

The SUSTAIN project: Providing alternative livelihoods as a barrier to deforestation in Tesoro Escondido, Ecuador

Tool-kit to implement different activities of the project

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ACRONYMS

CCB	Climate, Community and Biodiversity
CCBA	Climate, Community and Biodiversity Alliance
COFTA	Cooperation for Fair Trade in Africa
DEFRA	Department for Environment, Food and Rural Affairs
EFTA	European Fair-trade Association
EVC	Ecomadera Verde Canande
FLO	Fairtrade Labelling Organisation International
Flo-Cert	Fairtrade Labelling Organisation Certifier
FSC	Forest Standard Stewardship Council
GHG	Greenhouse gas
IFAT	International Association for Fair Trade
IFOAM	International Federation of Organic Agriculture Movements
KEFAT	Kenya Federation for Alternative Trade
KfW	Kreditanstalt für Wiederaufbau (German Development Bank)
MAE	Ministry of the Environment
NEWS	Network of European Worldshops
RECC	Cotacachi Cayapas Ecological Reserve
REDD	Reducing Emissions from Deforestation and Forest Degradation
SNAP	National Protected Areas System
VCS	Verified Carbon Standard
VCUs	Verified Carbon Units
WFTO	World Fair Trade Organisation

The SUSTAIN Project is a collaborative partnership between the University of Sussex, Fundación Cambugán, Proyecto Washu and ClientEarth. It is led by Dr. Mika Peck (University of Sussex) and supported by the Holly Hill Charitable Trust (UK) and the Conservation Leadership Programme. The project is open to receive any other partners or supporters in the future to the extent that they may assist in the achievement of its goals.

Overview

The SUSTAIN project aims to develop a barrier to tropical forest deforestation by identifying alternative sustainable livelihoods to local communities living in the area of Tesoro Escondido, carbon management activities/compensation for ecosystem services and sustainable forestry with a guiding principle of biodiversity conservation.

ClientEarth's participation during the initial phase of the project has been to analyse the feasibility of several of the alternatives proposed and then produce a legal tool-kit specifying what would be required to achieve them. It is important to note that while every effort to obtain relevant information during the preparation of this report has been made, there is still some missing information that has not been possible to get/generate at this stage and that will be required in the future in order to make further decisions within the projects' goals. On the other hand, the information contained here may vary in time so any data/information appearing on this document has to be double-checked to confirm that it is still valid in the future.

Particularly, there is an interest to pursue the following activities within the project:

1. Clarifying land tenure with the aim to obtain land registration
2. Starting a local fair trade/organic chocolate project
3. Creating/establishing a 'Community Protected Area' (owned/managed by the Community or a local NGO)
4. Carbon Management/Compensation for Ecosystem Services (SocioBosque Programme, REDD+/CCB+VCS) and Certification (Fairtrade/Organic/Forestry)
5. Scientific Tourism (Operation Wallacea)
6. Sustainable Forestry (Timber Project)

The following sections are based on desk-research, discussions held with members of the Washu Project and the field trip that took place during August 2013.

I. Background Information

Tesoro Escondido¹ is a 3000 ha forest cooperative in the Esmeraldas Province of Ecuador (79°9'32.371"W0°27'21.163"N). It is located within the Tumbés-Chocó-Magdalena biodiversity hotspot² and it is part of the buffer zone of the Cotacachi-Cayapas Ecological Reserve (RECC).

Research in this area³ and ongoing projects by the University of Sussex, show that Tesoro Escondido is a priority conservation spot, mainly because of the presence of healthy populations of the critically endangered brown-headed spider monkey (*Ateles fusciceps fusciceps*), one of the 25 most endangered primates in the world⁴. It also harbours white-headed capuchin and mantled howler monkeys as well as a varied range of flora and fauna.

Lands in Tesoro Escondido are divided among 42 mestizo farmer families (see Annex 1 – Map of Tesoro Escondido Coop⁵). Out of these 42 families, only 11 live inside Tesoro while the rest live in nearby towns⁶. Around 80% of the total area still remains primary forest, and it has been classified as ‘lowland evergreen forest’ by Sierra⁷. The rest has been turned into

¹ Hereinafter, ‘Tesoro’, ‘Tesoro Escondido Coop’ or ‘cooperative’.

² Myers, N., Mittermeier, R.A., Mittermeier, C.G., da Fonseca, G.A. & Kent, J. (2000) Biodiversity hotspots for conservation priorities. *Nature*, 403 (6772), pp.853-8.

³ Peck, M., Thorn, J., Mariscal, A., Baird, A., Tirira, D. & Kniveton, D. (2010). Focusing Conservation Efforts for the Critically Endangered Brown-headed Spider Monkey (*Ateles fusciceps*) Using Remote Sensing, Modeling, and Playback Survey Methods. *International Journal of Primatology*, 32 (1), pp.134-148.

⁴ Mittermeier, R.A., Schwitzer, C., Rylands, A., Taylor, L.A., Chiozza, F., Williamson, E.A., and Wallis, J. (eds) (2012) *Primates in Peril. The World’s 25 Most Endangered Primates 2012-2014*. IUCN/SCC Primate Specialist Group (PSG), International Primatological Society (IPS), Conservation International (CI), and Bristol Conservation and Science Foundation, Bristol, UK. 40pp.

⁵ It is relevant to mention that this map was developed in 2012 in a participatory way with all the members of the community and that –apparently- there are no conflicts between them regarding their lands’ limits. However it is also important to note that this is not an official map issued or recognised by the Government and that it was developed with a GPS precision of +/- 3 metres while official maps usually require GPS precision of +/- 1 metre.

⁶ Accordingly, it would be absolutely necessary and useful for the activities discussed in this Report to map which families live permanently in Tesoro and which ones live somewhere else.

⁷ Sierra, R. (1999). *Propuesta Preliminar de un Sistema de Clasificación de Vegetación para el Ecuador Continental*. Proyecto INEFAN/GEF-BIRF y EcoCiencia. Quito, Ecuador.

crop fields (mainly cacao plantations) and grasslands to raise cattle. Local extraction of wood is also a common practice among families living in Tesoro. Land conversion here is an ongoing process accelerated by poverty, lack of alternative income opportunities and by the low prices farmers get for their products. Owning primary forest does not provide any financial profit and therefore it is not regarded as valuable. Furthermore, isolation of this cooperative pushes people to demand roads to have access to nearby towns. Finally, pressure from timber and palm oil companies controlling business in the area represents a threat for the forest in Tesoro Escondido.

People located in Tesoro are organised as a “Farmers’ Association” (Asociación de Trabajadores Agrícolas) (see Annex 2 - Approval of the By-Laws of the Association – 1984 and Organisation Search Results)⁸. Although some families have occupied the area for more than forty years, they do not hold property titles to the specific portions of land they occupy, as it will be discussed in the following section.

II. Alternatives proposed to combat deforestation and provide sustainable livelihoods and issues to be discussed

1. Clarifying land tenure with the aim to obtain land registration

Land titling is perhaps one of the most complex and expensive issues to address in Tesoro Escondido. As previously pointed out, people living here do not hold property titles of the land they occupy and do not live in their lands within Tesoro on a daily basis, but live mainly in Cristobal Colón, one of the nearest towns located nearby (See Annex 3 - Map of the surrounding area of Tesoro). For practical reasons, when referring to the people/community/farmers of Tesoro, reference is made to landholders there notwithstanding they live or are located in other areas such as Cristóbal Colón.

There is great interest in obtaining legal titling among the majority of the people located in Tesoro. Certainly, they feel that having legal titles to the land they occupy would provide

⁸ It is important to note that the Farmer’s association by-laws need to be adapted to the ‘Ley Orgánica de la Economía Popular y Solidaria y del Sector Financiero Popular y Solidario’ (Transitory Provision I) since most of the information contained in them is not updated. (E.g. some members of the association do not live in Tesoro anymore and they refer to “suces” and not USD, despite that this has been the national currency since 2000).

them with legal certainty, improve their access to credits, loans (for agricultural purposes) and Government Programmes⁹.

It is important to note that a major part of Tesoro Escondido is officially considered State Forest Heritage ('Patrimonio Forestal del Estado') by the Ministry of the Environment (MAE). Therefore, any adjudication of this type of land is processed by the MAE. The rest of land has no particular/special categorization and in this case its adjudication processes are managed by the Lands Secretariat.

The Declaration of the area as Forest Heritage occurred in 1989 (See Annex 4 – Forest Heritage Declaration). While the category of forest heritage does not represent the highest hierarchy of environmental protection (as opposed to the lands included in the National Protected Areas System - SNAP) adjudication of lands that are Forest Heritage is subject to several conditions. Firstly, applicants need to demonstrate/declare that they were in possession of the land before the Declaration of the area as Forest Heritage occurred (June 22, 1989 in the case of Tesoro)¹⁰. While some people there would meet this requirement (according to some informal conversations held during our visit), this is not the case for all of them. This requirement could raise potential conflicts and divide the community between those who are in the capacity to prove they started living there before 1989, those who were there before 1989 but do not have the means to prove it and those who occupied the area after 1989 (which according to the law would not have rights to claim property).

Once it has been demonstrated/declared that the area was occupied before the Declaration as Forest Heritage, a Management Plan must be prepared by an expert and presented to the MAE. Next, they need to pay a price for the lands to be registered after the MAE has valued them (including their forest cover)¹¹. In 2010, some members of the Tesoro Escondido Farmers' Association approached the Lands Secretariat with the aim to start the administrative process to obtain legal titles (the process is called 'adjudicación de tierras').

⁹ This was demonstrated during the Meeting we held at Tesoro during our visit. However it is interesting to note that there is a small number of farmers (around 4 people) who is not interested in obtaining their lands registered or at least do not consider it as a priority. While others saw the need to get titles to access credits and Government's Programmes, this group stated that the only 'benefit' of having titles was to be able to sell lands, and that this can easily happen without them anyway.

¹⁰ Article 8d of the Forest Heritage Adjudication Guidelines establishes that applicants need to either present documentary evidence or a sworn declaration (affidavit) on the starting date of the possession.

¹¹ Additional specific requirements to be adjudicated lands that have been declared Forest Heritage are contained in the Forest Heritage Adjudication Guidelines (Acuerdo Ministerial 265, articles 8-19). See Annex 5 – Forest Heritage Adjudication Guidelines.

Here, they were told that most part of the land they wanted to be adjudicated to them was categorised as Forest Heritage and as such, it had to be processed by the MAE. For the section that was not Forest Heritage, the process was not finalised given that the community was not able to prepare several of the documents required (such as the updated By-laws of the Association)¹² and lacked of economic resources to keep the process going¹³.¹⁴ Moreover, the Secretariat faced internal problems which led to the interruption of the land titling processes in general.

If the process to register the lands is to re-start, it is important to point out that the specific requirement to present and implement a Management Plan raises some concerns among the people in Tesoro. In fact, some of them are not aware of this or, are reluctant to apply it and/or undertake any additional obligations as may be required by the MAE when verifying that the Plan is being properly implemented. This issue needs further discussion for complete comprehension by the community in order to define whether they are willing to undertake the responsibility to comply with the Management Plan they present.

A practical way to go further on this issue before starting the titling process would be to have a specific legal diagnosis of the land tenure in Tesoro. This would include contrasting official information of Tesoro (including official maps and inventories) found in the Lands Secretariat, MAE, and/or Property Registry (or any other relevant entity) with the information/maps that have been generated *in situ*. This would allow foreseeing any potential conflicts that may arise when requesting land adjudication and registration. For instance, there is no certainty about other adjudication processes that may have started by third parties or any burdens imposed on the estates (if applicable). A diagnosis of this type would provide clear and specific information to decide whether land titling is feasible in the short, medium or long-term. It should also provide enough information to let the community assess and decide on the convenience of starting a land titling process

¹² See note 8.

¹³ Unfortunately, people of Tesoro directly involved in the process that took place in 2010 (eg. Nestor Paredes, one of the leaders of the community) did not have a copy of the information presented to the Lands Secretariat or any communications issued by the authority, which could have been useful to identify where exactly was the process interrupted, what is specifically lacking and to acknowledge any observations that could have been made by the public officer responsible for the process at the time. While this information should be in the Secretariat's archives, this would require someone going to the Esmeraldas Registry to find the file presented and hopefully talk to the public officer who was responsible for it if he/she still works there.

¹⁴ It is important to note that a Management Plan is also requested under the Lands Secretariat requirements.

independently (by each member of the Association) or collectively (as the Association as a whole).

During our visit to Quito, we were informed that the MAE along with KfW (The German Development Bank) have carried out a 'Feasibility Analysis to support a Potential Project to legalize low lands in the buffer zone of the RECC. As this Analysis could be useful to clarify the current context regarding land tenure in Tesoro (if the scope of the analysis specifically covered Tesoro), we have formally requested the Ministry to kindly share the information and maps generated for this Analysis with us (see Annex 6 – Letter presented to the MAE requesting information). We were told that for the information to be released, the study needs to go through internal procedures. We are waiting for this to happen in order to access the information.

It is worth mentioning that during the meeting held in Cristóbal Colón with the Cooperative, some expressed that they would be willing to apply for a collective title while others said that they would prefer to do it independently. In our opinion, this could be assessed only once a legal diagnosis has taken place and further discussions are held with the community in order to discuss this thoroughly. In order to do this, it is advisable to have another meeting to discuss the Titling Process only. Ideally, it would be good to have someone from the MAE and the Lands Secretariat explaining the processes to be followed, especially how they value the land/forest cover to establish the amounts to be paid. This would help bringing together the Cooperative, the MAE and the Lands Secretariat, clarifying doubts and building a relationship between them. In this way, people would feel more confident to start any process in the future. If having staff from the MAE and the Lands Secretariat is not possible, a meeting to explain the administrative process should still take place.

Finally, it is important to note that having legal titles is the first requirement needed to apply for the SocioBosque Programme promoted by the MAE and possibly for the establishment of a Community Protected Area¹⁵.

In order to have an idea on costs to carry out a legal diagnosis, economic proposals were requested to three different lawyers¹⁶ in Quito for their services considering the following:

¹⁵ As we will see in Section III, the requirements to formally establish Community Protected Areas have not been yet established by the MAE.

¹⁶ Mauricio Bustamante (mbustamante@bop-abogados.com), Byron Real (cordavi_elaw@yahoo.com) and Manolo Morales (mmorales@ecolex-ec.org).

- i) making a **diagnosis** of the area (including contrasting information in the Esmeraldas Registry for land tenure, information held by MAE, and any other relevant public institution which would lead to establish a workplan towards land registry (titles)
- ii) Exploring and describing the **different options Ecuadorian legislation has for Conservation** (Community Protected Area or private contracts such as establishing a “Servidumbre Ecológica” - Ecological Easement, an environmental trust, or other alternatives) and
- iii) **Feasibility of the area for compensation based on environmental services** (Programa Socio Bosque and REDD+).

Legal fees for these services range from USD 6,000 to USD 12,000 (£ 3,900 - £7,900). See Annex 7.

2. Starting a local fair trade/organic chocolate project

Given that currently there are several families within Tesoro that grow cacao, starting a small enterprise to commercialize it has been identified as a potential alternative livelihood^{17 18}. To do this, a diagnosis of the cacao that grows in the area was carried out by independent cacao consultant Susana Cárdenas during our visit (August 2013).

According to her Report ‘*Analysis and Evaluation of cacao in Tesoro Escondido*’, the plantations of cacao growing in Tesoro contain the *Nacional Criollo* variety, which represent an extremely valuable opportunity. Nevertheless, both the harvesting and fermentation process need to be changed in order to maximise the flavour of the finalised product. This task should be carried out by an agronomist / agricultural engineer¹⁹. Ideally, the whole fermentation and drying process should take place in one only stockpiling centre, where the different growers from Tesoro (and possibly from other nearby cooperatives) could bring in

¹⁷ During our meeting in Tesoro it was also identified that there is interest of some farmers to produce honey to sell in the local market. A meeting with NGO Altrópico was held in Quito, where it was established that if a honey project is to be implemented, they could provide capacity building on best practices to produce it. While this project will not be pursued at the moment, it would be worth assessing the convenience and feasibility to start it in the future. Specifically, it would be advisable determining what type of income this type of project may bring to farmers.

¹⁸ Cooperative Cacao projects such as Fortaleza del Valle (managed by Equal Exchange), and Kallari could provide interesting inputs to the design of the cooperative business in Tesoro. They both provide capacity building to improve cacao harvesting and fermentation processes which lead to sustainable income for farmers. See: <http://equalexchange.coop/>, <http://www.eldiario.ec/noticias-manabi-ecuador/264277-corporacion-fortaleza-del-valle-recibe-apoyo-economico-de-150-mil/>, and <http://www.kallari.com/>.

¹⁹ A first approach to cacao expert Samuel von Rutte has been made in order to have an idea of costs to improve the quality of Tesoro’s Nacional cacao. See Annex 8 – Samuel Von Rutte fees and CV.

their fresh cacao. In this way, both processes could be controlled from the beginning to the end by qualified people to improve quality. The aim would be to sell the finalised dried cacao beans to premium chocolate companies directly²⁰.

Accordingly, and after discussing this particular issue with Washu members, improvement of the production and post-production processes (including building and implementing the stockpiling centre) should take place as soon as possible in order to keep farmers' interest on the improvement of their crops²¹.

In fact, we believe that the meeting held in August with the people from Tesoro has built a *momentum* within the community, which represents an opportunity that should not be missed. However, it is essential to ensure a high level of commitment from the community not only to implement the improvement practices but, most importantly, to keep protecting and conserving the primary forests that are still in the area. The idea is to improve the quality of the existing plantations of cacao in Tesoro and not the quantity in order to sell the beans at a higher price. This means cutting more trees down to extend the plantations into primary forests should not be allowed. This conservation objective should be clear to Tesoro farmers and established in any eventual Partnership Agreement²² to be signed between Tesoro Coop, [Washu]²³ and [a potential Donor]²⁴ to start working on the improvement of the cacao. Further discussion on this matter and on the general approach the Sustain Project should apply for all of its activities takes place in Section III.

It is important to note that if a project to improve the cacao plantations is to be carried out, there is a general concern among Washu members regarding the proper time/moment to start contacting premium chocolate companies to offer the (improved) cacao from Tesoro. More specifically, there is certain fear to work on the improvement of the cacao (which requires considerable hours of work and resources, including convincing cacao growers to change their current practices) and then not being able to actually get the better prices they offered to farmers in the first place. At the same time, Washu members are aware that it is not possible to start contacting premium chocolate companies before they have the

²⁰ The aim would be to reach companies that work directly with cacao farmers and who are committed to sustainable sourcing of cocoa beans such as Chocolats Halba See: <http://chocolatshalba.ch/en/home.html>

²¹ In order to carry out these activities it would be very useful to have/generate a map locating the cacao plantations in Tesoro.

²² As discussed in section III.

²³ Or any other organisation deemed more appropriate given the time.

²⁴ If applicable/convenient.

improved cacao ready. However, waiting until the cacao is actually improved may risk the production is effectively sold at a better price if the company was not contacted in a timely manner. This is a matter that needs to be handled with extreme caution, given that it could lead to disappointment/ discontent and distrust among the farmers.

3. Creating/establishing a ‘Community Protected Area’

Although Community Protected Areas (‘Áreas de Protección Comunitarias’) are foreseen as a Sub-system of the SNAP²⁵, they have not been implemented in practice yet. In fact, there are no specific requirements and/or guidelines to formally create them. According to Mr. Kléver Campoverde²⁶, the MAE is currently working on this. At present, any applications that have been presented to the MAE to establish community protected areas are not being processed until specific requirements are established. This is planned to be finalised by January/February 2014. It is interesting to note that when asked whether land titling would be a legal requirement to establish Community Protected Areas, Mr. Campoverde mentioned that it is very likely that the MAE will ask for this requirement in order to establish them.

Despite this, while we were in Tesoro and with the help of Don Néstor Paredes (one of Tesoro’s leaders), we started identifying primary forest zones where such an area could be established even if not officially recognised yet (see Annex 9 – Draft Map). The objective of the establishment of such an area would be to delimit and separate a ‘conservation area’ from a ‘productive area’. The former will harbour corridors to allow forest connectivity to benefit the spider-monkey population and other species. The latter will maintain existing Nacional cacao plantations in order to focus on their quality improvement.

In this sense, while the official recognition of a Community Protected Area may not be possible in the short term, it has been possible to see how it would look like in the future based on the preliminary localization of cacao plantations and the remains of primary forests. As previously mentioned, the idea is to get the community’s commitment (included in a Partnership Agreement) not to extend the cacao plantations but rather to improve the

²⁵ Políticas y Plan estratégico del sistema Nacional de áreas Protegidas del Ecuador. (p. 78-80).

²⁶ Officer at the Protected Areas Unit – Ministry of the Environment. Meeting held 7 August, 2013 (kcampoverde@mae.gob.ec).

quality of the existing ones. In this way, we would be linking the cacao business with conservation objectives.

The next step on this matter would be to do a map using GPS equipment to get the specific coordinates of the area to be protected. This map would be the starting point to prepare a file (including the additional requirements to be determined by the MAE) for the official recognition of the appropriate zone as a Community Protected Area²⁷.

Given that there is a lack of presence of the State in Tesoro, it would be advisable to focus on the communal management of the area and not depend so much on the State to do so. However, the possibility to establish it in the future should not be dismissed given that it is always positive to have official recognition in order to ask for funds both at the national and international levels. In any case, the management of the Community Protected Area should also be discussed with members of Tesoro to decide whether it should be carried out directly by the community or by a local NGO.

4. Carbon Management (SocioBosque Programme, REDD+/VCS, CCB) and Certification (Fairtrade/Organic/Forestry)

The Sustain Project also aims to assess the feasibility and convenience to apply to different Programmes and initiatives and to obtain certifications to the extent that they could strengthen the project's objectives and activities and provide more benefits to farmers. Mainly, there is a particular interest on the following:

SocioBosque and REDD+

Socio Bosque Programme is a Government Initiative established in 2008 that seeks to provide economic incentives to land owners and communities who voluntarily commit to protect their primary forests for a period of 20 years. Beneficiaries receive up to USD 30.00 for per ha per year²⁸. In this sense, the protection of the forests and biodiversity in Tesoro

²⁷ Accordingly, there would be the need to discuss any pros and cons of establishing a Community Protected Area with the community as appropriate.

²⁸ USD 30.00 for the first 50 ha they have, USD 20 if farmers have between 51 and 100 ha, USD 10.00 if they have between 101 and 500 ha, USD 5.00 if they have between 501 and 5000 ha, USD 2.00 if they have between 5001 and 10000 ha and USD 0.50 for ha over 10001. See: MAE (2010), SocioBosque: Conceptualización y Avances al Segundo Año de Implementación. Available at: <http://sociobosque.ambiente.gob.ec/files/Folleto%20Sistematizaci%C3%B3n%20Octubre%202010.pdf>.

opens the possibility to access the SocioBosque Programme. Unfortunately, the first requirement to access to the funds is to have land titles, which is not met by Tesoro farmers at the moment. Accordingly, while working on the land titling (as discussed in section 2) to access SocioBosque, it would also be advisable to approach the government to raise awareness on the environmental value of Tesoro. We have already been informed in Quito that there is a political interest to implement SocioBosque in the Esmeraldas province. Accordingly, some “lobbying” of the area could trigger or accelerate the titling processes that need to take place in the Lands Secretariat and the MAE.

Regarding REDD+, we were told at the Ministry of the Environment that it is premature to start thinking on implementing a REDD+ project in the short term, given that the country is still at the Readiness Phase for REDD+, meaning that there are several issues that have not been defined (such as carbon property) and some other matters that need further discussion (such as meeting the social and environmental safeguards established by the UNFCCC)²⁹³⁰. Nevertheless, actions described here (delimiting, establishing and managing a ‘community protected area’) could be the starting point to implement a REDD+ project in the medium or long term.

CCB+VCS

The Climate, Community and Biodiversity Alliance (CCBA) is a private, not-for-profit partnership of non-governmental organizations, corporations and research institutes which aim to promote the development of land management activities. The CCBA has developed voluntary standards (CCB Standards) to identify land-based carbon mitigation projects that adopt best practices and generate multiple benefits for the climate, local communities and biodiversity. In this sense, they have been developed to verify the delivery of social and environmental benefits.

²⁹ Ecuador is currently developing its National REDD+ Programme for which Social and Environmental benefits are one of the cross cutting elements. In this process, Ecuador has fully participated in the REDD+ SES Initiative, which aims to build support for government-led REDD+ programs that make a significant contribution to human rights, poverty alleviation and biodiversity conservation. For more information on the REDD+ on-going process in Ecuador see: http://www.redd-standards.org/index.php?option=com_content&view=article&id=32&Itemid=116.

³⁰ While there are still not specific international regulations for REDD+ activities as to 2012, there are plans to develop around 12 REDD+ projects in Ecuador under CCB-VCS standards. See : Mapeo de Actores y Experiencias en REDD+ en Ecuador http://ecodecision.com.ec/pdfs/Mapeo_actores_experiencias_2011.pdf.

The CCB Standards are built around 14 required criteria³¹, and 3 optional “gold” ones³². Use of the CCB Standards requires that independent, accredited auditors determine conformance with the CCB Standards at two stages: **validation and verification**. A CCB **validation** is an assessment of the design of a land-based carbon project against each of the CCB Standards criteria. A CCB **verification** is an evaluation of a project’s delivery of net climate, community, and biodiversity benefits against the project’s validated design and monitoring plan. Verification must be performed at least every five years³³.

Successful CCB Verification enables the addition of a ‘CCB label’ to verified emissions reductions units. However, the CCB Standards used alone do not lead to delivery of quantified emissions reductions certificates so they should be used in combination with a carbon accounting standards (such as the Verified Carbon Standard – VCS, as we will see next).

The VCS Program is a voluntary greenhouse gas (GHG) initiative used to certify that new or existing projects are actively reducing emissions. The Program aims to establish clear rules and procedures to enable the successful development of GHG projects and the creation of high quality GHG credits, create a trusted and fungible GHG credit, (the VCU) and link carbon markets worldwide through a coherent and robust framework.

Under the VCS Programme, GHG emission reductions or removals must be real, measurable, additional, permanent, independently verified, conservatively estimated, uniquely numbered and transparently listed³⁴. In addition, VCS projects must be independently audited.

VCS and the CCBA have partnered to create a streamlined process for registering CCB+VCS projects under both programs and issuing VCUs tagged with the CCB label. A project that meets requirements of VCS and CCB Standards must demonstrate benefits not only for the climate but also for local communities and habitats.

³¹ i) Original Conditions in the Project Area, ii) Baseline Projections, iii) Project Design and Goals, iv) Management Capacity and Best Practices, v) Legal Status and Property Rights, vi) Net Positive Climate Impacts, vii) Offsite Climate Impacts (‘Leakage’), viii) Climate Impact Monitoring, ix) Net Positive Community Impacts, x) Offsite Stakeholder Impacts, xi) Community Impact Monitoring, xii) Net Positive Biodiversity Impacts, xiii) Offsite Biodiversity Impacts, xiv) Biodiversity Impact Monitoring. Each one of this criteria has specific indicators that have to be complied with.

³² Climate Change Adaptation Benefits, Exceptional Community Benefits and Exceptional Biodiversity Benefits.

³³ [https://s3.amazonaws.com/CCBA/Upload/ccb_standards_second_edition_december_2008+\(1\).pdf](https://s3.amazonaws.com/CCBA/Upload/ccb_standards_second_edition_december_2008+(1).pdf).

³⁴ <http://v-c-s.org/quality-assurance-principles>. In fact, VCUs under the VCS Programme are registered to ensure credits are unique and fully traceable online.

To be issued VCUs tagged with the CCB label, projects must submit all required CCB documents *before* requesting VCU issuance. This is essential to ensure VCUs are properly tagged. It is important to note that the period covered by CCB certification must be greater than or equal to the VCS verification period.

CCBA and VCS have developed templates and guidance documents³⁵ to make it easier and more cost effective to combine both initiatives. Although the use of the templates is not required, it is highly recommended when using both standards.

A flowchart for the CCB+VCS Project Development, Validation, Registration, Monitoring, Verification and Issuance can be found in Annex 10.

Given that the CCB standards provide rules and guidance to encourage effective and integrated project design, it would be advisable to bear in mind the criterion and indicators when developing any GHG reductions activities within the Sustain Project with the aim to obtain a CCB label and VCS verification in the future. In this way, Tesoro could be linked to carbon markets.

Fair trade³⁶

Fair trade certification allows identifying products that meet certain standards. Fair Trade systems generally involve independent auditing of producers to ensure the agreed standards are met. There are several recognised federations, fair trade certifiers, labelling initiatives and networks that apply their own principles and standards³⁷. The largest and most popular is Fairtrade³⁸ Labelling Organisation International (FLO).

³⁵ VCS+CCB Templates on Project Description, Validation Report, Monitoring and Implementation Report and Verification Report can be found at: <http://www.climate-standards.org/ccb-standards/combining-with-other-standards/>

³⁶ This section is mainly based on the official UK FairTrade website: <http://www.fairtrade.org.uk>.

³⁷ E.g., the Fairtrade Labelling Organization (FLO) – discussed in this section, the World Fair Trade Organisation (formerly the International Association for Fair Trade - IFAT, which has the FTO mark which identifies organisations as opposed to products), the European Fair-trade Association (EFTA) and the Network of European Worldshops (NEWS). Other organisations/initiatives include the Fair Trade Federation, UTZ Certified, Counter Culture Direct Trade Certifications and Whole Trade Guarantee. Regional networks include the Asia Fair Trade Forum, Cooperation for Fair Trade in Africa (COFTA) and the Asociación Latino-Americana de Comercio Justo. National networks include Ecota Fair Trade Forum in Bangladesh, Fair Trade Group Nepal, Associated Partners for Fairer Trade Philippines, Fair Trade Forum India, Kenya Federation for Alternative Trade (KEFAT), etc. See: Facts and Figures on Fair-Trade Cocoa, available at: http://www.icco.org/about-us/international-cocoa-agreements/cat_view/30-related-documents/37-fair-trade-organic-cocoa.html.

³⁸ It is important to differentiate the terms “fair trade” and “Fairtrade”. The former refers to the movement that aims at a “trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade”. The latter is used “to denote the product certification system operated by FLO”. See: Fair

FLO is the international organisation responsible for setting and maintaining the Fairtrade standards that apply to producers and trading relationships. FLO covers 22 countries and producer networks representing certified producer organisations across Asia, Africa, Latin America and the Caribbean. Whilst FLO sets the standards and works with producers to help them meet them, a separate international certification company (FLO-Cert) regularly inspects and certifies producers against these standards.

Companies that meet the Fairtrade Standards may apply for licences to use the Fairtrade Certification Mark (or, in North America, the applicable Fair Trade Certified Mark) for their products.

All producers, processors and exporters in the producer country are certified by FLO-CERT. The products of importers and companies in the supply chain outside of the producer country are certified either by FLO-CERT or by the local Labelling Initiative. The Fairtrade Foundation is responsible for certifying Fairtrade products in the UK.

Fairtrade standards relate to three areas of sustainable development: social, economic and environmental. The objectives of the standards are to:

- ensure a guaranteed Fairtrade minimum price which is agreed with producers
- provide an additional Fairtrade premium which can be invested in projects that enhance social, economic and environmental development
- enable pre-financing for producers who require it
- emphasize the idea of partnership between trade partners
- facilitate mutually beneficial long-term trading relationships
- set clear minimum and progressive criteria to ensure that the conditions for the production and trade of a product are socially and economically fair and environmentally responsible.

For each area there are 'minimum requirements' that a producer organisation must meet in order to be certified and 'progress requirements' in which the certified organisation must demonstrate permanent improvement over time. For example, a minimum requirement is a

ban on the use of agrochemicals in the FLO list of prohibited materials³⁹. A progress requirement is the ongoing reduction in the use and toxicity of permitted agrochemicals. In this way, the standards enable poorer, more vulnerable farmers to enter the system, while supporting them to gradually improve their practices. It is recognised that the degree of progress depends on the level of economic benefits the organisation receives from Fairtrade and on the specific context of each organisation.

Fairtrade standards (Generic Producer Standards⁴⁰ and Product Specific Standards⁴¹) need to be met by producers and their organizations and by the traders who deal with Fairtrade products.

The **Generic Fairtrade Standards for Small Farmers' Organisations** apply to small-scale farmers who are organised into co-operatives or other associations that have a democratic structure and transparent administration.

In terms of **social development**, the standards state that farmers' organisations must have a democratic structure and transparent administration to enable effective control by its members. The organisation should also have the potential to promote the social and economic development of its members and there must be no discrimination against members on the basis of race, religion, gender, politics, and ethnic or social origin.

The **economic development** criteria aim at ensuring the organisation's ability to effectively export their product and administer the Fairtrade premium in a transparent and democratic manner.

The **environmental development** criteria are intended to ensure that the producer organisation and its members protect the natural environment and make environmental protection an integral part of farm/land management. There are clear rules to protect farmers and workers relating to the use of chemicals, disposal of waste, and protection of natural resources. The standard also prohibits the use of genetically modified organisms. Where socially and economically practical, producer organisations are encouraged to work

³⁹ This list can be found at:

http://www.fairtrade.net/fileadmin/user_upload/content/FLO_Prohibited_Materials_List_March_2007_EN.pdf.

⁴⁰Standards for small producer organizations, Standards for hired labour, Standards for contract production and the Trade Standards. The specifications for each one of these standards can be found at:

<http://www.fairtrade.net/our-standards.html>.

⁴¹ A list of products for which Fairtrade has developed specific standards can be found in Annex 11.

towards organic practices. They are also expected to minimise the use of chemical fertilisers and insecticides and to gradually replace them with natural fertilisers and biological methods of disease control.

In addition, working conditions in FLO registered producer associations have to follow the International Labour Organisation (ILO) Conventions. The FLO “standard on labour conditions” describes how child labour can be used, as well as the requirements in terms of freedom of association and collective bargaining. All farm workers have to work in a safe environment and under fair conditions of employment, especially regarding wages.

It is interesting to note that the Generic Standards for Contract Production apply to small-scale producers who are not yet democratically organized. As a temporary measure, they can join Fairtrade if they have a partnership with an organization (such as an exporter or NGO) that will assist them to form an independent organization.

Given that improving the cacao of Tesoro is one of the main activities to be developed under the Sustain Project, further assessment to establish the convenience and feasibility to meet Fairtrade Standards for cacao trade is required.

The Fairtrade Standard for Cocoa for Small Producer Organizations and its Guidance Document can be found in Annexes 12 and 13.

Organic Certification

Organic farming aims at ensuring any agricultural system operates as naturally as possible and that human impact on the environment is minimized. Organic practices include e.g. crop rotation; very strict limits on chemical synthetic pesticide and synthetic fertiliser use, livestock antibiotics, food additives, processing aids and other inputs; taking advantage of on-site resources; choosing plant and animal species that are resistant to disease and adapted to local conditions. In addition, it prohibits the use of genetically modified organisms⁴².

⁴² http://ec.europa.eu/agriculture/organic/organic-farming/what-organic_en.

While fair trade certification may be linked to organic certification (since producer organisations are encouraged to work towards organic practices), there are several organisations, initiatives and labels that exclusively certify organic production is delivered.

The International Federation of Organic Agriculture Movements (IFOAM) is the worldwide umbrella organization of the organic agriculture movement. IFOAM has adopted four principles for organic agriculture, which must be used as a whole:

Principle of health: Organic Agriculture should sustain and enhance the health of soil, plant, animal, human and planet as one and indivisible.

Principle of ecology: Organic Agriculture should be based on living ecological systems and cycles, work with them, emulate them and help sustain them.

Principle of fairness: Organic Agriculture should build on relationships that ensure fairness with regard to the common environment and life opportunities.

Principle of care: Organic Agriculture should be managed in a precautionary and responsible manner to protect the health and well-being of current and future generations and the environment⁴³.

Based on these principles, IFOAM has established the IFOAM Norms, which are composed of three documents:

- The Common Objectives and Requirements of Organic Standards (COROS) - IFOAM Standards Requirements;
- The IFOAM Standard for Organic Production and Processing; and
- The IFOAM Accreditation Requirements for Bodies Certifying Organic Production and Processing⁴⁴.

A high number of organic standards exist throughout the world. It is estimated that there are hundreds of organic standards⁴⁵. Some are government regulations, others are private

⁴³ A detailed description of these principles can be found at: <http://www.ifoam.org/en/organic-landmarks/principles-organic-agriculture> and http://www.ifoam.org/sites/default/files/ifoam_poa.pdf.

⁴⁴ The complete IFOAM Norms for Organic Production and Processing – Version 2012 can be found at: http://www.ifoam.org/sites/default/files/page/files/ifoam_norms_version_august_2012_with_cover_0.pdf.

⁴⁵ <http://www.ifoam.org/en/organic-landmarks/ifoam-family-standards>.

standards. Some have a very localized scope of application (e.g. one country or even one region in a given country), whereas others are applied internationally⁴⁶.

To facilitate understanding and provide harmony to the numerous existing standards, IFOAM has developed the IFOAM Family of Standards, which is a list of all standards officially endorsed as organic by the international organic movement. In a sense, the IFOAM Family of Standards draws the line between what is organic and what is not, from the standards point of view. Approval is based on a detailed technical assessment of each standard, and follows a defined procedure with the IFOAM Organic Guarantee System.

The IFOAM Family of Standards can be found in Annex 14.

Based on the IFOAM standards, organic standards have been set at EU Commission level⁴⁷. Nevertheless, implementation and enforcement of the regulations, whether food is produced locally or imported, are the responsibility of the individual member states. Competent authorities, those officially designated, implement the scheme. These bodies correspond to official governmental agencies, which are in charge of approving national and foreign certification bodies as well as auditing them.

In the UK, the Department for Environment, Food and Rural Affairs (Defra) is the authority responsible for organic farming regulations.

Any farmer, grower, food processor, storage provider, and/or importer of organic food from a non-EU country must be registered with one of the approved private sector organic Control Bodies⁴⁸. The Control Bodies certify their organic operators and normally inspect their holdings and/ or premises at least once a year⁴⁹. Although EU member states cannot set higher organic standards than those in force for the EU as a whole, Control Bodies can⁵⁰.

⁴⁶ <http://www.ifoam.org/en/organic-landmarks/ifoam-family-standards>.

⁴⁷ Council Regulation (EC) 834/2007 (as amended), Commission Regulation (EC) 889/2008 (as amended) and Commission Regulation 1235/2008 (as amended).

⁴⁸ A list of approved UK organic Control Bodies can be found at:

<http://archive.defra.gov.uk/foodfarm/growing/organic/standards/certbodies/approved.htm>.

⁴⁹ <https://www.gov.uk/organic-systems-and-standards-in-farming>.

⁵⁰ <https://www.gov.uk/organic-certification-and-standards>.

Control Bodies are normally private organizations, organizations of producers or non-profit institutions. Their main function is to control compliance with national organic regulations by all parties in the organic supply chain (farmers and processors).

According to the International Cocoa Organization, the general requirements for cocoa beans, cocoa and chocolate products to be labelled “organic” are the following:

- Cocoa beans must grow on land which has been free of prohibited substances for three years prior to harvest.
- Cocoa beans grown on land which is "in transition" to organic (during the first three years after switching from conventional farming, for instance) cannot be labelled organic.
- Production methods are strictly regulated (fertilizers, soil conditioners, pesticides). 95% of the ingredients (not counting added water and salt) in a chocolate product must be organically produced and the processor must be a certified organic handler in order for the finished product to be labelled as organic. However, special provisions allow labelling to state that a product is "100% Organic", if the product contains 100% organically produced ingredients, "Made with Organic Ingredients" (or a similar statement), if the product contains at least 70% organic ingredients, and “Has some organic ingredients” (or similar statement), if the product contains less than 70% organic ingredients⁵¹.

Producers of cocoa, all located in developing countries, have to meet all the requirements associated with the production of organic products to allow them to export their output to consuming countries, which are mainly developed countries. They have to arrange for an import permit from the relevant competent authority (in the case of the UK, through the Control Bodies), providing evidence that the imported organic cocoa is produced in accordance with the relevant legislation. Import permits are issued for a defined period.

A guide prepared by Defra to look at the initial steps towards the registration, inspection and certification of farms/or other business premises as ‘organic’ can be found at: [<http://archive.defra.gov.uk/foodfarm/growing/organic/standards/pdf/guidance-document-jan2010.pdf>.] Regulations set forth in this guide are applicable to importers of produce coming outside Europe and the UK.

⁵¹ International Cocoa Organization (2006). A Study on the Market for Organic Cocoa. Available at: <http://www.roundtablecocoa.org/documents/EX-130-10%20-%20ICCO%20-%20Study%20on%20Market%20for%20Organic%20Cocoa.pdf>.

Given that the organic cacao market continues to grow, it is clear that growing organic cacao in Tesoro would be desirable. However, further assessment on the feasibility to meet Organic Standards for cacao trade is required. In this way we would recommend to establish specific steps and workplan to obtain organic certification.

Forestry Certifications (Timber Project)⁵²

Forest Certification Programmes require that forest practices are managed responsibly – as defined by a particular standard. In addition to requiring compliance with existing laws, forest certifications usually require protection of biodiversity, third-party certification audits performed by accredited certification bodies, publicly available certification audit summaries, multi-stakeholder involvement in standards development processes and complaints and appeals procedures.

Today there are more than 50 certification programs worldwide⁵³ addressing the many types of forests and tenures around the world. The two largest international forest certification programmes are the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC).

The Forest Stewardship Council (FSC) is an international body which accredits certification organizations in order to guarantee the authenticity of their claims. In all cases the process of certification will be initiated voluntarily by forest owners and managers who request the services of a certification organization. The goal of FSC is to promote environmentally responsible, socially beneficial and economically viable management of the world's forests, by establishing a worldwide standard of recognized and respected Principles of Forest Stewardship.

FSC relies on 10 Principles, as follows:

- Principle 1: Compliance with Laws
- Principle 2: Workers' Rights and Employment Conditions
- Principle 3: Indigenous Peoples' Rights
- Principle 4: Community Relations
- Principle 5: Benefits from the Forest
- Principle 6: Environmental Values and Impacts

⁵² Although the term "forestry" is usually referred to the management and use of natural resources derived from forest lands (including timber, water, fish, wildlife, soil, plants and recreation) we will use it in a narrower sense to refer only to wood/timber products.

⁵³ Third-Party Forest Certification in British Columbia, in: Naturally: wood, available at <http://www.naturallywood.com/sites/default/files/Third-Party-Certification.pdf>.

Principle 7: Management Planning
Principle 8: Monitoring and Assessment
Principle 9: High Conservation Values
Principle 10: Implementation of Management Activities⁵⁴

The FSC's Principles and Criteria (P&C) apply to all tropical, temperate and boreal forests, Many of these P&C apply also to plantations and partially replanted forests. The P&C are to be incorporated into the evaluation systems and standards of all certification organizations seeking accreditation by FSC. While the P&C are mainly designed for forests managed for the production of wood products, they are also relevant, to varying degrees, to forests managed for non-timber products and other services⁵⁵.

The FSC P&C should be used in conjunction with national and international laws and regulations. FSC intends to complement, not supplant, other initiatives that support responsible forest management worldwide. The P&C are the foundation of the FSC certification scheme and constitute the core of a comprehensive standards package. There is no hierarchy between the Principles or between Criteria. They share equal status, validity and authority, and applied jointly.

FSC does not issue certificates itself. The certification process is carried out by independent organizations called 'certification bodies'. These certification bodies assess forest management and chain of custody operations against FSC standards. Only FSC accredited certification bodies are authorized to issue FSC certificates.

As it is mentioned in Section 6, starting a sustainable forestry project under the Sustain Project needs to be assessed. In this particular activity, Ecomadera-VerdeCanandé (EVC) would be a key partner, given that it could provide its expertise and knowledge. It is worth mentioning that the company has already started the process to be FSC certified.

On the other hand, PEFC is an umbrella organization that endorses national forest certification systems.

National certification systems that have developed standards in line with PEFC requirements can apply for endorsement to gain access to global recognition and market access through

⁵⁴ For a detailed explanation on the Principles and the FSC criteria see: <https://ic.fsc.org/standards.340.htm>.

⁵⁵ <https://ic.fsc.org/principles-and-criteria.34.htm>.

PEFC International. To achieve endorsement, they need to meet PEFC's Sustainability Benchmarks⁵⁶.

Mutual recognition among PEFC-endorsed national systems allows PEFC-certified wood to be identified and accepted globally under one, easily recognizable eco-label.

Any national certification system seeking to obtain PEFC endorsement or re-endorsement must submit to a comprehensive and thorough assessment process, including independent evaluation and public consultation. A full final report of this process is then made publicly available⁵⁷.

As well, further discussion is required to assess convenience and feasibility to start a forestry process under the Sustain Project that ideally would meet FSC and/or PEFC standards.

5. Scientific Tourism (Operation Wallacea)

Scientific tourism is an alternative income opportunity for the people in Tesoro, one that is directly linked to the conservation of the existing forest and therefore raises awareness on the importance of preserving it. It has already started on a small scale with two families receiving researchers from the University of Sussex and volunteers during 2012 and 2013.

Operation Wallacea is an organisation funded by tuition fees carrying out conservation and research programmes in remote places⁵⁸. In June-July 2014 Operation Wallacea and the University of Sussex will work together in TE with groups of 17-18 year old students undertaking small research projects on the local flora and fauna⁵⁹. This will involve the local community in various aspects such as buying local products from them (fruits, vegetables, milk, cheese, arts & crafts, etc.) as well as hiring services (accommodation, cooking, guiding, transportation).

Willingness to receive students in their houses was assessed during our Meeting in Tesoro. Out of 21 participants, 8 mentioned that they would be willing to be involved in the

⁵⁶ <http://www.pefc.org/standards/endorsement-mutual-recognition>.

⁵⁷ For more information on the PEFC, visit: www.pefc.org.

⁵⁸ <http://opwall.com/sixth-form-high-school/locations/ecuador-school-expeditions/>.

⁵⁹ Ibid.

scientific tourism project. In this sense, it is essential to start identifying who could provide local products and services and carrying out all necessary actions/coordination in order to have everything ready when students come next year. Accordingly, it is advisable to start identifying any particular needs for Operation Wallacea to run efficiently.

Moreover and most importantly, it would be appropriate to discuss how any profits arising from any of the scientific tourism services provided could be linked/used as a contribution to any conservation or sustainable development projects (including the cacao improvement) for Tesoro Escondido, following the desired approach discussed in Section III. `

Accordingly, it would be necessary to start working on the identification of needs for the Wallacea Operation and discussing the other issues mentioned here by the end of this year at the latest.

Finally, according to the Ecuadorian legislation⁶⁰, every flora and/or fauna researcher must have a Permit (*'Autorización de Investigación científica'*) issued by the Regional district where the research will take place. In this sense, in order to bring students, it is essential to process this type of permit. It may be possible to get a 'global' permit for the project instead of having to process them independently for each one if the students coming. In the past, Cambugan has processed these permits for Washu members and is willing to do it for Wallacea.

6. Sustainable Forestry (Timber Project)

As previously mentioned, starting a sustainable forestry project within the Sustain Project has also been identified as an activity that is worth assessing and that may provide a sustainable livelihood to people there in the long term. EVC is a forestry and wood company working in the area⁶¹ looking to provide a scalable business intervention to help communities conserve highly threatened forests and building a local economy based on

⁶⁰ Article 6, Title II – Unified Text on Secondary Environmental Legislation (TULAS).

⁶¹ In fact, EVC has 380 ha of land inside the Cooperative: 280 ha have land titling and 100 ha are under possessory rights (See Annex 1). Additionally, they have agreements with independent farmers (who have possessory rights) over 50 ha. These 50 ha are planned to be used for research purposes, plots and/or forestry. Further assessments in order to determine the best way to use them are pending by EVC to take place. When asked how many ha they have in Tesoro, EVC states that they 'have' (or at least have control over) 430 ha.

sustainable forestry⁶². Under EVC preliminary plans, they intend to leave between 40-60 % of the ha they have in Tesoro⁶³ non-intervened (for conservation purposes). Also, and as it has already pointed out, they have also started the process to be FSC certified. Accordingly, EVC has been identified as a potential partner to the Sustain Project.

A meeting between Washu and EVC was held in August 2013 in Quito⁶⁴. In this meeting, EVC expressed interest on presenting joint proposals (along with Washu/Sustain Project) with conservation purposes to different donors. Having a legal diagnosis on land tenure in the area with the aim to get land titling has also been identified as a priority by EVC. However, they were also very clear that due to internal issues, they are not in the capacity to afford any legal work at the moment to pursue this. Therefore, they are relying on grant proposals to do so.

On the other hand, they are carrying out a financial diagnosis of land use to show profitability of the different uses: cacao, palm, cattle, wood extraction. They also have plans to undertake a social diagnosis to analyse how people use their land and what their plans for it for the future. These studies could provide interesting and valuable information to the Sustain Project. Therefore, it would be advisable to do follow-up on them.

Finally, reforestation/ restoration activities⁶⁵, along with the establishment of a tree nursery with representative native flora could also be implemented within the Sustain project. To do so, farmers could help by identifying what areas would be suitable for these activities as well as providing information on what species could be used/included in the tree nursery. Given that the totality of funds for the project is not totally secured, it is recommended to assess the feasibility and convenience to implement these activities (at least at the beginning) at a small scale/budget⁶⁶.

III. Approach, Commitments of the Local Community and Partnership Agreement

⁶² EcoMadera: Expanding a Community Forestry Enterprise in Ecuador's Chocó Forests to Replace Deforestation with Sustainable Forestry, Wood Products and Carbon Management. Ecomadera Forest Conservation, LLC: USAID GDA Concept paper, p. 1.

⁶³ I.e. 430 ha.

⁶⁴ This meeting was attended by Nubia Jaramillo and Peter Pinchot (via Skype), Citlalli Morelos, Pamela Ferro and Felipe Alonso.

⁶⁵ According to the locals in Tesoro, restoration is achieved by leaving the forest to regenerate alone, avoiding any human intervention.

⁶⁶ Students from Operation Wallacea could collaborate/help farmers in these activities.

After having described the different circumstances of each one of the activities that the project aims to undertake, it is important to discuss the approach that Washu should take in order to achieve long-term, sustainable outputs with the aim that they continue beyond the project in the future.

The main principles that should govern any activity implemented by the Sustain Project should be **reciprocity and non-dependency**. This means farmers have to be clear that the project is willing to provide them with resources (economical, technical or other) to carry out the different activities proposed, but at the same time it will demand something in return from them. The idea is that the parties involved in the Project enter into mutual engagements. E.g., if the project is willing to help the cacao growers to improve the crop's quality, then the farmers commit themselves not to extend their plantations into primary forests (bearing in mind that conservation is the main goal of the Sustain Project); or if the project is willing to contribute with funds to start legal actions to get land titling, then the community commits to contribute with some of those legal costs from revenues coming from the sales of improved cacao or scientific tourism activities. In this way, 'ownership' of the activities (and any outputs arising from them) by the farmers will be enhanced. Farmers will only act responsibly in the execution of the activities proposed if they feel they own them. To achieve this, they must have contributed with something. Otherwise, there is risk that they become dependent on receiving funds from the project but not being responsible for their proper use. If on the contrary the project demands for their constant contribution (of 'something' be it funds, labour or other) they will use the resources provided to their full potential.

In this sense, a preliminary Mutual Collaborative Agreement establishing these general principles that should govern the project across all of its activities could be signed between Washu and the Tesoro Coop. A draft Agreement of this nature can be found in Annex 15.

Later on and once funding for the different activities proposed have been figured out, a second and more detailed agreement (a Partnership Agreement) should be established between Washu, Tesoro and [a potential Donor] to establish rights and duties of each one of them in order to start working on the improvement of the cacao⁶⁷. It is essential that this agreement clearly specifies that the main purpose of the partnership is the improvement of

⁶⁷ At the moment, this seems the most convenient/viable activity to start in the short and medium term. However, when the time is appropriate it would be advisable to re-assess if this still remains this way or not.

the Nacional cacao as a means to provide alternative sustainable livelihoods to farmers in order to combat deforestation and protect the primary rainforests located in Tesoro. In this sense, it is absolutely necessary to establish that farmers are not allowed to extend their cacao plantations into primary forests nor continue logging practices for commercial purposes.

While it is premature to start drafting this second agreement, some key points that should be established in it would be:

- Nature and Purpose of the Agreement
- Obligations and Commitments of each one of the parties as follows:

For Washu:

Organise capacity Building for the improvement of the Nacional Cacao (identify and hire an agricultural engineer)

Identify a good location for the establishment of the stockpiling centre

Coordinate building of the stockpiling centre

Identify 1-2 people to be responsible for the fermentation / drying process

Carry out marketing activities to promote Tesoro Escondido's cacao

Be responsible for administrative procedures to export the cacao directly

For TE:

Commit to implement capacity building practices

Commit to take the fresh cacao to the new stockpiling centre

Commit to improve the quality (and not the quantity) of the existing cacao plantations. In this sense, they are not allowed to extend cacao plantations into the forest (primary forests)

Commit to save part of the revenues coming from improved prices of cacao to cover part of the legal costs for land titling

For Donor:

Loan Funds to implement new stockpiling centre

Loan funds for capacity building to improve harvesting, fermentation, drying process, plagues control

Marketing of the cacao at the international level

Contact potential clients (premium chocolate companies, gourmet restaurants, bakeries, etc.) for direct sales.

- Day to Day Operations
- Capital Contribution
- Chair
- Communications
- Decision Making
- Profits and Losses

- Term/Termination
- Disputes – applicable Law – Arbitration (if deemed appropriate)
- Withdrawal of Partner

Finally, it is important to highlight that regarding signing agreements, Washu has not been formally incorporated as a legal entity and, as previously mentioned, the association of Tesoro Escondido needs to update their by-laws to Ecuadorian regulations (see note 8). Both issues would need to be addressed in order to sign any Partnership Agreement.

A chart with all the tasks required for the different activities the Sustained Project aims to undertake and that have been described in this Report can be found in Annex 16.

IV. Conclusions

1. Tesoro Escondido is a priority conservation spot, mainly because of the presence of healthy populations of the critically endangered brown-headed spider monkey (*Ateles fusciceps fusciceps*).
2. Local extraction of wood and land conversion threatens biodiversity and forest conservation in Tesoro. These are accelerated by poverty, lack of alternative income opportunities, low prices farmers get for their products and by the fact that owning primary forest is not regarded as valuable. Therefore, immediate actions (considering both environmental and social aspects) should take place to conserve primary forests in the area.
3. Any conservation strategies to protect the forest in Tesoro need to be designed with the participation and support of land owners/occupiers. The idea is that farmers in Tesoro realise that conserving the forest is more valuable than extracting activities.
4. Land titling is perhaps one of the most needed but also complex and expensive issues to address in Tesoro Escondido. The fact that a major part of Tesoro is officially considered Forest Heritage imposes more strict requirements to obtain land titles, such as the development and compliance of a Management Plan.
5. Cacao trade would be one of the most viable means to provide an alternative livelihood for people living in Tesoro. However, production, harvesting and fermentation processes

need to be improved if the aim is to sell the finalised dried cacao beans to premium chocolate companies. Ideally, this should take place as soon as possible so the *momentum* that has been already built is not missed. (Also, it must be clear to farmers that cacao improvement must be linked to conservation objectives. Therefore, the interest is on improving the quality of the existing plantations of cacao in Tesoro and not the quantity in order to sell the beans at a higher price).

6. The precise moment to start contacting potential clients for the cacao coming to Tesoro needs to be handled with extreme caution, in order to avoid any disappointment/discontent and distrust among the farmers.
7. A preliminary Mutual Collaborative Agreement establishing the general principles that should govern the project across all of its activities should be signed between Washu and the Tesoro Coop. A second and more detailed agreement (a Partnership Agreement) should be established between Washu, Tesoro and [a potential Donor] to establish rights and duties of each one of them in order to start working on the improvement of the cacao.
8. Applying to the SocioBosque Project (and possibly the establishment of a Community Protected Area) is not viable until land titling is sorted.
9. While the official recognition of a Community Protected Area may not be possible in the short term, it has been possible to see how such an area would look like based on the preliminary localization of cacao plantations and the remains of primary forests.
10. It is premature to think on applying for CCB label/VCS verification or implementing a REDD+ project in the short term. However, delimiting, establishing and managing a [unofficial] 'community protected area' could be the starting point for these in the medium or long term.
11. EVC has been identified as a potential partner to the Sustain Project. While the company is not in the capacity to afford any legal work at the moment, it has expressed interest on presenting joint proposals (along with Washu/Sustain Project) to pursue this and other conservation activities.
12. Further assessment to establish the convenience and feasibility to implement and meet Fairtrade, Organic Standards and Forestry for cacao trade is required.
13. The main principles that should govern any activity implemented by the Sustain Project should be reciprocity and non-dependency. People in Tesoro who are going to benefit from any of the Sustain project's activities must fully understand that this will involve duties and commitments to be followed firmly.

14. Washu has not been formally incorporated as a legal entity and the association of Tesoro Escondido needs to update their by-laws to Ecuadorian regulations. Both issues would need to be addressed in order to sign any agreement.
15. There is a need to get/generate some missing information (facts, maps, figures) regarding Tesoro and the activities planned by the Sustain Project in order to make further decisions within the projects' goals.

V. Recommendations

1. Appoint a local lawyer in Ecuador to develop a specific legal diagnosis of the land tenure status in Tesoro and discuss thoroughly with Tesoro Farmers if they are willing to undertake the responsibilities/duties to comply with the Management Plan required and any other obligations that may arise for land titling. Also, assess and decide on the convenience of starting a land titling process independently or collectively.
2. Map the area to determine who lives in Tesoro on a daily basis and who doesn't.
3. Generate a map using GPS equipment to get the specific coordinates of the area to be protected (Community Protected Area). This map would be the starting point for the official recognition of the zone as a Community Protected Area.
4. Discuss whether management of the Community Protected Area should be carried out directly by the community or by a local NGO.
5. Take into account CCB criterion and indicators when conceiving/developing any greenhouse gas reductions activities within the Sustain Project with the aim to obtain a CCB label and VCS verification in the future.
6. Communicate and constantly reinforce the conservation purpose of the Sustain project.
7. Approach and lobby with the Government to accelerate the titling processes, which could lead at the same time to SocioBosque.
8. Identify who could provide local products and services and carrying out all necessary actions/coordination for the Wallacea Operation. This should start by the end of this year at the latest.
9. Discuss how any profits arising from scientific tourism could be linked/used as a contribution to any conservation or sustainable development projects (including the cacao improvement).
10. Follow-up on the financial and social diagnosis carried out by EVC.
11. Assess the feasibility and convenience to implement reforestation/restoration activities at a small scale/budget (at least at the early stages).
12. Think big but start at a small scale and budget. This will allow starting visualising how things could work in practice and foresee any problems/issues that may arise during the implementation of any activity (particularly those regarding the cacao improvement, the tree nursery and the reforestation/restoration activities). By

starting at a small scale and budget, activities may be under control more easily while funds to evolve into a bigger scale are secured.

13. Designate a Project Manager able to coordinate and supervise all activities to be implemented.