

SCOEL TE

ANNUAL REPORT

2005



About Scolel Té

Scolel Té is a project that assists farmers and communities in southern Mexico to develop more sustainable land management and better livelihoods through the provision of carbon services. The project is administered by the Fondo Bioclimatico (a non-profit trust fund) with technical services provided by Ambio, ECCM and El Colegio de la Frontera Sur (ECOSUR). The project uses the Plan Vivo carbon management system and sells carbon in the form of Plan Vivo Certificates.

Message from the Trustees

2005 was another busy year for the Scolel Té team, with significant expansion of the project in the eastern part of Chiapas. There has been good progress in collaboration with the Mexican Foundation for Nature Conservation on the implementation of measures for forest fire prevention and control. This work is expected to continue in 2006.

One of the key events of the year was the impact of Hurricane Stan, which caused substantial damage to many crops and homes in the area. Fortunately, it appears that the forest and agroforestry systems established by the project have not been significantly affected and this highlights the importance of these resources as adaptive measures for climate change. Forest and agroforest ecosystems tend to have greater resilience to severe weather events than most annual crops. They also protect soils from erosion and provide a form of insurance (both monetary and material) to help communities recovering from extreme events.

Limited availability of good quality native tree seedlings remains the most serious problem affecting the project and will require further action in 2006.

We note that 2007 will be the 10th Anniversary of the establishment of Scolel Té as a voluntary carbon trading initiative. During 2006 we shall be planning ways of marking this auspicious anniversary

We extend our thanks and appreciation to all those staff and volunteers associated with the project who have helped over the course of the year. We also thank the growing number of purchasers of carbon services from the project for their continued support.



Elsa Esquivel
Trustee
Fondo Bioclimatico



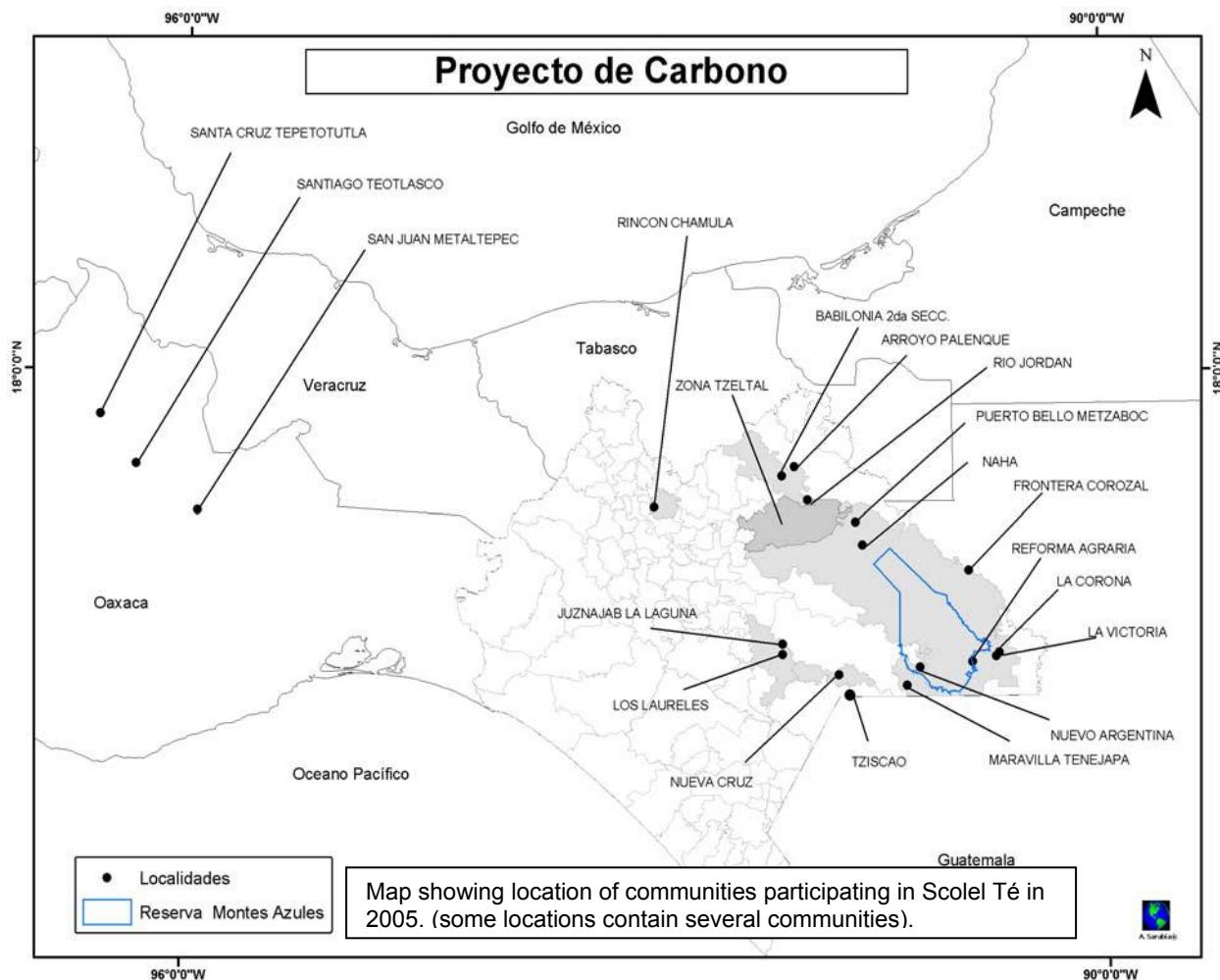
Richard Tipper
Trustee
Fondo Bioclimatico

Community Participation

As of December 2005 the Scolel Té project included participants from 43 communities across Chiapas and Oaxaca, southern México (see map). Participants are all smallholder farmers from 8 ethnic indigenous groups (see table 2). Project operations in Chiapas are co-ordinated by Ambio and operations in Oaxaca by "Servicios Ambientales de Oaxaca" supported by Ambio.

Technical review and scientific support services are provided by El Colegio de La Frontera Sur (ECOSUR) and the Edinburgh Centre for Carbon Management (ECCM).

Many of the communities in Chiapas are located in "buffer areas" of major reserves – notably the Montes Azules Biosphere Reserve and Montebello Lakes. These are some of the most important reserves in Mexico for their diverse flora and fauna.



New Participants in 2005

In 2005 the following groups joined the Scolel Té project. We welcome them and hope that they will have a long and fruitful participation:

Community	Municipality	Ethnic/cultural Group	No of families
Nueva Cruz	Independencia	Mestizo	30
Río Jordán	Salto de Agua	Chol	5
Babilonia 1ra. Sección	Palenque	Chol	5
Babilonia 2da. Sección	Palenque	Chol	7
Nueva Esperanza	Maravilla Tenejapa	Chol	5
Nuevo Rodulfo	Maravilla Tenejapa	Tojolabales y mestizos	10
Tziscao	La Trinitaria	Mestizos	11
San Felipe Jata	Maravilla Tenejapa	mixto	5
Frontera Corozal	Ocosingo	Chol	5
Naha	Ocosingo	Lacandones	4

Communities Applying to Join in 2006

The following groups and communities are currently in the process of applying for entry to the programme in 2006:

- Babilonia 1^a sec, Municipio de Palenque
- Palmira, Municipio de Comitán
- Zaragoza La Montaña, Municipio de Comitán
- Adolfo López Mateos, Municipio de Marqués de Comillas
- Zamora Pico de Oro, Municipio de Marqués de Comillas
- Quiriguicharo, Municipio de Marques de Comillas
- La Victoria, Municipio de Marques de Comillas

It should be noted that the project has received a number of enquiries from communities and organisations that are outside the current area of operations. While all enquiries are considered, it is necessary to take into bear in mind the relatively high cost of supporting land use planning and monitoring over large distances. Following internal discussions it has been decided to focus on consolidating activities in and around communities that are already participating during 2006.

A number of other communities including La Democracia, Flor del Marques, América Libre, Zaragoza y Lindavista, that expressed interest in joining Scolel Té have not yet been able to do so for various reasons. We hope to maintain dialogue with these communities during 2006 to determine whether they wish to proceed in future.

Summary of Progress to 2005

From 1997 to 2005 the Scolel Té project has made the following progress:

Cultural and ethnic groups Participating:	In total 8: Tzeltal, Tojolabal, Chol, Tzotzil, Lacandón, Chinanteco, Mixe y Zapoteco
Number of communities:	43
Number of individual farmers:	888
Areas under management (Hectares):	
Reforestation / afforestation	988
Conservation / management	3890
Total:	4778

It is worth noting that over 90% of carbon sales from the project relate to areas of new forest establishment (afforestation / reforestation). However, now that the DFID funded CLIMAFOR project has developed carbon conservation baseline methodologies we expect a larger proportion of carbon services to be from areas of forest placed under conservation / management.

Community Participation in Project Governance

The Fondo Bioclimático holds 6 monthly meetings to discuss overall issues of project development, priorities and problems. Representatives from all participating groups and communities are invited. The following key points were discussed at the two meetings in 2005.

January 15th:

- It was agreed to focus this year's expansion on communities and individuals who had demonstrated commitment and ability to complete Plan Vivos.
- It was agreed that community technicians who had received training in 2004 would be given greater responsibility for developing activities in their respective areas.
- It was noted that the Comisión Nacional Forestal was planning a programme of payment for environmental services. All areas subject to "Plan Vivo carbon certificates" to be separate from areas established under the national programme.
- Details for making pruning equipment available to communities were agreed.
- Monitoring status for various communities was reviewed (Rincón Chamula, Nueva Argentina, San Felipe Jata, Nuevo Rodulfo Figueroa, zona Tzeltal, Metzabok, Frontera Corozal).

July 16th:

- Representatives were informed that the Trust Fund had changed bank to reduce costs and obtain better service. The new bank is Banorte al Banco de Servicios Financieros (BANSEFI).
- Representatives were informed of the importance of pruning in order to develop trees of merchantable value.
- Representatives were informed of the outcomes of studies by AMBIO-ECOSUR, designed to assess the potential for leakage of carbon benefits from project activities. This research was funded by the Consejo Nacional de Ciencia y Tecnología (CONACYT).

Challenges & Priorities

Throughout the 9-year duration of the project different problems and challenges have arisen that the management team has had to deal with. At present the key challenges faced and priorities for action are as follows:

Supply of Good Quality Seedlings: despite continuing discussions with regional nurseries, the supply of good quality tree seedlings at appropriate times remains a major problem. It now appears that national policies covering forestry nurseries are unlikely to resolve these issues, we have therefore decided to work towards a local self-sufficiency solution through the development of a seedling collection and propagation and distribution. The results of some initial trials with of this at community scale with the assistance of Comisión Nacional de Áreas Naturales Protegidas (CONANP) have been encouraging and we aim to expand this work in 2006.

Pruning: for the past 2 years the project has operated a pruning initiative to encourage participants to prune timber trees to achieve high value output. The results of the pruning scheme have been positive but we recognise the need to extend the scheme to all participants through the community technical teams.

Registration of Plots in the National Forestry Registry: as noted in previous reports, the cost of registration (around 100 USD per plot) remains prohibitively high for small-scale farmers. We are currently examining alternative options for obtaining official recognition of planted areas to facilitate harvesting within a proper legal framework.

Strengthening of local community technicians: we have found that trained community technicians are becoming increasingly effective at resolving local issues and problems, helping to provide operational capacity at low cost. In 2006 we aim to invest further in this capacity by providing training in collection and propagation of tree seeds and in the management of small-scale plantations.

Co-operation with other organisations: the project hopes to develop the established link with the Ambio-FMCN project on fire prevention and control in the Marqués de Comillas region. Fire prevention and control is an extremely important component of the overall risk management strategy for ensuring long-term carbon storage. Other collaborative activities being developed relate to improved pasture management.

International Collaboration and Research

The project has continued to be a focus of international research and collaboration on the development of good practice in the management of terrestrial carbon in developing countries.

We are pleased to hear that Estevan Corbera of the UK's Tyndall Centre has now completed his doctoral research on social aspects of carbon services, which included an in depth analysis of the progress of Scolel Te participants in the community of Yaluma near Comitan.

A paper on the application of the CLIMAFOR baseline model to a project in the Marquez de Comillas Region was published in "Mitigation and Adaptation Strategies for Global Change" (De Jong et al 2005).

The project has received visits from a number of students (from Princeton and Berkely) and from governmental and NGO observers from Colombia, Guatemala and Mozambique.

One of the highlights this year was the discovery of what may be a new sub-species of orchid:

"The discovery of what appears to be a new sub-species of orchid was made by the project team during a field trip for monitoring and photography in the community of Jolkacual, near Ocosingo, Chiapas. The project's official photographer and international orchid expert Cisco Dietz identified the plant as potentially interesting and sent a photo to the Mexico's leading orchid taxonomists, Eric Hagsater of AMO for verification. We now have an idea that this indeed may be a new orchid within the *Maxillaria meleagris* family. It is unique in its size (very small), transparency of sepals and petals and its aroma.

We need to wait for DNA studies and for the next flowering to confirm the validity of this finding. In any case it is an excellent example of how the project is collaborating with local efforts to improve understanding and conservation of biodiversity in this area. Also in the same community a very rare terrestrial orchid, *Oeceoclades maculata* was rescued by Cisco. This orchid is originally from Africa and was probably transported to the Americas during the slave trade. It was first found in Brazil and has now migrated to areas of Mexico. This is only the fifth time it has been recorded in Mexico."



Social and Environmental Benefits

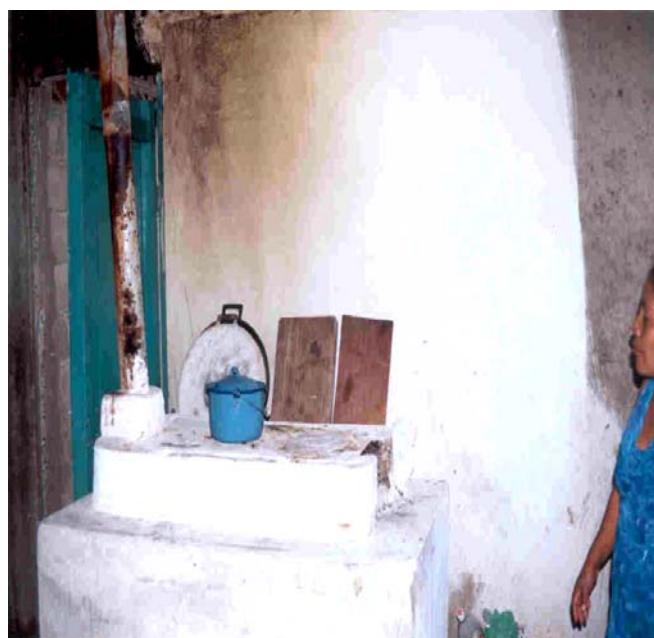
Perhaps one of the principal social benefits arising from the project has been the reinforcement of protection in areas of communal forests not yet formally registered within the project. These forests represent important resources for medicinal plants, the protection of watercourses and soils. There are currently three communities participating in the project who are establishing communal cloud forest and rainforest reserves.

Another tangible market benefit associated with the project has been participation of several communities in the sale of organic and fair trade coffee from plantations with retained shade trees. Access to these premium markets is patchy across Chiapas, however, some communities are using land use planning skills gained through Plan Vivo and the informal networks associated with the project to gain the necessary experience and contacts to enter these markets.

The project continues to monitor and supply fuel saving cooking stoves. These stoves not only reduce the amount of wood required for cooking but provide health benefits by reducing the amount of smoke in the household. The team is currently assessing the relative benefits of different stoves in terms of their efficiency and flexibility.



Coffee Plantation, Ejido
Arroyo Palenque municipio
de Salto de Agua.



Woodsaving stove Ejido Reforma Agraria,
Municipio de Marqués de Comillas.

Summary of Sales of Carbon 1997 - 2005

Year	Buyer	Tonnes sold Tonnes C	Sale Price USD / tC
1997	FIA	5500	10.00
1998	FIA	5500	12.00
1999	FIA	5500	12.00
2000	Future Forest	1073	12.00
2000	FIA	5500	12.00
2001	Future Forest	500	12.00
2001	FIA	5500	12.00
2001	FIA	3297	11.68
2002	FIA	5500	12.00
2002	FIA	3297	11.68
2002	Future Forest	2500	13.00
2002	Future Forest	2000	13.00
2003	DFID-FRP	5.7	70.00
2003	World Bank	1215	18.33
2003	FIA	5500	12.00
2003	FIA	3297	11.68
2004	Future Forest	1909	14.00
2004	DFID- FRP	47.7	12.03
2004	World Bank	1215	18.00
2004	FIA	5500	12.00
2004	FIA	3296	12.00
2005	Key Travel	1	17 L
2005	Key Travel	6	16.5 L
2005	FIA	5500	13.00
2005	FIA	3297	13.00
2005	Banco Mundial	1215	18.00
2005	LLOYD	20.9	18.00
TOTAL		77692.3	

Breakdown of Operational Costs 2005

Category	(\$ U.S)
<u>Salaries</u>	
Administration	12000
Technical co-ordinator	12000
Accountant	2400
Technical assistant	3600
Social advisors	4800
Community technicians	1200
<i>SUBTOTAL</i>	<i>36,000.00</i>
Office & telephone	4800
Equipment	1000
Travel & subsistence	6000
<i>SUBTOTAL</i>	<i>11, 800.00</i>
Semester meetings	1000
Chairman Honorarium	200
<i>SUBTOTAL</i>	<i>1,200.00</i>
<u>Bank charges</u>	<i>3,680.38</i>
<i>TOTAL</i>	<i>52,680.38</i>