



Future Forestry Foundation Rama Key Pilot Project

v.2.2

Introduction

This document illustrates the core and perimeter of a project proposal.

It concerns the possibility to actively contribute, as a social banking entity 1), to the most needed improvement of basic human life conditions, reparation of landscape and further local business development in the East coast of Nicaragua.

An tribal area, invaded the past decades by non-indigenous people. With the indigenous tribes divided over a few issues, their own government is lame. Individuals and companies make abuse of this and cause forest depletion, erosion and heavy contamination by green desert palm oil development.

The project idea which we presented to the tribes since a year, have been received with open arms. They would love to start tree planting to aid improving their communities on all sorts of level.

The key to success of this project is reforestation and institutionalization of local governmental power to halt further deterioration by invasive industries like palm oil.

1) *It will not be a bank as a official financial institute, but a Limited entity managing and administrating loans and gifts, as completely legal under Nicaraguan law..*

Summary

The project is a bridge to stop and avert ecological and social degrading of the territory of the Rama Key Indians.

Today, due to fast deforestation of their lands, against their will, possible to weak infrastructure, weak governance and extreme poverty they have lost vast volumes of precious woods, fish stock due to erosion and the people's leaders are anxious for a solid solution.

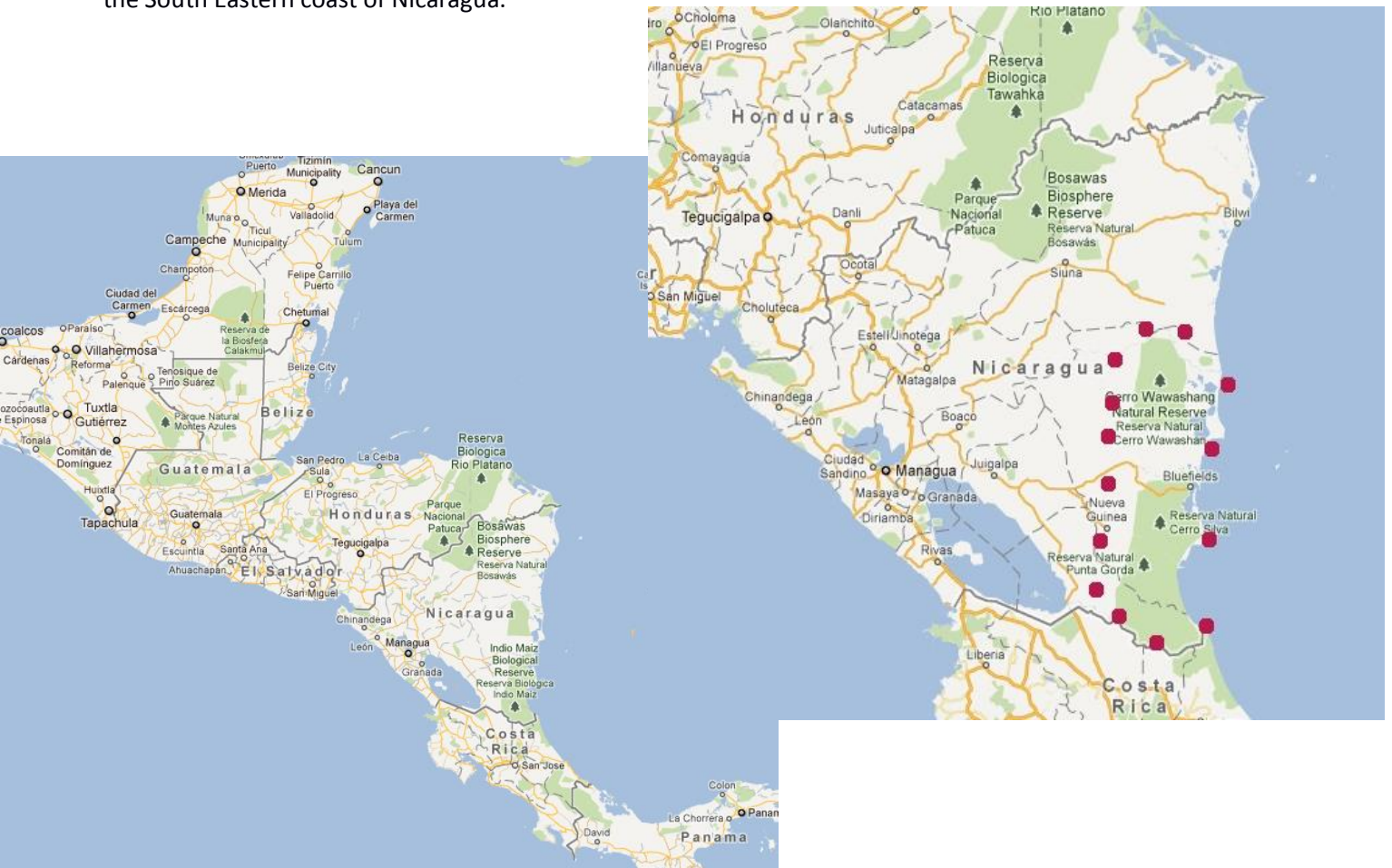
The project embraces the planting of tree financed through the ex-ante carbon credit sales, prior to planting. This is possible by the certification through CarbonFix standard.

We are looking for 69.000\$ for the period of 6 months and have agreed to pay back 84.000\$.

Furthermore: the revenue from the carbon credits will exceed the costs of forest planting. Thus the possibility is created to fill the funds of the social bank gradually.

Location

The following maps show the location of the project area as described below. It is situated in Central America, on the South Eastern coast of Nicaragua.



The dots mark the total area yet in ownership or to be given soon to the several tribes. This area consists of millions of hectares. Not all of the land in this area is in full control. The project concerns only a narrow area along the coast with a total reforestation potential of four hundred thousand hectares.

The communities

In the South-Atlantic region of Nicaragua various ethnic groups live close together in a relatively small area. In the Pearl Lagoon Basin live Creole en Garifunas (both Afro-Caribbean) and the Indian communities of Miskitos, Ulwas and Sumos

More to the south live six Indianse communities and three Afro-Caribbean communities. The foundation has chosen to choose the Lagoon community as the pilot project area.

Rama Key

The area of the Rama Indians stretches from Columbia to Rama Key as het northern frontier of this Indian culture. The total population consists of 5.000 people and has an extension of 400.000 hectares. Within this area exists a natural reserve named Rio Indio Maíz, with its extension of 270.000 hectares.

“Rama Cay area could be the most important archaeological site of all Central America” (Gerard Mueller in “Defending Rama Indian Community Lands and the Southeastern Nicaragua Biosphere, March 2001).



Miskito Indians

The largest Indian culture on the Atlantic coast are the Miskito Indians. They live in communities like Raitapura, Awas, Kaskabila, Sandy Bay Sirpi, Set Net Point and (mixed with Creole) in Haulover, with the capital in Tasbapouni.



http://en.wikipedia.org/wiki/Misquito_people

These Indians are a mixture of Sumo culture and black slaves, but in the course of history they formed an own culture, including an own language. The process of demarcation is supposed to give results in the first half of the current year (2012).

Garifunas and Ulwas

In the Northern part of Pearl Lagoon Basin, in communities such as La Fé (San Vicente coming from Saint Vincent, one of the Small Antille Islands), Brown Bank, Orinoco en Marshall Point live the Garifunas. Although the culture originates from Venezuela and the Small Antille Islands, the Garifunas in Nicaragua originate from the Atlantic Coast of Honduras. About one and a half century ago two large families (Martinez en Sambola) migrated from Honduras to Nicaragua.

Their capital is Orinoco. The very root of their culture (a language which is practically lost) is from Nigeria, Africa. Most members of this culture nowadays live in Belize and Honduras.

In communities like Walpa, Kara and Karawala lives a group related to Sumo culture, the Ulwas, like Ramas and Sumos their culture is pre-colombian era.

The land rights of these communities are based on international agreements like the treaty of Managua in 1860 and the Harrison-Altomirano treaty (1905) and also guaranteed by the Constitution of 1987.

For all these communities, they have one thing in common. To change the extreme poverty, the very low education level, limited and relatively expensive access to health care of a very limited level. Lack of infrastructure is another problem in this region, which makes transport of people and products very expensive.

General information

Introduction

Regulations about rights and land use are formulated in law “Ley 28 (Estatuto de Autonomía y su reglamento)” and more recent in law “Ley 445 (Régimen de propiedad Comunal de los pueblos Indígenas y Comunidades Étnicas de las regiones de la Costa Atlántica de Nicaragua y de los ríos Bocay, Coco, Indio y Maíz)”.

Rights on land are also formulated in the Declaration of the United Nations about rights of indigenous people (General Assembly 7-9-2007):Article 1.



“Indigenous peoples have the right to the full enjoyment, as a collective or as individuals, of all human rights and fundamental freedoms as recognized in the Charter of the United Nations, the Universal Declaration of Human Rights and international human rights law.”

Although all these different cultures 'possess' a lot of land, over 1.000.000 hectares, the principal activity is fishing (scale fish, lobster and shrimps), most people live on the coast itself, there exist small scale agriculture for survival, limited to a small margin close o the coast. The majority of the land is used by immigrants from the West, expelled by large scale agriculture and specially cattle breeding.



Migrants: Mestizos



These immigrants are Mestizos, who bring along the habit of extensive cattle breeding from the West of the country. After the invasive farmers have burned down the forest and cultivated maize and beans for a few years, the cattle rangers take over as the soil is too poor; the farmer moves to the next piece of forest.

This way the Frontier has now reached beach. The cattle rangers now look for alternatives as the soil cannot stand even cattle breeding.

Too late, the indigenous tribes have realized that stopping this process needs unification of tribes.

Governance and disagreements

Every indigenous community has its own government, the so called “Communal Board”. Every community has its own local judge (“Wihta”), legally capable of making decisions concerning their land; within margins of national laws.

Issues that concern the whole of this region, are handled by the Territorial Board, in cooperation with the “Consejo Regional”; the official Autonomous Government at Bluefields.

The decision-power is regulated by law “Ley 445”.

Specially these local boards lack professionalism, and in a lot of cases they can be manipulated by the “Consejo Regional” or even National Government.

One of the main problems is the division amongst the very same communities, internal and between communities and different opinions in land claims.

Pearl Lagoon is less divided and therefore it is chosen as the Pilot Project.

There is not even a common idea about who is indigenous or not; like Misquito people claim that Garifunas and Creole people are not indigenous.

Inland, Misquitos claim almost all land of the region of Pearl Lagoon basin and tend to deny land rights to Garifunas and Creole people. They claim a lot of land has been “given” to them by the King of England in 1860.

There is a growing awareness and willingness to accept the rights of indigenous people about their land plus the awareness of the soils being too poor to stay productive. The National Government has designated these lands as forest area.

http://en.wikipedia.org/wiki/Miskito_people#British_Miskito_Alliance

De Rama Key Development Bank

Introduction to a possible solution

Past decade has seen a swift development in the international markets for CO2. As most of the lands have suffered clearance from forests and the indigenous leaders experience a vast degrading environment, all communities involved have expressed a solid interest in the idea of the reforestation of their lands, where possible.

The project aims at the following:

1. Comprehensive writing of reforestation plan of 4.000 out of the 79.000hectares the community wants to replant. The 4.000 will be expanded soon after succesfull implementation.
2. Certify these plans under the flag of CarbonFix Standard and sell ex-ante part of the carbon rights, and subsequently initiate the reforestation in 2013-2014. The money surplus from reforestation activities go into social bank, plus the non-issued credits .
3. The development bank then is able to summit loans to the community for viable projects to improve their financial and social environment, and extend the reforestation area, thus effecting a multiplier effect to the whole project. Platform to be used is Ctex.
4. This is a pilot project, as the communities have written in their vision on the future that they wish to reforest 79.000 hectares.



With Pearl Lagoon as pilot project we already know, after numerous talks with community leaders in other communities that many communities would love to join such a project. It can, and should, be an instrument to unify the tribes and make them more resilient against the Consejo Regional and the Nationale Government.

The reforestation itself, most communities can do with some technical assistance from the bank. Reforestation can imply natural regeneration, enrichment planting projects, lumber plantations and selective logging. The precise definition will be taken by the Board

The board of this Bank will be composed by the initiators of this project, the Community Board of each community in question, representatives of the Territorial Board and a representative of the Consejo Regional in order to formulate and evaluate projects

Loan needing potential projects can vary according needs and wishes, but generally these shall be projects of improving health care, education, infrastructure, tourism and improving of marketing techniques for agricultural or fish products.

As said, the communities themselves cry out for aid, knowing they cannot solve their own difficulties.

This proposed bank-alike forestry carbon project could make it real.

Programming of the Bank

The past six months we have had meetings with individuals and groups to poll the interest of the people to initiate the bank project.

Due to many constrains we have decided to pilot the Pearl Lagoon community. As said, interest in breaking through their status quo, start their own development and become more independent in a healthy fishing environment, is their greatest goal.

The director of one of the available CO2 trading platforms, CarbonFix, has received this project idea with great enthusiasm and truly hopes we will be able to start off.

Since the reconnaissance period is over, we need a financier to cover the project till the status of validation and certification of the project by CarbonFix; the moment we can sell ex-ante enough credits to start planting.

The estimated preparation time is set to six months, with a average cost of USD 11.300,- per month.

List of activities:

The steps to be taken in order to reach the point of certification are briefly the following:

1. Organize various workshops with the community leaders to announce the start of the project attempt and clear all uncertainties
2. Applying the Rapid Rural Appraisal techniques to inventor all key stakeholders and parameters in the areas to be planted
3. Purchase high quality satellite images to obtain truthful areal data of these areas to be planted
4. Develop the agreements subject to the collaboration with the communities.
5. Prepare documentation for CarbonFix certification, submit and trial for validation.
6. When validated, pay for certification, (re)payment to the financier and initiate the actual project.

The foundation has all the knowledge necessary for execution of all mentioned activities.

For more information on carbon credit auditor see: <http://www.carbonfix.info>



Financiers risks

This is a brief but most complete risk list and its mitigation.

1. The Lagoon community might decide, despite their enthusiasm not to enter the project. For this reason we have committed long term pre-evaluation. Visits to the community and consults at many levels; governmental and private.
2. The national government might oppose to institutional strengthening of the Rama Cay community. Mitigation of this risk is difficult; the position of the national government depends much on the position of the UN and the results to further autonomous declarations by them during 2013.

Notes

Appendix 1. Budget

Income

Loan for certification activities

\$69.000

Costs

Travel- and visiting expenses

\$12.000,=

Telecommunication

\$3.200,=

Expense allowances

\$24.350,=

Satellite image, presentation material

\$5.650,=

Certification costs CarbonFix

\$23.800,= (380.000 ton certificaten)

Sales 120K ton CO₂ certificates

\$840.000 (260.000 tons left)

Payout financier

\$83.492,=

Planting of 4.000 hectares

\$756.508

Balance

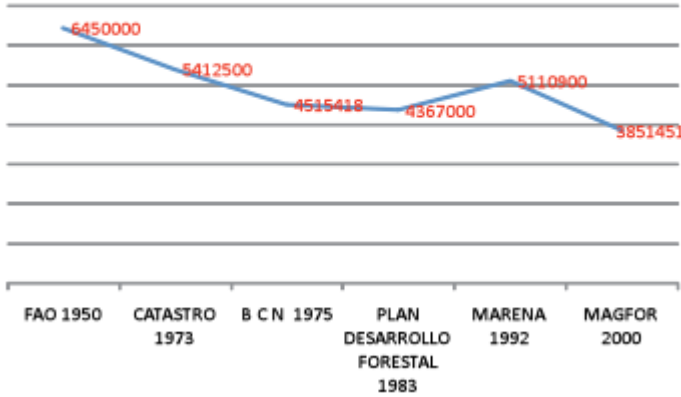
260.000 tons certificates in Bank as garanty for tree maintenance and social project financing

Appendix 2. Additional information

Deforestation

The following graph shows the general disappearance of canopy cover throughout Nicaragua the past decades. It shows 50% has vanished, but in reality the situation is worse due to inflating definition of canopy cover.

Figura 2 Tendencia histórica de Cobertura Boscosa de Nicaragua 1950 – 2000 efectuado por diferentes instancias gubernamentales y organismo



Although the communities have opposed further extension of the palm industry, due to severe contamination of rivers and lakes, methyl-bromide, and consequent fish starvation, palm oil industry has planned to invade the Pearl Lagoon area this year.

Chinese companies have already heavily invaded Pearl Lagoon, by excessively buying Rosewood, with false documents. Rosewood has largely disappeared the past few years. The communities have once showed anger by sinking off a pontoon, loaded with wood. They do not receive anything for the sales of their forest.

What we have established so far:

The legal document blue print for the inscription of the bank entity has been established.

Profound knowledge of cultural differences and individuals at key position, thanks to a more than twenty years of establishment in this area of Nicaragua. Most communities' leaders are well known people.

Professional knowledge of CO2 trading and plantation development due to more than fifteen years or expertise in this field of work

Appendix 3. Goals of the bank

Goals and costs

The following table shows the goals of the social development bank, in cooperation with the communities. Calculations are based on high costs and low income.

Goal	Costs	Costs in hectares forest CO2 credits
Ambulance boat (2013-2015)	27.000 USD	108 hectares
School improvement (2013-2014)	12.000 USD	48 hectares
Radio for emergencies 2013-2020	14.000 USD	56 hectares
Road improvement Lagoon 2013	127.000 USD	508 hectares
Education of community leaders 2013-2014	25.000 USD	100 hectares
Hiring of legal counsel 2013-2015	32.000 USD	128 hectares
Fish Processing Plant	58.000 USD	232 hectares
Ice machines (fish conservation)	16.000 USD	64 hectares
Clinic improvement and training 2013-2015	78.000 USD	312 hectares
Total:	389.000 USD	1.556 hectares

The table above gives an insight into the projects mentioned by the communities themselves as high priority. As the CarbonFix credits per hectare are higher than the costs of planting there is a surplus per hectare. This surplus per hectare has been used in the table.