

Evaluation of the Forest Management of ENDESA S.A. and Other Lumber Companies of the Peña Durini Group in Ecuador, for Forest Certification by FSC.S.A., Quito Ecuador

Block: Information Related to the Evaluation
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Soliciting Company

ENDESA - Enchapes De

Related Companies / Organizations

BOTROSA Tropical Forests S.A., founded in 1989

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Certifying Company

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Dates of Evaluation

Field Evaluation

February 2005

Type of Operation

Mixed, plantation and natural forest

Localization

Estate dominado River Pizará, regions of Pedro Vicente Maldonado and Pu

Surface Evaluation (according to the resolution No. 020) 5406 hectares of natural forest

A. Complaints in relation to the execution of the evaluation of GFA/RNT

The consultation of persons and key entities (stakeholders) is an essential part of the evaluation for forest certification. The evaluation of ENDESA-BOTROSA is invalid for the following reasons:

1. They did not consult any local indigenous community and/or their corresponding organizations, for example the Federation of Centers Chachi of Ecuador (la Federación de Centros Chachi del Ecuador (FECCHE)), and the Federation of Centers Awà of Ecuador (la Federación de Centros Awá del Ecuador (FCAE)), where ENDESA-BOTROSA is extracting wood.

ENDESA-BOTROSA extracts at least 70% of the raw material of natural forests in the

Provinces of Esmeraldas and Pichincha, that are the property, or in possession of, local farming and indigenous communities. For example, in 1994 ENDESA-BOTROSA managed to sign contracts with four communities, Chachi Hoja Blanca, Pichiyacu, Gualpí and Capulí, for the industrial use of more than 25,000 hectares of natural forest (of the ancestral indigenous territory) of this town.

2. They did not consult Acción Ecológica, an NGO with an office in Quito which for more than 10 years has been investigating and monitoring the activities of the Peña Durini Group. Acción Ecológica published the results in numerous documents, among those in their monthly bulletin Alerta Verde. Part of the information is available in the organization's web-site, www.accionecologica.org.

ENDESA-BOTROSA also initiated various judgements against members of Acción Ecológica and of the communities of El Pambilar, Golondrinas and the Association of Farmers of Free Ecuador (Asociación de Campesinos Ecuador Libre) for what was interposed during the Constitutional Tribunal un Recurso of Amparo in 2003.

3. GFA/RNT contacted the "stakeholders" via the sending of one electronic mail message (e-mail).

We consider that the sending of only one e-mail is insufficient, in that electronic mail is an informal means of communication and, moreover, that it sometimes fails (see below). When there is the real desire to make a consultation, you utilize normal mail, letters with the option to receive confirmation that they have been received, telephone calls, fax and above all personal visits.

The previous is also evidence that various people indicated in the "List of people and entities consulted for the evaluation of E&B" provided by GFA/RNT were in reality not contacted or did not receive the sent emails, such as the case of, for example, Jaime Levy, director of Fundación

Altrópico and director of the CEFOVE. Ing. Armando Chamorro, School of Forest Engineers; and finally Mrs. Martha Núñez, Fundación Ambiente and Sociedad who did not respond to the questionnaire out of conflict of interest.

B. Complaints in relation to the forest activities of ENDESA S.A..

0. Introduction:

The Peña Durini Group is the main lumber group of Ecuador and the main wood exporter of the country. ENDESA-BOTROSA produces 80,000 m³ of wood boards per year, of which they export 80%. The companies ENDESA S.A. and BOTROSA S.A. belong to the industrial Peña Durini Group. Both companies are supplied with an important part of their raw material by SETRAFOR Ci'a. Ltda., also of the Peña Durini Group. By the very narrow relation between those companies and their form to work jointly, one considers them a sole company and cannot differentiate between them.

The Peña Durini Group has approx. 20,000 hectares of plantations and 25,000 hectares of designated native forest. Nevertheless, they do not manage to supply their factories with the necessary raw material, approximately 135,000 m³ per year, of which ENDESA-BOTROSA extracts 70% from communitarian natural forests of the indigenous towns of Chachi, Awá, Épera, Afroecuadorian communities and of farmers in Esmeraldas and Pichincha. The majority of the complaints that are described next refer to the exploitation of natural forests - appropriated and not appropriated to the company and of property, or in possession of, farmers and the local as well as indigenous communities.

It is important to note that that, to supply itself with raw material, ENDESA-BOTROSA and SETRAFOR always work with the same subcontractors and lumber intermediaries, to which they habitually give credits (money in cash) and machines (tractors, skidder, etc.) so that they can achieve the extraction and sale of the trees to the lumber Group. The company has, therefore, a direct responsibility for the activities of its subcontractors and lumber intermediaries.

For several years the Peña Durini Group has been seeking the certification of forests under the control of the company, like a means to maintain and accede new markets and to improve their public image. To date, it has had two principal evaluations, but has not managed to become certified. The company has never changed its manner of forest extraction, that has devastated and destroyed large extensions of natural forest of the Ecuadorian coast and seriously harmed the farming and indigenous communities within the zone. Given that the forests on the coast are

nearing complete consumption, the company began to exploit the forests of the Ecuadorian Amazon, e.g. in the northern zone of Sucumbíos on the border of Colombia, where it continues working in the same manner: destructive.

At present, the process of certification of the company has counted on the support of GTZ, German cooperation that instead of supporting the affected parties in a direct way, has chosen the Botrosa company to be its beneficiary, in spite of being perfectly informed into the antecedents of the lumber dealer.

The Durini group, from several fronts, has continuously sabotaged and corrupted any attempt on the part of the Ecuadorian State to establish forest control over the exploitation of wood.

Principles and Criteria of the FSC Not Fulfilled by ENDESA BOTROSA

1: NONCOMPLIANCE WITH PRINCIPLE #1: OBSERVATION OF THE LAWS AND PRINCIPLES OF THE FSC

Forest management will respect all national laws, international treaties and agreements of which the country is a signatory, and should comply with all principles and criteria of the FSC.

1.1 Forest management should respect all national and local laws as well as all of the required administrative requirements.

Uncontrolled Wood: extraction of wood without management plans and legal permits.

The majority of the extraction and transport of wood in Ecuador is done both without permits for the use of the forest and mobilization guides. Management plans and false or altered mobilization guides are frequently sold. Nevertheless, due to the lack of forest control it is not

possible to verify, without an exhaustive investigation, how much wood from ENDESA-BOTROSA comes from uncontrolled sources.

Moreover, to this lack of control needs to be added the general corruption in the forest and lumber sectors as well as in the Ministry of the Environment.

In 2000 SETRAFOR started to illegally destroy and extract trees without the permission of the Federation of the Centers of Awá of Ecuador (Federación de Centros Awá del Ecuador (FCAE)) in the forest of the Awá community of Balsareño, located in the province of Esmeraldas, San Lorenzo region, parroquia Ricaurte. The FCAE is comprised by 22 Awá communal centers which share 121,000 hectares of ancestral communal land in the Provinces of Esmeraldas, Carchi and Imbabura, legally recognized as Ethnobotanic Reserves by the Ecuadorian state. The community initiated a Penal Judgment against Mr. Ricardo Fernández, intermediary of SETRAFOR, and Mr. Andrés Guarderas, manager of SETRAFOR, followed by the Balsareño center in the Sixth Judge of the Penal of San Lorenzo, December 11 2000. May 15, 2001, the accused entered the community in order to solve the “problem,” and paid something as well as asked for the case file.

Another example is the forest of the Awá La Union community, where Mr. Ricardo Fernández, intermediary of SETRAFOR, pressured the community, since 2004, to sell trees. The company illegally cut down seven trees inside of the Awá territory, until the community discovered and thereafter stopped the activity.

Illegal Construction of Access Roads

The construction of illegal access roads, both without permits from the environmental authority and the corresponding Environmental Impact Studies for the zones of native forests, has violated the Law of Environmental Management, the Law of Forests and Conservation of Natural Areas and Wildlife.

In the case of the Awá, the SETRAFOR company of the Peña Durini Group, which supplies ENDESA-BOTROSA with raw material, has constructed at least two access roads which reach the border of, or near to, Awá territory, without the corresponding permits and studies:

Province of Esmeraldas

1. Access road of 10 kms constructed approximately 1990: part of the Ibarra highway – San Lorenzo and reaches up to La Sirena, passing by the Chachi la Ceiba center.

Province of Carchi

2. Access road of 5 kms between Miravalle and Rio Verde in order to exploit primary forests of the Cerro la Golondrinas zone, with an extension of approximately 20,000 hectares. (Fuente: CCCC , 2001)

1.5 The areas of forest management should be protected from the illegal activities of harvesting, settlements and other unauthorized activities.

Endesa-Botrosa is the company who realized the illegal and illegitimate activities of wood exploitation; as such it would be bad to hope that it would be the same company to maintain control over the same resources

1.6 Those responsible for forest management should demonstrate a long term commitment of adhesion to the Principles and Criteria of FSC.

According to the e-mail of Héctor Martínez, lead auditor of GFA Earth Systems, Germany, / RNT, Costa Rica, criterion 1.6 establishes that “the administrator/responsible party of a forest operation should commit themselves to the fulfilment of the p&c (principles and criteria) of FSC no only in the operation under certification, but in all of their operations.”

ENDESA-BOTROSA does not comply with the Principles and Criteria of FSC in the majority of its operations

ENDESA-BOTROSA obtains 70% of its raw material from community natural forests in the provinces of Esmeraldas and Pichincha that do not belong to the company and for which do not exist agreements or contracts regarding means of extraction or term length (according to personal communication of Fernando Montenegro).

ENDESA-BOTROSA, SETRAFOR, its subcontractors and intermediaries, since they arrived in Esmeraldas, have not, and do not manage these forests according to the principles and criteria of FSC. They have not changed their practices.

The majority of community or individual forests exploited by ENDESA-BOTROSA are relatively small, with surface areas between less than 100 hectares to those of thousands of hectares. In these forests the company does not normally extract parcels of wood annually, they do not cut wood from a defined parcel according to the established annual cycle; rather, the company extracts the wood from the forest all at once. In this manner the forests are destroyed in a very short period of time (depending on the size of the forest, in weeks, months or in the best case scenario a few years), which is illegal and seriously harms the local communities. After, the company abandons the area completely in order to move to another forest, therein leaving the communities, for many consecutive years, without the ability to be able to take advantage of the wood and therefore without income. This strategy is known world-wide as “cut, cash and run.”

The above, for example, is the case of the forest of the La Sirena community and the forest of the Rodríguez family, Esmeraldas province in the San Lorenzo region, Ricaurte. The SETRAFOR company (with the help of their intermediary, Ricardo Fernández) carried out its first industrial exploitation in 1995 and BOTROSA a second industrial exploitation between 1998-2003. The forest was completely devastated and degraded. The forest standard of Ecuador establishes that the minimum cutting cycle for exploitation with mechanized hauling is 15 years.

NONCOMPLIANCE WITH PRINCIPLE #2: RIGHTS AND RESPONSIBILITIES OF MANAGEMENT AND USE OF LAND

The management and rights of the long-term use of land and forest resources should be clearly defined, documented and legally established.

Illegal Adjudication of Land

ENDESA-BOTROSA has, by various means, obtained from the National Institute of Agrarian Development INDA, the illegal adjudication of land within the Patrimonio Forest of the State, and, other lands outside of this forest.

These adjudications of land are marked by corruption, violation of penal laws and contravene article 27 of the Forest Law and article 39 of the Law of Agrarian Development.

The Commission of Civic Control of Corruption (CCCC), came to this conclusion in its 2001 report. The CCCC indicated signs of perpetration of crimes by engineer Duran Delgado, ex-executive director of INDA, outlined in articles 249 and 254 of the Penal Code relative to the violation of duties and excessive attributions when giving adjudications to ENDESA-BOTROSA; this according to that which is analysed in paragraphs 412 and 413. The Controller of the State came to similar conclusions in its October 2003 report.

- **Illegal Adjudication in the Forest of the State**

According to Ecuadorian law, the Forest of the State is governed by the Ministry of Environment, which is the only institution that can determine the management of these forests. ENDESA-BOTROSA has more than 18,202 hectares (from 1997 to 2000) of illegal adjudications given by the National Institute of Agrarian Development (INDA), according to the Civic Control Commission of Corruption (CCCC). The General Controller of the State indicated more than 10 illegal adjudications given by INDA.

- According to the Constitutional Tribunal of Ecuador, in the resolution of case number 184-RA, resolved October 22, 2002, the ENDESA-BOTROSA company violated the following laws of the Republic of Ecuador in the illegal adjudication of land in the Forest of the State.

- Law of Environmental Management, articles 3 and 6.
- Law of Forest Conservation and Natural Areas and Wildlife, articles 1, 2, 4, 37, 71 and 74.
- Executive Decree 5-05, published in the Official Register 118, January 28, 1999, article 4.

In 2003, the communities of Pambilar and Golondrinas and the Association of Farmers Free Ecuador (la Asociación de Campesinos Ecuador Libre) interposed a Protection of Resources in the Constitutional Tribunal.

This protection was gained in benefit of the local populations and the Court demanded the reversion of earth illegally adjudged by INDA to ENDESA-BOTROSA.

The land conflict which ENDESA-BOTROSA has with the local population is also documented in numerous articles published in the newspapers El Comercio and La Hora which are the among the most widely circulated and distributed newspapers at the state-wide level.

2.3 They should employ appropriate mechanisms in order to resolve the disputes in regards to management and rights of use. The circumstances and the state of whichever pending dispute should be considered explicitly during the certification evaluation. Disputes of substantial magnitude that involve numerous interests and significances, normally declassify the certification of an operation.

Apart from the illegal adjudications of land, ENDESA-BOTROSA also does not apply appropriate mechanisms in order to resolve the disputes in regard to reclamation for management and rights to use of land, but, rather, tries to resolve these conflicts by force, thus violating human rights and diverse penal as well as civil laws.

3. NONCOMPLIANCE OF PRINCIPLE #3: RIGHTS OF INDIGENOUS COMMUNITIES

The legal rights and customs of indigenous communities to possess, use, and manage their land, territory and resources, should be recognized and respected.

Violation of the rights of indigenous communities

The common rights of the four indigenous communities, Chachi, Awá, Epera and Afro-Ecuadorian have been violated by ENDESA-BOTROSA. In order to exploit these forests, according to accusations by indigenous leaders, ENDESA-BOTROSA resorts to false promises of construction of roads, schools, health centers, sports fields etc., corrupting community leaders and individual farmers so that, illegally, they sell their trees and communitarian forests. As such, the legal rights of indigenous towns, and the fact that ancestral territories are indivisible and inalienable, are unrecognized.

The following were violated: of the Political Constitution of the State, article 84, chapter 5; of Collective Rights, sections 1, 2, 6, 7, 8, 10, 12, and article 85 referring to the black and Afro-Ecuadorian communities; and Agreement 169 of the International Labor Organization (regarding Indigenous communities and Tribes in independent countries); among others, articles 4, 5, 6, 7, 12, 13, 14, 15, 16, 18.

Signature of detrimental contracts and non-compliance regarding existing contracts with indigenous communities

In the case of the Chachi, ENDESA-BOTROSA has signed clearly detrimental agreements with the following indigenous communities: clearly Chachis of Hoja Blanca, Capulí, Guapli and Pichiyaku. Van Dam reached these results in 2004, in a field study realized by GTZ, wherein it shows a series of evidence related to the company's noncompliance and of the severe environmental, as well as cultural, impacts to which the Chachis were exposed.

In the case of the contract between ENDESA-BOTROSA and the center of Chachi Capulí, in 1994, it is stipulated that the company "would elaborate on a Plan of Management, would construct a street and would take advantage of the forest. In exchange, the Chachis would receive an annual canon per hectare to maintain the forest without intervention, as well as a canon for the extracted wood. None of the canons were paid, the last one because the wood was never extracted" and the Plan of Management was never approved by the competent authority (cited from Van Dam, 2004).

4. NONCOMPLIANCE WITH PRINCIPLE #4: COMMUNITY RELATIONS AND WORKERS´

RIGHTS

Forest management should maintain or elevate the long-term societal and economic welfare of the forest workers as well as of the local communities.

Overexploitation and degradation of the exploited forests harms local communities

ENDESA-BOTROSA overexploits and degrades the natural communitarian forests, which strongly diminishes the use of natural resources other than wood, such as hunting, fishing, harvesting of fruits, fibers, medicinal plants, honey from bees (bees generally make their hives in Sande trees, which is the wood of highest demand for lumber) which are an important source for the basic maintenance of life for local populations. The previous is especially important in the case of indigenous communities like the Chachi, who have a strong bond with the forests and depend on them like hunters-and-gatherers.

In consequence, the local population sells many of the local communitarian forests exploited by the company to agroindustrial companies, such as, for example, the Palm-culture companies in the San Lorenzo zone, which completely destroy the forests and convert the land into extensive plantations of African palm or palm heart. Without forests and land for local farmers to cultivate and seed, these individuals will be left without their traditional sustenance of life, thus they are in the habit of invading zones where forests still remain. The last, for example, is the case in the Ricaurte zone in the San Lorenzo region, where for years the farmers have been trying to invade the Awá Ethnobotanical Reserve, which has provoked violent confrontations and many damages to the Awá and the Federation of Awá Centers of Ecuador (la Federación de Centros Awá del Ecuador).

ENDESA-BOTROSA corrupts the coexistence of communities

The strategy of ENDESA-BOTROSA is to relate itself with persons and/or directives of the community or to favor certain families and not the community as a whole.

In the case of the Chachi, the majority of the negotiations have occurred in Quito, Borbón or Esmeraldas, to which member of the directorate went and have personally benefited in the form

of “donations” for the community. This attitude of the leaders should be analysed in the light of the material poverty of the Chachi, such as they are an ancestral community, and from a generalized culture of corruption that crosses into many parts of Ecuadorian society.

It acquires wood via means of false promises and noncompliance

ENDESA-BOTROSA buys raw material from SETRAFOR and/or subcontractors and intermediary lumber companies, that informally work and convince property owners, individual possessors, or communities with forests to sell their trees by offering money (in cash) and/or promising the construction of roads, schools, health centers, delivery of material and equipment, payment for professors, etc. These promises are rarely fulfilled, such as illustrates the example of the Chachi, as mentioned in principle #3.

Also, in the areas where the company supposedly established long-term relations, the lack of a promise with the local population from the company, and the lack of the socialization of the Plan of Management in the communities, resulted in the total destruction of the forests.

This is, for example, the case of the indigenous communities Chachi of Pichiyacu, where, after the failed attempt of BOTROSA to certify the community’s forest, the process of deforestation accelerated and the forest has practically disappeared, including the extraction of wood from areas stipulated as reserve (Van Dam, 2004), and in Gualpí, where the company “constructed a street, but the company-community relations terminated poorly and the community decided to permit the entrance of other lumber companies which offered a superior price for the wood” (Van Dam, 2004).

In the Chachi of Capulí community, ENDESA-BOTROSA signed a contract with the community in 1994, which is very questionable and that, moreover, was never executed by the company. Recently, in 1997, the company elaborated a Management Plan for Capulí, which was never approved by the appropriate competent authority. The street which the company promised to construct was never installed. In 1999 the community decided that the contract would not be for all of the territory, but, rather, only for 6,000 hectares.

Repression and violation of the rights of local communities

In the El Pambilar zone the forest exploitation that ENDESA-BOTROSA is

Performing, is damaging the population of this community, which has organized in the “Free Ecuador” Association (Asociación “Ecuador Libre”) and whom during many years have denounced, on various occasions to the state, the repeated violations of their civil and human rights by the security personnel of the company.

The communities of Pambilar and Golondrinas have not received any social or economic benefit from the Peña-Durini group, but on the contrary have seen effects on their physical and psychological integrity via the repeated attacks by the security personnel of the company. ENDESA-BOTROSA has contracted private guards who act violently against the local population. The methods used by the company, and the contracted persons by the company, are among others; corruption of leaders, intimidation, impeding free transit throughout the zone and the burning of private property such as houses, cultivated land and domestic animals, shooting of houses and people, kidnapping, torture, false accusations/charges of terrorism brought forth in penal courts against simple farmers.

These acts can be seen plainly registered in the form of testimonies, photographs, accusations brought forth to the police, who curiously do not act in defense of the affected parties and whom also have been corrupted by ENDESA-BOTROSA, the same as the judges and fiscal authorities. Free Ecuador (Ecuador Libre) – their leader Floresmilo Villata, who has on various occasions been abused by the guards and unjustly accused of terrorism by ENDESA-BOTROSE, has interposed a claim to the Inter-American Commission on Human Rights, is waiting to receive international backing in their belief that the levels of corruption which assist the company do not guarantee the respect to the life nor of the inhabitants of Pambilar. Petitions have been placed, that denounce the violence of Endesa-Botrosa , before national and international human rights organizations; for example, the Ecumenical Committee of Human Rights (Comité Ecuménico de Derechos Humanos CEDHU) in the case of the association of Free Ecuador (Asociación Ecuador Libre).

The company does not comply with workers´rights

The subcontractors and intermediary lumber companies of ENDESA-BOTROSA do not comply with norms of labor and of the security of the state. The tertiary companies do not comply with the national requirements regarding social security nor with the norms dedicated to protection of workers. ENDESA-BOTROSA resolved this problem by presenting a list of their affiliated “employees” to the social security and marked, from this list, an important number of operators that work for the company.

5. NONCOMPLIANCE WITH PRINCIPLE #5: EXPLOITATION OF THE FOREST

Forest management should promote the efficient use of multiple products and service from the forest in order to assure the economic viability and a wide gamut of environmental as well as social benefits.

The activity of ENDESA-BOTROSA severely affects the farming and indigenous communities that live in the natural forests, whom benefited from a series of non-lumber-services and resources from the company. Nevertheless, the lumber company creates a series of necessities which before were nonexistent, that solely can be satisfied by means of money gained by the same of wood. With the complete consumption of the forest also departs the possibility of any other form of income. During the exploitation of wood, they do not encourage the use of other products from the forest and give an abrupt cultural leap from being a society of hunters and gatherers, or agriculturalists, to lumber workers and managers of the wood.

5.3 Forest management should minimize the waste associated with the operations associated with exploitation and transformation “on site,” in order to evade affecting other forest resources.

As a result of the lack of execution of Management Plans, in the cases which exist, and the lack of adequate capacity building dedicated to personnel, the company produces enormous damages associated with operations of exploitation in natural forests of ENDESA-BOTROSA. There exists no adequate plan for the hauling roads, for which tractor conductors clear space by a means which is not planned or controlled. In the process they cut down many old trees which they had before verified for the industrial process.

5.5 Forest management should orient itself for the fortification and diversification of the local economy, as such evading dependency on only one forest product.

ENDESA-BOTROSA only buys wood, and the prices paid by the company are bare minimum.

Locally, the company pays per tree between \$20 USD (for soft wood) to \$40 USD (for hard wood). From each tree they obtain between three and four cubic meters of usable wood, for which they receive a price of between \$6.70 USD/ cubic meter for soft wood to \$13.30 USD / cubic meter for hard wood. As such, the communities have converted into being totally dependent on business with the company.

5.5 Forest management should recognize, maintain and, when its necessary, increase the value of the resources and services of the forest; such as the river basins and fishing resources.

Testimonies from communities within the perimeter of the forest exploitation of Endesa-Botrosa account to the damage to both river basins and fresh water wells.

5.6 The rate of harvest of forest products should not exceed those levels which could be permanently maintained.

The company, usually, industrially exploits all available soft woods. According to indications from Fernando Montenegro, the company works in natural forests, using heavy machinery, between 10 and 40 cubic meters / hectare of wood, the equivalent to 3 to 13 trees / hectare. This is hardly possible according to the Sustainable Forest Development Norms of Ecuador, year 2000, that permit a maximum intensity of exploitation of 30 % of base area per hectare in natural forests.

6. NONCOMPLIANCE WITH PRINCIPLE #6: ENVIRONMENTAL IMPACT

All forest management should conserve the biological diversity and its associated value, water resources, soil, fragile and unique ecosystems, in addition to the landscapes. In order to realize these objectives, the ecological functions and the integrity of the forest should be maintained.

During its 20 years of operation, Endesa-Botrosa has damaged the tropical forest of Esmeraldas, converting extensive zones into monocultures of African palm. The majority of their operations are realized without a plan of management and, as such, do not conserve, in any

form, biological diversity and its associated value, water resources, soils, as well as fragile and unique ecosystems, in addition to landscapes and the ecological functions and integrity of the forest.

The company's most important forest exploitation is realized in block 19 of the Forest Patrimony of the state, categorized as such for the abundant biological diversity and, above all, as per the intention to conserve the fresh water watersheds from which the river basins of the region are born.

The logging company's mode of operation has made us conclude that any conservation plan as such would be solely as an attempt to obtain FSC certification and solely for the examined forests and plantations.

It is not just to give impunity to, and award, the direct author of the destruction of one of the 10 hot spots of biodiversity in the world.

7. NONCOMPLIANCE WITH PRINCIPLE #7: MANAGEMENT PLAN

A management plan – in agreement with the scale and intensity of the proposed operations – should be written, implemented and actualised. In the same plan, the management objectives, and means via which to reach those objectives, should be clearly established.

Although the company elaborates and proposes a management plan for many areas in which it works, these plans are solely copied from one to the other and in reality exist only on paper and are not executed in the field.

7.4 The forest producers should have a summary of the principle elements of the management plan, including those listed in Criteria 7.1. The confidentiality of this information will be respected.

The management plans, in the locations where they exist, are not elaborated on, and socialized with, the property owners and communities with forests. Additionally, the company does not give summaries of the principle elements of the management plan to the aforementioned parties.

8. NONCOMPLIANCE WITH PRINCIPLE #8: MONITORING AND EVALUATION

They should evaluate – in accordance with the scale and intensity of the forest management –the condition of the forest, the yield of forest products, the chain of command and the management activity as well as its social and environmental impacts.

In the natural forests exploited by ENDESA-BOTROSA there exists no form of monitoring or evaluation. After exploiting the forest, the company usually completely abandons it and does not establish, or pursue, any type of monitoring or evaluation.

8.4 The results of monitoring should be incorporated in the implementation and in the revision of the management plan.

Monitoring does not exist.

8.5 Forest producers should have a summary of the results of the monitoring, including those listed in criteria 8.2, available to the public.

The company does not give a summary of the results of the monitoring, including those listed in criteria 8.2, to the forest producers.

9. NONCOMPLIANCE WITH PRINCIPLE #9: MAINTENANCE OF FORESTS WITH HIGH VALUE OF CONSERVATION

The management activities in forests with a high value of conservation (BAVC) should maintain or enhance the attributes which define said forests. The decisions made in regard to the forests of high value of conservation should always be made within the context of precaution.

The remaining forests in Esmeraldas and Pichincha (less than 4% of the original coverage) should be considered as BAVCs. The zone belongs to the El Chocó region and is one of the hot spots of the most biodiversity on the global level.

Regardless of the rich register of vegetable and animal species which exists in this zone, ENDESA-BOTROSA has exploited these forests without taking any precautionary measures to ensure its protection.

10. NONCOMPLIANCE WITH PRINCIPLE #10:

The plantations should be planned and managed in accordance with the Principles and Criteria 1 and 9, as well as with the Criteria of Principle 10. Although the plantations can provide an adjustment of social and economic benefits and can contribute in the satisfaction of the forest product necessities of the world, these should complement the handling of, reduce the pressure on and promote the restoration and conservation of, the natural forests.

10.7 They should take measures in order to minimize the damage by plagues, sicknesses, fire and the introduction of invasive plants. A management strategy related to plagues should comprise an essential part of the management plan. Whenever possible, methods of prevention and biological control should be used instead of pesticides and chemical fertilizers. Within the planning of the plantation it should be enforced that pesticides and chemical fertilizers shall not be used, including its use in the breeding grounds. The use of chemicals is also covered by the criteria 6.6 and 6.7.

The company "lost" a plantation of 2,500 hectares of Pachaco by an attack of plagues (personal communication of Fernando Montenegro), which gives evidence of the lack of

adequate management, and protection against plagues, on the part of the company in its plantations.

10.9 Plantations established in areas converted from natural forests after November 1994, will not normally classify for certification. Certification could be permitted in circumstances wherein the administrator/property owner presents sufficient evidence to the certifier that shows they are not directly or indirectly responsible for said conversion.

ENDESA-BOTROSA established plantations in areas converted from natural forest after November 1994 and the company is directly responsible for said conversion.

ENDESA-BOTROSA organizes and finances groups of settlers, their associations and their corresponding cooperatives in order to gain access to their lands. The settlers invade and settle in natural forests—with support from the company—where they destroy a part of the forest during a few years and establish cultivated as well as pasture land. After, the settlers sell their small farms to ENDESA-BOTROSA, which therein permits the company to appropriate these lands to itself. According to the report by the Civic Commission of Corruption Control (Comisión Cívica de Control de la Corrupción), SETRAFOR intended to appropriate to itself, in this manner, 16,000 hectares of primary forest in the Cerro las Golondrinas zone, located in the southern occidental region of the Carchi province. According to the report, “INDA pretends to appropriate 4,000 hectares of land from State-owned property to the Association of Autonomous Workers of San Vicente (Asociación de Trabajadores Autónomas San Vicente), and 12,000 hectares of land to the Vista Hermosa Tourist Forest Association of Tiger River (Asociación Forestal Turística Vista Hermosa del Río Tigre),” tied to ENDESA-BOTROSA.

Annex

Citations from:

Van Dam, C.; 2004: Evaluación no-formal del manejo forestal comunitario del Centro Chachi Capulí en la perspectiva de su certificación forestal según los estándares del FSC Programa Manejo Forestal Comunitario Esmeraldas MFC-E- Cooperación Técnica Alemana GTZ, Esmeraldas, Ecuador. 24p.

