

The Unnecessary EVIL

The JK Paper Mill's CDM Project is a threat to food security of poor farmers

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The Project as per Project Information Document

- Improving Rural Livelihoods through Carbon Sequestration
- Sector (Agro-) Forestry (100%)
- Implementing Agency VEDA Climate Solutions Ltd with J.K. Paper Mills and Vanitha (Women) Empowerment, Development and Advancement
- Date PID Prepared: May 1st, 2007
- Appraisal Authorization: April 4th, 2007
- Date of Registration: 28th February 2011
- Project Ref No. : 4531
- Monitoring period: 24.06.2004 to 31.08.2011

Project name changed to:

- **Improving Rural Livelihoods Through Carbon Sequestration By Adopting Environment Friendly Technology based Agroforestry Practices**
- **Estimated Annual Reductions: 324,269 metric tonnes of CO₂**

Background:

- Project activity will mobilize resource-poor farmers to raise tree plantations on farmlands.
- To link resource poor farmers and end users of wood products in order to optimize the land use and to facilitate the co-ordination of wood producers, agronomists, financial institutions and non governmental organizations to improve the livelihood opportunities of rural households.
- The project activity is implemented on the degraded farmlands or lands used for rainfed subsistence agriculture.
- Project implemented in 333 villages in 6 districts of Orissa and Andhra Pradesh.
- Some of the poorest districts of India i.e. Rayagada, Koraput, Kalahandi (in KBK of Orissa) and Visakhapatnam, Srikakulam, and Vizianagaram in Andhra Pradesh.
- These districts have a pre-dominance of indigenous population, notified as Scheduled Tribes and Scheduled Castes in India, with the majority of them being poor.

Specific objectives of the project

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Specific objectives of the project

- To pilot reforestation activities for generating high-quality greenhouse gas removals by sinks that can be measured, monitored and verified.
- To develop plantation and agro forestry models, which can provide multiple benefits to farmers in terms of timber, firewood and non-wood forest products.
- To provide additional income and to promote livelihoods of resource poor farmers through carbon revenues.
- To reforest degraded lands to control soil and water erosion and reclaim lands.
- To reduce the dependence of industry on natural forests thereby conserving biodiversity.
- To build capacity of various stakeholders to benefit from global mechanisms.

What exactly will be done?

- The project implements reforestation on 3,607.32 ha of degraded lands in the states of Andhra Pradesh and Orissa. The reforestation activities under the project were initiated in 2004 with a plan to complete them over a period of 4 years.



The Reality - Old wine in a new bottle and earn extra profit!

- To be considered as a CDM project, each project must first complete a Project Design Document (PDD) to show how it will produce emissions reductions that would not otherwise have happened (termed 'additionality').
- It should also show that the project will not simply displace the pollution elsewhere ('leakage').
- Both of these concepts require that a hypothetical 'baseline' be created – an account of the world without the project.
- As Lambert Schneider of Germany's Oeko Institute puts it: 'If you are a good storyteller you get your project approved. If you are not a good storyteller you don't get your project through'.
- The Project developers of the JK CDM project have done good story telling. They have said that without this project the land would have been left fallow and no afforestation would have been done.

The Reality – Contd...

- After problems with bamboo procurement, the paper mill stopped purchasing bamboo from government since 1999-2000.
- Price of bamboo and procurement problems forced the mill to change the technology of paper and pulp production converting it from 100 per cent bamboo to 80 per cent wood and 20 per cent bamboo.
- As informed in a workshop at Bhubaneswar, the company gets bamboo from Andhra Pradesh, Chhatisgarh and Assam.
- It further informed in the same workshop in 2003 that the company has been promoting social and farm forestry programmes to secure availability of raw material on a sustained basis. These gained momentum particularly after the enactment of the National Forest Policy, 1988 that suggested that industries should obtain their raw materials as far as possible from farm forestry sources.
- As a result, the industry has been progressively increasing the area under plantation for pulpwood requirement.

The Reality – No pilot initiative

- In the same workshop the mill's representative informed that they were self-sufficient as far as the main raw material was concerned. He also said that they have motivated farmers to supply them softwood since this costs less as compared to bamboo.
- According to him, while the price of one tonne of softwood like Acacia varies between Rs 750-1,000, the price of the same quantity of bamboo is Rs 1,650. Also, the cost of bamboo transportation is higher: Rs 3,000 per tonne for bamboo as compared to Rs 2,500 for soft woods.
- So, its no pilot initiative.



The Reality – Exploiting poverty

- The company has encased on the poverty of the region and the vacuum created by lack of proper government intervention.
- In villages which we visited, and which are in the list of the PDD, the villagers said that they are always looking for some alternatives because agriculture fails quite often due to erratic monsoon, lack of ensured irrigation, lack of a support mechanism from government and lack of controlled marketing of produces.
- But, people prefer agriculture – paddy, millets, cereals, pulses and vegetables to anything else. They are concerned about the food security.
- In some of the lands where people have already been growing raw materials for the company, they have done it only to get good profit and it's no informed choice as put in the PDD.

The Reality contd...

- The company's Annual Report 2007-08 reads : The Company's plantations, driven by in-house research programme, have covered more than 45,000 hectares of land over the years. By providing farmers high quality plant species through the Company's plantation research centre, it is helping the farmers to improve their economic wellbeing. Very large number of farmers in the states of Orissa, Chhattisgarh, West Bengal, Andhra Pradesh, Gujarat and Maharashtra are benefiting from this programme. The plantation with its superior quality plants contribute towards a strong base for high quality raw materials.
- In an advertisement to attract shareholders to invest dated 13th July 2010 it is mentioned: The Company has the competitive advantage of location in respect of raw material as it sources all its bamboo requirements within the 200 km radius of the plant. Further they are running social forestry and farm forestry programs in 11 districts of Orissa and 3 districts of Andhra Pradesh, covering a total area of over 20,000 Hectare. This benefits the company in the long term for continuous procurement of raw materials.

The Reality: Violation of Additionality

- It further notes: Company will set up new pulp mill of 2,00,000 tons per annum and paper capacity of 150,000 tons per annum at its Orissa unit. The project is likely to be commissioned in the second half of 2012. And goes on saying “Company is reducing dependence on raw material by harvesting its own tree plants. Procurement of woods from farm forestry sources now accounts for over 65% of the company's total raw materials consumption. Thus, sustained supply of quality raw material at affordable prices is a key determinant which improves its operating efficiency and achieving cost competitiveness in the industry”.
- The JK Paper Mill's CDM Project should therefore be challenged on this aspect and asked for a serious review. In fact, from among the several reasons for which CDM projects are reviewed, additionality has been the major factor (67% of all reasons mentioned). *towards cdm reform, IGES, 2010*
- Environmental Additionality - Credits are not intended to be granted to projects that would have been undertaken in the ordinary course of business. Thus a project that would have been established even if the Kyoto scheme was not in place would not receive credits even if it significantly lowered GHG emissions. *Carbon Forestry Projects in Developing Countries by Patsy Davis*

Wrong situational analysis

- The PDD describes that the people are poor, mostly tribal and indigenous communities and have been put the land to subsistence agricultural use only.
- The company therefore will provide additional income to the poor people (both from farm forestry as well as earning Carbon Credits) and unlike its previous model of involving only big land holders, this project will involve more small land holders.
- In reality, none of the farms are barren.
- Small land holders profit more from paddy, cereals, pulses, maize, vegetables as they get a rotating income from all these along with income from daily wage and forest produce collection. The so called PRA exercises done by the company for the CDM project has neither provided any account of these sources nor has made a valuation of income people already earn from the land at present.

One agenda – grow raw material for us

- In fact, in villages which we visited, people have not been informed by any company official about the carbon credits. They have just been motivated to go for eucalyptus plantation so that they can get an assured income.
- Company promised them 50 to 60 thousand rupees of profit per acre; helped them in getting loans from State Bank of India and local regional banks in which a condition was that the people have to buy saplings from the company. In fact, bank used to deduct the amount from the loan and paid it directly to the company.
- The company signed some agreements with farmers assuring technical support for farming but most of the small farmers said they never saw the company officials after that. The buy back arrangement was also not working as local *dalals* are taking the produce from the farmers and there was no way the farmers can know the exact quantity of the produce.

A partnership to misery

- While most of the farmers complained that the promised yield never happened; most missed out on the cycles of harvesting as there was very less produce. In some cases the farmers, who had planted eucalyptus in 1992 with loan are yet to harvest and repay the loans. The result, their land documents are kept in mortgage in the banks and they miss out on all other schemes. In fact, only the rich farmers have benefited to some extent from the scheme.
- Even when farmers have got assured harvest(though not the price), they have to keep the land fallow (virtually) for at least 12 to 15 years to harvest the three cycles of plants. So, even if someone was to fetch the maximum price of 60 thousand rupees per acre in minimum term of 12 years it worked out to be 5000 per year. Deduct the operation and management cost and it comes to about 3000 rupees a year. In the same land, even if someone goes for subsistence agriculture it earns the farmer at least 6000 rupees considering 6 quintals (the least that can a barren land in a forested area can produce, as the people said) of paddy. And we are not counting the other crops which is a general practice.

In business interest ecology is forgotten, still we call it CDM

Paragraphs from Introduction Chapter of Report "Forests in Danger: Failures of EU Policy and What needs to Change", FERN, July 2007

- *Forests are seen both as an 'amenity' or source of natural capital, and as a 'commodity' of commercial interest.¹ From the ecological or amenity perspective, forests absorb carbon, regulate soil and water levels and nutrients, protect biodiversity, and improve resilience and adaptation capacity. They protect against desertification, erosion and avalanches, and act as windbreaks. All these factors make them indispensable for combating climate change. They also contribute to human well-being and quality of life by providing clean air and recreation and ecotourism facilities. From the economic or commodity perspective, forests form the basis for timber production, paper, non - timber forest products (NTFPs) and biomass for energy purposes.*
- *Seeing forests as an amenity as well as a commodity could lead to both clashes and synergies in terms of defining the ultimate goals of sustainable forest management. Although European Union (EU) policy aims to give equal weight to the two perspectives, in practice, commercial interests have tended to dominate at the cost of ecological ones. This is particularly concerning given that forests can help mitigate the effects of climate change, but are also under threat from climate change itself. European forests are losing out in terms of health and biodiversity.*

Risks and comparative ecological & economic analysis missing

There are potential benefits of Afforestation/Reforestation credits, but I caution that that alien species may arrive via the plantation process. *M. Danesh Miah, University of Chittagong, during XXIII IUFRO WORLD CONGRESS, August 2010.*

There are conflicts between silviculture, which aims to enhance select forest functions, and nature conservation, which aims to maintain an ecosystem's historic conditions.... *Jürgen Bausch, University of Freiburg, XXIII IUFRO WORLD CONGRESS, August 2010.*

All these economies and ecological comparisons have not been calculated and detailed in the PDD. There is also no mention of the price the company will offer to the farmers and what is the mechanism to assure that price. The company only says that a system will be developed, a common account will be opened and the farmers will earn extra profit.

Going by the experience of farmers, most of them have complained that the company saplings have not delivered the desired result in most of the cases and the company does not listen to any complaints. Only big farmers, who have other sources to bank on, have been able to influence the company to some extent.

Accelerating the ongoing exploitation

Further, the education level and lack of any monitoring, the poor farmers will only lose out on whatever land and food security they have. Farmers have complained that once they go for eucalyptus and fail, production of paddy and other crops reduce by almost half and water retention capacity of the land reduces drastically. However, that's only if someone realizes the failure in one/two years and restores the land for food security agriculture. If one waits for all the three harvest cycles, then perhaps the land will take a few years to come back to any tillable level.

Proponents of CDM projects say that these projects effectively result in emission reductions that are real, measurable, permanent, independently verified, and contribute to sustainable development. Carbon Credits produced, green house accounting and societal benefits, non-additional and harmful are the key parameters for the study. The JK CDM project raises more doubts on all these than addressing any. So, it must be reviewed and scrapped.

Promoting commercial monoculture

In the Project Inception Document (Final Stage) it was mentioned that the project is envisaged with a mix of species comprising of Eucalyptus, Casuarina, Subabul and a combination of miscellaneous fruit bearing species such as Mango, Jamun, etc.

But in the PDD, all other species except Eucalyptus and Casuarina vanish. It clearly shows how the company is interested in promoting commercial monoculture for growth of its own business rather than doing it for a greener environment.

There have been arguments that planted forests, especially that are commercial monoculture, are actually not forests.

Worldwide upsurge in industrial demand for timber, the number of planted forests has increased ten-fold in the last 20 years.

These planted forests currently comprise only about 5% of the world's forest area, but supply 35% of industrial logs.

Promoting commercial monoculture

Just over 60% of the world's planted forests are now located in Asia. The rapid expansion of planted forest cover in the region in recent years is due largely to large-scale forestation programmes, especially in China, Viet Nam and India. *IGEF Policy Brief #6, August 2007*

However, planted forests are often troubled by social conflict, especially when they prohibit rural households from using land important to their livelihoods. Even when local people are enlisted by the state to participate in government-led planting programmes, strict control of their land-use options tends to undermine their enthusiasm for maintaining the planted forest lots. *Ibid*

But the Government of India seems to have accepted commercial monoculture as a CDM. For example, the Bhadrachalam Paper Mill in Andhra Pradesh has planted eucalyptus for raw material on 300 acres of land taken from the tribals. That has impoverished the tribes. So for sheer survival they resort to the only alternative available to them of overexploiting the forests around them for sale as timber or firewood. That damages the environment much more than what the paper mill claims to preserve. But the eucalyptus plantation that is responsible for their impoverishment and environmental degradation has been declared a CDM and gains points for it. *Prof. Walter Fernandes via email*

Promoting commercial monoculture

In true spirit, the CDM project only promotes Eucalyptus as seen in villages. The PDD calculates the sink removal value at zero for all the thirty years of project period saying that it's a very small area and that too in sporadic locations and hence negligible.

In the same spirit it says that the environmental impacts of using chemicals and all other related environmental impacts will be too negligible because this is too little a percentage of the total area of the districts. However, the project starts with the BIG objective of contributing to the National Forest Policy that envisages private sector participation in such projects so that there will be reduction on natural forests. This is technical faulty and hence the project must be rejected.

In fact, the PDD has neither discussed alternative options available in the locality that can act as better carbon sinks nor has thoroughly analysed long term impacts of the CDM project envisaged.

Promoting commercial monoculture

It has been a traditional socio-economic and cultural practice of the farmers in the select districts to promote agroforestry of a natural forest kind. With proper planning, they can earn innumerable benefits to enhance their food, fuel and economic sustainability from such agro-forestry rather than going into monoculture that raises wood only for a company's profit and has no other economic and ecological value. (Contrary to what the PDD mentions, farmers said they don't use eucalyptus for fuelwood and other purposes. In fact, the dalal takes away everything).



Alternatives not taken into account

Almost half the agricultural land in the world, about a billion hectares, has more than 10 percent tree cover, but there is still huge potential to increase the number of trees on farmland and improve their productivity.

Incorporating trees within farming landscapes, or agroforestry, can increase soil fertility, raise and sustain yields, increase income through the sale of timber and other tree products, and produce fodder and fuelwood. *XXIII World Congress of the International Union of Forest Research Organizations in Seoul, August 2010*

In many rural settings, trees provide subsistence needs and people can earn money from the sale of fruits, nuts, leaves and animal fodder; high value oils, gums and resins; timber and fuelwood for cooking, and medicines from various parts of trees.

A study of around 1000 smallholders in Kenya found that 55 percent sold fruits to earn income. This is more than those who sold the country's major staple crop, maize.

Alternatives not taken into account

In Haryana and surrounding states in northern India, hundreds of thousands of smallholders are growing poplar trees within irrigated wheat and barley fields, and this is generating about US\$1 million a day for the growers. *XXIII World Congress of the International Union of Forest Research Organizations in Seoul, August 2010*

In fact, traditional agro-forestry can not only be a carbon sink but also can save agriculture from climate variations; can enhance soil fertility and water retention ability of crop fields. In eucalyptus on the contrary, soil fertility goes down and water resources dry up.

So, this CDM project too conforms to the world wide apprehensions

Carbon trading is more a business model to help the North at the cost of the South.

The JK CDM Project is one more such project.

Its business as usual for the JK and will add to more woes of the farmers in form of a typical land grab through bondage to fall prey to profit motives of the company.

Although off sets are often presented as emissions reductions, they do not reduce emissions. Even in theory, they at most merely move 'reductions' to where it is cheapest to make them, which normally means a shift from Northern to Southern countries. Pollution continues at one location on the assumption that an equivalent emissions saving will happen elsewhere.

Carbon Trading: how it works, why it fails. Dag Hammarskjöld Foundation Occasional Paper Series, Nov 2009

The mechanism is imaginary

The carbon 'savings' are calculated according to how much less greenhouse gas is presumed to be entering the atmosphere than would have been the case in the absence of the project. But even the World Bank officials, accounting firms, financial analysts, brokers and carbon consultants involved in devising these projects often admit privately that no ways exist to demonstrate that it is carbon finance that makes the project possible. *Ibid*

Since carbon off sets replace a requirement to verify emissions reductions in one location with a set of stories about what would have happened in an imagined future elsewhere, the net result tends to be an increase in greenhouse gas emissions. *Ibid*

Off sets are an imaginary commodity created by deducting what you hope happens from what you guess would have happened. *Dan Welch, a researcher.*

JK's CDM is a Unnecessary Evil

The fact that this CDM promotes agroforestry to provide raw material to a company that already emits 288701 MT/ANNUM GHG. That too as estimated by the company. Without any independent verification this figure cannot be believed from a company that has been getting notices from the Pollution Control Board for not adhering to pollution control norms.

It, at the first instance, defeats the very basic objective of mitigating climate change through measures like CDM. Climate change makes the poor, who do not contribute to GHGs, more vulnerable.

But through this project the poor will feed into a company that contributes GHG emissions and at the same time get further poor.

This CDM project must be scrapped.



Thank You !

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