of addressing the concern on the Ugandan government. As a consequence of these flawed and lackadaisical parameters of the audit, Green Resources' efforts in achieving compliance are merely limited to making people aware of the laws that evicted them from the very lands that are essential for their livelihoods. While your company may be deemed legally compliant, there is no denying the fact that its activities are conducted on land grabbed from unwillingly displaced people whose basic human rights are violated, livelihoods threatened, and their survival rendered extremely precarious. Instead of aiming for land justice, a hollow definition of compliance lets you neglect the growing pressure on land and natural resources in the area, which when combined with the detrimental impact of the plantation on water resources and soil fertility, results in a food security crisis for the local villagers, and undermines their long-term development opportunities.

There are numerous other instances where the ambiguous and SEA's lax standards allow Green Resources to achieve a dubious standard of compliance. For example, our investigation clearly indicates that Green Resources misrepresents and over-inflates the employment opportunities it provides to the local population. Furthermore, Green Resources' approach to the reduced availability of firewood resulting from its activities is also highly disconcerting. Its key intervention in this field has been to train a number of villagers in the construction of energy saving cook stoves. However, this intervention is inadequate, and its unpopularity demonstrated by its very limited uptake in villages. It is also obtuse to the acute daily challenges villagers need to overcome in order to securer adequate firewood for cooking.

Furthermore, as documented in Appendix 2, the establishment of tree plantations such as Green Resources in Uganda has had a major adverse environmental impact on biodiversity, ecosystem health, availability of water and soil fertility.

Lastly, the Oakland Institute report exposes the mechanics of the bias of audit reporting in favor of Green Resources – with corporate compliance not merely complicit in but commensurate with the violation of basic human rights and undermining of local livelihoods.

The Oakland Institute's findings expose Green Resources' reticence to do what is really needed to mitigate climate change, preserve biodiversity, and improve the social and economic conditions of the people living at Kachung. To be able to function effectively as a carbon sink, the vegetation in the Kachung Forest Reserve would need to be restored to a more natural state using locally indigenous trees instead of monocultural plantations. The villagers need to be allowed to continue to cultivate the land using low impact small-scale subsistence farming methods, and be permitted to graze their animals within the Forest Reserve. Such conditions are vital for the life and livelihoods of people living in the area.

Overall, the industrial monoculture plantation forestry run at GR's Kachung site is simply incompatible with the presence and needs of local people who rely upon the same land for their livelihoods. Local villagers are forced to carry the social, environmental and other costs of this project fuelling an insidious form of carbon colonialism.

Norway should cut its greenhouse gas emissions at home by finding ways both to reduce energy consumption and improve energy efficiency, as well as increasing carbon storage protecting old natural forests and bringing

degraded forests a more natural state, instead of transferring its environmental burden to poor communities that neither contribute to, or benefit from, the corresponding carbon generating activities.

We remain at your disposal in case you have any questions, or feedback to share with us.

Sincerely,

Signed:
The Oakland Institute, USA
Protect the Forest, Sweden
Afrikagrupperna, Sweden
FIAN Norway
FIAN Sweden
Climate Action, Sweden
Friends of the Earth Sweden
Justica Ambiental - Friends of the Earth Mozambique
Young Friends of the Earth Norway (Natur og Ungdom)
National Association of Professional Environmentalists (NAPE), Uganda
GeaSphere, South Africa
Timberwatch, South Africa

Appendix 1: Assessment of Green Resources' Key Interventions Areas

	Aims	Key Finding of Audit	Key Findings of the Oakland Institute
1. Social and Economic Assessment of Local Population	* Identify social and economic changes in communities, and impacts associated with Green Resources * Evaluate the direct and indirect economic trends for local communities * Identify any areas where Green Resources has had a positive or negative impact on local communities * Develop a plan to address negative impacts	Partially compliant	**Non compliant** *Limited understanding of social and economic impact of Green Resources on local population *Limited response to mitigate negative economic impacts.
2. Food Security	* Improve agricultural productivity and increase food security in 17 villages * Diversify income generating activities, with an emphasis on women and other minority groups * Promote value adding of agricultural products * Improve local food security	Non compliant	**Non compliant** * Green Resources failed to improve local food insecurity * Very limited implementation of training program * Failure to target women and other minority groups.
3. Energy Saving Cook Stoves	* Reduce quantity of fuel wood used in households * Address leakage * Reduce hours that women and girls spend collecting firewood	Fully Compliant	**Non compliant** *Limited use of energy efficient cook stoves * Limited follow up by the company * No evidence of reduction in fuel wood consumption or reduced work for women and girls.
4. Cattle Grazing	* Bring cattle grazing in central forest reserves under control and compliant with national laws * Promote sustainable livestock herding * Sensitize farmers on zero grazing * Conduct meetings to develop new ways to improve cattle keeping * Assess the number of cattle in villages around the plantation and available fodder and carrying capacity within the plantation and design a cattle grazing management plan * Sustainable grazing in plantations that benefit both the company and commu-	Partially Compliant	**Non compliant** * Confusion amongst villagers about access rights and sustainable grazing in plantation *Misunderstanding the basis of villagers' mistrust and poor relations with the company *No evidence at local level of grazing committees being established.

	nities		
5. Land Ownership and Boundaries	* Enhance awareness of laws and regulations * Promote equitable and timely mechanism for addressing land associated grievances * Keep records of all land rights issues * Close all on-going court cases as soon as possible	Fully Compliant	**Non compliant** * On-going acute land shortage * Confusion and fears about access rights *On-going land conflicts and outstanding court cases.
6. Firewood Collection	* Manage sustainable firewood collection * Improve relations between Green Resources and local communities * Improve local peoples' understandings of Green Resources firewood collection policy	Fully Compliant	**Non compliant** * Confusion about Green Resources firewood collection policy * Women cook just once a day to manage limited firewood supplies, thereby driving hunger.
7. Rehabilitation of Water Points	* Provide safe drinking water to 17 villages surrounding plantation * Reduce distance covered to collect water	Fully compliant	**Partially compliant** * A number of water points not working * Distance to water points not reduced * Failure to provide safe drinking water to 17 villages.

Appendix 2: Impact of Plantations

Establishing tree plantations in grasslands, savannas, and open-canopy woodlands devastates biodiversity and ecosystem services.[1] Green Resources plants alien trees which do not naturally occur in Africa. Single species even-aged monocultures of mainly pine, *Pinus caribaea var. hondurensis*, from Central America, and different Eucalyptus species of Australian origin are being planted.[2] These trees grow quickly, consuming a lot of water,[3] which alters the natural hydrological regime.[4] Eucalyptus plantations can consume more water than the rainfall, and this reduces the ground water level.[4] They prevent water from reaching streams and rivers during dry seasons, which also affects the local community negatively. Both eucalyptus and pine trees contain volatile oils in their foliage,[5] which can increase the incidence of wildfires.[4]

Many uncertainties remain regarding the potential of tree plantations to sequester carbon. Studies show a general pattern of decreasing carbon pools in plantations relative to forests, independently of biomes, geographic regions or other factors.[6] A study conducted in Kenya showed that forests sequester more carbon in biomass and soil than 30 to 50-year-old plantations of foreign tree species (Eucalyptus, Cupressus and Pinus) do.[7]

A 2013 study in *Nature Climate Change*, conducted by a number of scientists, concluded that the concept of replacing primary forests with plantations to 'create sinks' as a form of climate mitigation, is false, as it fails to account for the carbon lost from the destroyed primary forest. Furthermore, the plantations store less carbon than the pre-existing natural primary forest or secondary (regenerating) forest under the same environmental conditions. The authors imply that the Kyoto Protocol is problematic as it does not discern between forest ecosystems and tree plantations. Technically, tree plantations are not seen as a change in land cover.[8]

The mitigating value of forests and grasslands lies not in their current uptake of carbon dioxide, but in the durability of their accumulated carbon. Forest conservation measures can avoid or reduce some future carbon emissions, but cannot offset ongoing emissions from other sources. The most effective form of climate change mitigation is to reduce carbon emissions from all sources. This means that there would be no option but to cut fossil fuel emissions deeply.[8]

Green Resources anticipates 20-year rotations for Pinus and 10-year rotations for Eucalyptus in Kachung,[9] but this is too short a time to have any real mitigating effect. Instead of storing carbon, the trees are likely to be a net source of greenhouse gas emissions during the full cycle of habitat destruction, timber production, wood processing, transportation, consumption and disposal.[10]

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[1] Veldman, J. W., Overbeck, G. E., Negreiros, D., Mahy, G., Le Stradic, S., Fernandes, G. W., Durigan, G., Buisson, E., Putz, F. E., Bond, W. J. (2015). *Where Tree Planting and Forest Expansion are Bad for Biodiversity and Ecosystem Services*. BioScience, vol 65 (10), pp 1011-1018; http://bioscience.oxfordjournals.org/content/65/10/1011.full

[2] Green Resources (2013). *Kachung plantation, Uganda*; http://www.greenresources.no/Plantations/Uganda/Kachung.aspx

[3] New World Encyclopedia (2008). *Eucalyptus*; http://www.newworldencyclopedia.org/entry/Eucalyptus

[4] Karumbidza, B. & Menne, W. (2011). *CDM Carbon Sink Tree plantations in Africa: A case study in Tanzania*. The Timberwatch Coalition; http://unfccc.int/resource/docs/2011/smsn/ngo/293.pdf

[5] New World Encyclopedia (2008). *Eucalyptus*; http://www.newworldencyclopedia.org/entry/Eucalyptus

[6] Liao C, Luo Y, Fang C, Li B (2010). *Ecosystem Carbon Stock Influenced by Plantation Practice: Implications for Planting Forests as a Measure of Climate Change Mitigation*. PLoS ONE 5(5): e10867; www.plosone.org/article/info%3Adoi%2F10.1371%2Fjournal.pone.0010867

[7] Omoro L.M.A., Starr M., Pellikka P.K.E. (2013). *Tree Biomass and Soil Carbon Stocks in Indigenous Forests in Comparison to Plantations of Exotic Species in the Taita Hills of Kenya*. Silva Fennica vol. 47 no. 2 article id 935. 18 p; https://helda.helsinki.fi/bitstream/handle/10138/44810/Omoro_SF_2013.pdf?sequence=2

[8] Mackey, B., Prentice, I. C., Steffen, W., House, J. I., Lindenmayer, D., Keith, H. and Berry, S. (2013). *Untangling the Confusion Around Land Carbon Science and Climate Change Mitigation Policy*. *Nature Climate Change*, **3**, 552–557; http://www.fern.org/sites/fern.org/files/fern-comment/Untangling%20the%20confusion%20around%20land%20carbon%20science%20and%20climate%20change%20mitigation%20policy.pdf

[9] Green Resources (2013). *Kachung Plantation, Uganda*; http://www.greenresources.no/Plantations/Uganda/Kachung.aspx

[10] Karumbidza, B. & Menne, W. (2011). *CDM Carbon Sink Tree Plantations in Africa: A Case Study in Tanzania*. The Timberwatch Coalition; http://unfccc.int/resource/docs/2011/smsn/ngo/293.pdf