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Independent Forest Monitoring Pilot Project Honduras

Mission Report No. 002

Joint Mission AFE-COHDEFOR – Independent Monitor

Sale of Standing Volume in National Forest

Lot No.:	BN-J1-01-04-05
Lot Name:	Platanares I
Contract No.:	BN-378-2005
Title Holder:	Fredy Najera
Company:	Industrias e Inversiones Josué

Mission dates: 24 and 25 May 2005

Report Date: 1 June 2005

1. EXECUTIVE SUMMARY

On 24 and 25 May 2005, AFE-COHDEFOR¹ and the Independent Monitor carried out a joint mission in national forest lot no. BN-J1-01-04-05, located at the site known as Platanares I (San Estaban Municipality, Olancho). Such lot was auctioned at Public Auction no. BN-01-2005, which took place on Friday 18 February 2005 at AFE-COHDEFOR's headquarters. The lot was allocated to Mr. Fredy Najera after he presented the highest offer per cubic meter.

The mission was the first joint mission between AFE-COHDEFOR and the Independent Monitor within the *Independent Forest Monitoring Pilot Project*, currently being implemented in the country. There were no reported problems or obstacles for the development of the mission.

The main conclusions of the Independent Monitor are as follows:

- 1) According to the contract between AFE-COHDEFOR and the title holder, at the time of the mission the payment of the second and third quota of the total value of the auction should have been paid (as established in the payment schedule, payments were due on 4 April and 4 May 2005 respectively). During the mission a copy of the receipts was repeatedly requested, but despite both the title holder and the Head of San Estaban UEP² affirming that the payments had been made, it was not possible to see any evidence of this for the two days the mission lasted.

The day after the mission had finished, at AFE-COHDEFOR's headquarters in Juticalpa, it was discovered that both payments had actually been made the same day the mission started (24 May 2005), with a delay in payment of 51 days for the second quota and 21 days for the third.

- 2) At the moment of the mission extraction activities had already started in all logging units, before making the relevant payments for Units 2, 3, 4 and 5, despite the fourth clause of the contract clearly stating that 'the payment of the remaining units will be made prior to starting extraction activities in each of them'.
- 3) The limits of Units 2, 3, 4 and 5 mostly coincide with the protection area of 150 meters around a permanent stream located just outside the lot. However, in the case of Units 3, 4 and 5, the boundaries marked on the ground do not respect this distance of 150 meters from the water source. Indeed, there are marked trees and extracting operations have been carried out less than 50 meters from the water source.

¹ State Forest Administration – Honduran Corporation of Forest Development (*Administración Forestal del Estado – Corporación Hondureña de Desarrollo Forestal*).

² Projects Implementation Unit (*Unidad Ejecutora de Proyectos*).

- 4) A secondary track approximately 700 meters long has been built in logging Unit 1 without written authorisation from AFE-COHDEFOR. Furthermore, in several parts of the lot there are log ponds that are not included in the Operational Plan.
- 5) Despite the mission being carried out at the beginning of the rainy season, in none of the five units had there been control and prevention of erosion measures, such as retention barriers and spreading the residues, as established in the Operational Plan.
- 6) The mission jointly carried out with the Independent Monitor was the first mission AFE-COHDEFOR made since the beginning of extraction activities. It is likely that a higher level of supervision could have significantly help to avoid many of the irregularities found.

Considering these conclusions, the Independent Monitor recommends:

- 1) That AFE-COHDEFOR notes the irregularities to the title holder and allows him a reasonable time to remedy them. Three priority corrective measures are:
 - The fourth and fifth payment must be made as soon as possible, since Units 4 and 5 are being worked on.
 - It is urgent to inspect and amend the limits of Units 2, 3, 4 and 5 with the micro basin, so as to avoid that extraction activities keep being made in the protective boundary of 150 meters. This is particularly urgent in Unit 2, where at the time of the mission extraction activities had yet not been made in the area near the micro basin.
 - It is also urgent that control and prevention of erosion measures are taken in all logging units, as this has still not happened despite the rainy season having started.
- 2) In order to avoid the repetition of irregularities, AFE-COHDEFOR must increase its efforts in the supervision of this site by regularly carrying out effective inspections for the next months.

2. RESOURCES USED

First day (24 May 2005):

- 2 four-wheel drive
- 1 photo camera
- 2 GPS
- 1 video camera

Second day (25 May 2005):

- 1 four-wheel drive

- 1 photo camera
- 2 GPS
- 1 video camera

3. COMPOSITION OF THE MISSION

First day (24 May 2005):

- Mr. René Romero, Regional Forest Director in Olancho, AFE-COHDEFOR
- Mr. Santiago Ramírez, Head of San Esteban UEP, AFE-COHDEFOR
- Mr. Onil Cerrato, forester, San Esteban UEP, AFE-COHDEFOR
- Mr. Fredy Najera, buyer of lot no. BN-J1-01-04-05 (Platanares I)
- Mr. Fausto Mejía Zelaya, Independent Forest Monitor team, CONADEH³
- Mr. Filippo Del Gatto, Independent Forest Monitor Team, Global Witness

Second day (25 May 2005):

- Mr. Santiago Ramírez, Head of San Esteban UEP, AFE-COHDEFOR
- Mr. Onil Cerrato, forester of San Esteban UEP, AFE-COHDEFOR
- Mr. Fredy Najera, buyer of lot no. BN-J1-01-04-05 (Platanares I)
- Mr. Fausto Mejía Zelaya, Independent Forest Monitoring Team, CONADEH
- Mr. Filippo Del Gatto, Independent Forest Monitoring Team, Global Witness

4. CONSTRAINTS

There were no problems or obstacles during the implementation of the mission.

5. MISSION RESULTS

5.1 General overview of the visited area

National forest lot no. BN-J1-01-04-05, located at the site known as Platanares I (San Esteban Municipality, Olancho), was auctioned at Public Auction no. BN-01-2005, which took place on Friday 18 February 2005 at AFE-COHDEFOR's headquarters. The lot was allocated to Mr. Fredy Najera after he presented the highest offer per cubic meter (160.82 Lps./m³).

The area of the lot is 172.9 hectares, and includes 3,641 pine trees (*Pinus* spp.) to be cut, with a total volume of 6,494.71 m³, and a total sale value of Lps. 1,044,479.26 (Table 1). The contract covers eight months, from 04 March until 04 November 2005.

³ National Commission of Human Rights (*Comisionado Nacional de Derechos Humanos*).

Before beginning the fieldwork, the mission team met with Mr. Santiago Ramírez, Head of San Esteban UEP and Sale Administrator on the part of AFE-COHDEFOR, in order to jointly analyse the dossier of the lot in question.

5.2 Main findings

a) *Delays in the payment of quotas*

Table 1 shows the payment schedule as specified in the fourth clause of contract no. BN-378-2005 between AFE-COHDEFOR and the title holder.

Table 1. Payment Schedule.

Logging Unit	Payment number	Volume m ³	Value Lps./m ³	Total (Lps.)	Deadline for payment
1	1 st payment	976.69	160.82	157,071.29	04 March 2005
2	2 nd payment	1,358.95	160.82	218,546.34	04 April 2005
3	3 rd payment	1,149.19	160.82	184,812.74	04 May 2005
4	4 th payment	840.70	160.82	135,201.37	04 June 2005
5	5 th payment	1,169.18	160.82	188,027.53	04 July 2005
5	6 th payment	1,000.00	160.82	160,820.00	04 August 2005
Total		6,494.71		1,044,479.26	

According to this schedule, at the moment of the implementation of the mission (24 and 25 May) the first three payments were already due. However, only evidence for the first of these three payments was seen during the mission, and no documents were shown for the second and third payment. According to the Head of San Esteban UEP, the latter had been paid but he had not yet received a copy of the receipts. The title holder agreed that payments had been made but receipts were not available at the time because the secretary, who had the key of the archives, was not there.

On 26 May, when the mission returned to Juticalpa, the two payments were indeed in AFE-COHDEFOR's regional office. However, the date of such payments was 24 May 2005, that is, the same day the mission started. It should also be noted that both payments included the amount due for interest payments: Lps. 8,978.61 for 51 days of delay in the case of the second payment and Lps. 3,126.42 for 21 in the case of the third payment.

b) *Operation activities before the relevant payments*

According to the fourth clause of the contract, operations in logging Units 2, 3, 4 and 5 can only start after the relevant payment to AFE-COHDEFOR has taken place (see Table 1). However, on the date the mission took place the title holder had already started activities in all five units of the auctioned lot, despite not having paid the relevant quotas. In fact, the second and third payment had only been made on 24 May 2005, after having harvested Units 2 and 3, while

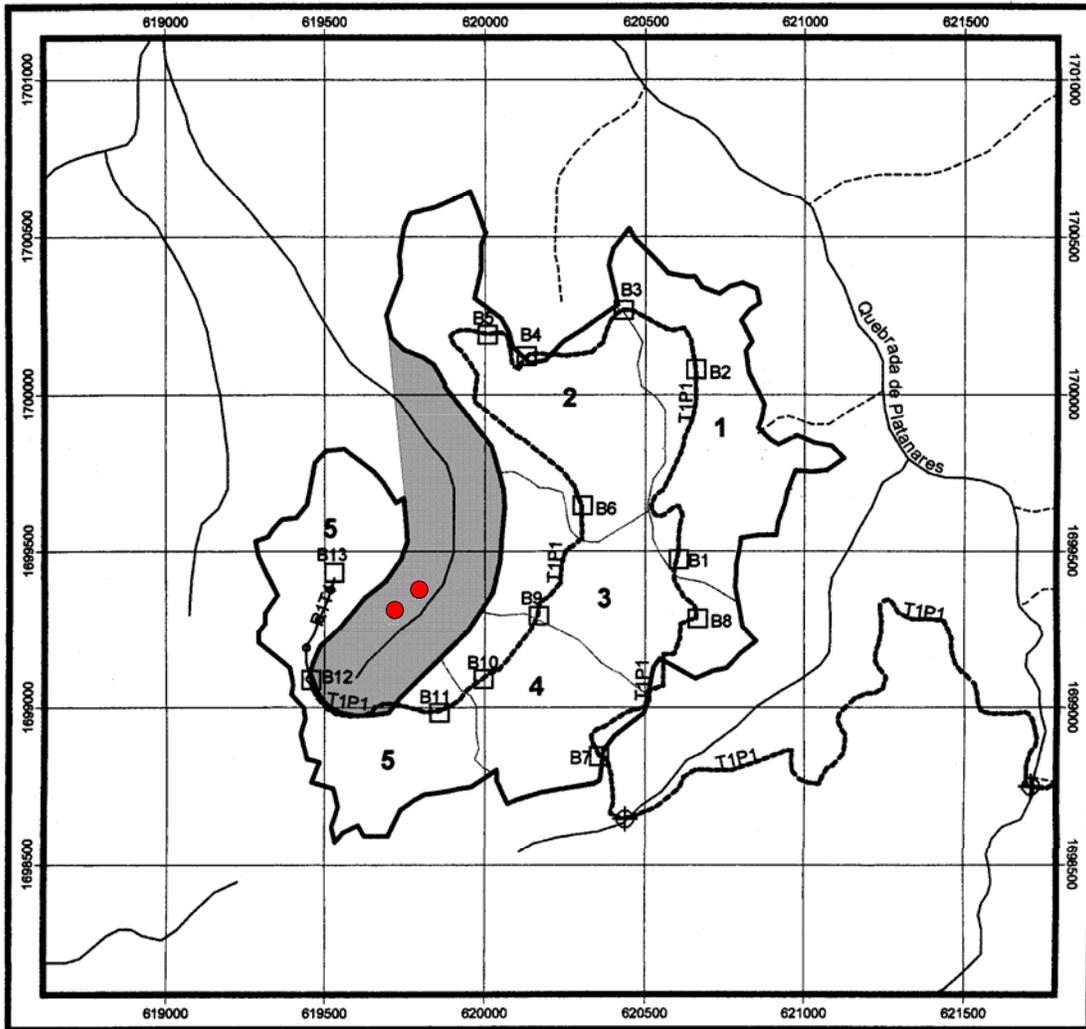
payments for Units 4 and 5 had yet not been made when the mission ended, despite these units were also being harvested.

As far as the team found out, there is no written authorisation that allows the title holder to carry out these operations before making the relevant payment, so it can be concluded that such activities in Units 2, 3, 4 and 5 were carried out contravening the fourth clause of the contract.

c) *Discrepancies between the micro basin boundaries in the map and on the ground*

There are no water sources in this lot, however Units 2, 3, 4 and 5 feature as one of their limits a protection area of 150 meters from a permanent water source. These four units surround the area (see Figure 1). However, it was verified that the limits on the ground for Units 3, 4 and 5 did not respect the distance of 150 meters from the water source, as was established in the map of the lot designed in accordance with AFE-COHDEFOR's regulations. In several areas, the limits on the ground and trees marked to be cut are less than 50 meters away from the water source, so exploitation activities have been carried out in the protection area. Figure 1 shows two GPS points within the micro basin where activities had been carried out, however these irregularities are not limited to these two points, but indeed involve several other areas on both sides of the water source.

Figure 1. Map of the lot showing the micro basin and two GPS points where harvesting activities were found.



AFE-COHDEFOR's staff and the title holder explained that it is likely to be a mistake that occurred during the preparation of the lot to be auctioned. However, the possibility that there was a change of the limits on the ground after the preparation phase cannot be excluded.

In order to avoid this kind of ambiguities, it would have recommendable to analyse these discrepancies during the *pre-operational* discussion, established in Clause II.5.2 of the Operational Plan, so that the title holder or their representative and AFE-COHDEFOR could have agree on the relevant

amendments. However, the findings in the field clearly suggest that this was a missed opportunity to solve the problem.⁴

d) Opening a track and setting log ponds not included in the plan

A secondary track of about 700 meters of length has been built in logging Unit 1 (see Figure 2) without requesting and receiving written authorisation from AFE-COHDEFOR.

Similarly, there are several log pond in different areas of the lot that were not established in the general map of the contract (Picture 1) and which location was not agreed between AFE-COHDEFOR and the title holder before setting it up, as established in clause II.5.4.5 of the Operational Plan.

Figure 2. Approximate location of the unauthorised track in logging Unit 1.

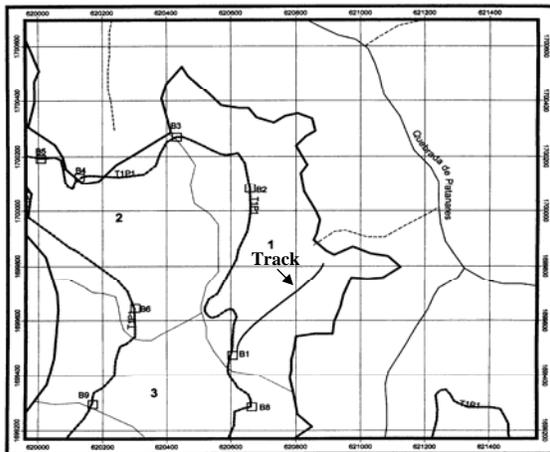


Photo 1. Unauthorised log pond in logging Unit 1.



e) Measures for the control and prevention of erosion

Although the mission was carried out at the beginning of the rainy season, it was found that in none of the five logging units had any control and prevention of erosion measures been implemented, such as retention barriers, spreading the residues, etc. This is clearly a consequence of not following the planned sequence of logging activities. Having started activities in all five units virtually at the same time, in none of them have activities been completed and thus the necessary measures against erosion have not been implemented.

f) AFE-COHDEFOR's supervision

According to the information received, the mission AFE-COHDEFOR carried out accompanied by the Independent Monitoring team was the first of its kind carried

⁴ Similarly, there is no clear evidence that a pre-operational discussion took place, as the dossier of this sale in San Esteban UEP did not contain any report confirming that it did occur.

out by the former since the exploitation activities began. As a previous footnote in this report indicates, there is no clear evidence that a pre-operational discussion took place either.

This is all understandable given the shortage of staff San Esteban UEP suffers. Up to 24 May 2005, when Mr. Onil Cerrato joined this UEP, there was not a single forester supporting the work of the Head of the UEP. Furthermore, it is important to highlight that pine forests in this UEP are being seriously affected by the southern pine beetle (*Dendroctonus frontalis*), so the main priority in the last few months has been to combat this plague.

Nevertheless, the absolute lack of supervision since exploitation activities began cannot be entirely justified. The implementation of an effective pre-operational discussion and a few visits to the lot could have significantly helped to avoid the majority of the irregularities found.

6. CONCLUSIONS AND RECOMMENDATIONS

The main conclusions of the Independent Monitor on this mission are as follows:

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Indeed, there are marked trees and extracting operations have been carried out less than 50 meters from the water source.

- 4) A secondary track approximately 700 meters long has been built in logging Unit 1 without written authorisation from AFE-COHDEFOR. Furthermore, in several parts of the lot there are log ponds that are not included in the Operational Plan.
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- 6) The mission jointly carried out with the Independent Monitor was the first mission AFE-COHDEFOR made since the beginning of extraction activities. It is likely that a higher level of supervision could have significantly help to avoid many of the irregularities found.

Considering these conclusions, the Independent Monitor recommends:

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