

January 22, 2018

Att: Erik Brandsma, Caroline Asserup, Christina Ljunggren and Kenneth Möllersten,
Swedish Energy Agency

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

Dear Erik Brandsma, Caroline Asserup, Christina Ljunggren and Kenneth Möllersten,

Given the Swedish Energy Agency's decision in 2015 to suspend payments for carbon credit from Green Resources' plantations in Uganda, we are writing to bring to your attention the following information.

The Oakland Institute's report *Carbon Colonialism Failure of Green Resources' Forestry & Carbon Offset Project in Uganda* released on December 12, 2017 details Green Resources' sustained failure to address the many issues raised by their tree plantation in Kachung, Uganda. The report also demonstrates the failure of Green Resources' to take the actions you required of them as a condition to reinstate carbon credit payments to the company.

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

The research concurs with the audit's findings on only one issue, which is a major one: Green Resources is deemed 'non compliant' on food security, and is called out for failing to take effective steps to address the food security crisis in the area. We are however appalled that the audit finds the company 'fully compliant' in addressing land issues. This compliance is largely based on its efforts to make people aware of the laws that evicted them from lands that were essential for their livelihoods. The auditors thus allow Green Resources and its financiers to shirk their responsibility by placing the onus on the government to address the land issue. While Green Resources may be deemed legally compliant, their activities are conducted on land grabbed from the people and therefore violate their basic human rights, undermine their livelihoods, and threaten their very survival. Beyond the legal aspects, growing pressure on land and natural resources in the area, combined with the detrimental impact of the plantation on water resources and soil fertility, is resulting in a food security crisis for the local villagers, and undermining their long-term development opportunities.

In other instances, Green Resources are deemed 'partially compliant' or 'compliant' to the Swedish Energy Agency's demands, yet the research ascertains differently. The company demonstrates a poor understanding of its social and economic impact on the local villagers. For instance, it misrepresents and over-inflates the employment opportunities it provides. The company's approach to the reduced availability of firewood resulting from its activities is also highly disconcerting. Green Resources' key intervention in this field has been to train a number of villagers in the construction of energy saving

cook stoves. However, this intervention was inadequate, and largely failed, with very limited uptake in villages. It missed the acute daily challenge villagers face to secure adequate firewood for cooking.

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

Lastly, the research exposes the bias of audit reporting in favor of the company; with corporate compliance commensurate with the violation of basic human rights and undermining of local livelihoods.

Overall, the industrial monoculture plantation forestry run by Green Resources at its 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. Green Resources' partners and financiers share responsibility with the company in supporting a project that has such a detrimental impact on local populations.

Given the findings of the report, we call for the SEA to take the following actions immediately:

1. Swedish Energy Agency suspend future payments to Green Resources and cancel the deal for purchase of carbon credits.
2. The assessments and audit systems for carbon markets must be critically evaluated and revised so that they actually take into account the livelihood and environmental impacts of forestry plantations.
3. Given the role of many governments in facilitating land grabs in their own countries, international bodies and agencies involved in carbon markets must set higher standards for the recognition of common and customary land rights than just the legality of contracts and land leases.

We remain at your disposal in case you have any question or feedback to share,

Sincerely,

Signed:

The Oakland Institute, USA

Protect the Forest, Sweden

African Groups of Sweden

FIAN Sweden

Climate Action, Sweden

Friends of the Earth Sweden

Friends of the Earth Australia

GeaSphere, South Africa

Timberwatch, South Africa

União Nacional de Camponeses (UNAC), Mozambique

National Association of Professional Environmentalists (NAPE), Uganda

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	<ul style="list-style-type: none"> * 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	<p>Non compliant</p> <ul style="list-style-type: none"> * Limited understanding of social and economic impact of Green Resources on local population * Limited response to mitigate negative economic impacts.
2. Food Security	<ul style="list-style-type: none"> * 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	<p>Non compliant</p> <ul style="list-style-type: none"> * 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	<ul style="list-style-type: none"> * Reduce quantity of fuel wood used in households * Address leakage * Reduce hours that women and girls spend collecting firewood 	Fully Compliant	<p>Non compliant</p> <ul style="list-style-type: none"> * 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	<ul style="list-style-type: none"> * 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 communities 	Partially Compliant	<p>Non compliant</p> <ul style="list-style-type: none"> * 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.
5. Land Ownership and Boundaries	<ul style="list-style-type: none"> * 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	<p>Non compliant</p> <ul style="list-style-type: none"> * On-going acute land shortage * Confusion and fears about access rights * On-going land conflicts and outstanding court cases.
6. Firewood Collection	<ul style="list-style-type: none"> * Manage sustainable firewood collection * Improve relations between Green Resources and local communities * Improve local peoples' understandings of Green Resources firewood collection policy 	Fully Compliant	<p>Non compliant</p> <ul style="list-style-type: none"> * 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	<ul style="list-style-type: none"> * Provide safe drinking water to 17 villages surrounding plantation * Reduce distance covered to collect water 	Fully compliant	<p>Partially compliant</p> <ul style="list-style-type: none"> * A number of water points not working * Distance to water points not reduced * Failure to provide safe drinking

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 article in Nature Climate Change, authored by a number of scientists, concluded that the concept of replacing primary forests with plantations to ‘create sinks’, and therefore be positive for 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 mitigation 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 Kachung⁹, but this is too short a time to have any real mitigation 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

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>