

MAKING IT WORK

Panama RPCVs set out to reforest denuded lands, create economic opportunity

by Andrew Parrucci

My host father Juan Cruz was one of the first settlers to homestead Panama's Darien province in the early 1980s. With a mixture of pride and exasperation in his voice, he would say things like "*Habia puro monte cuando llegamos aqui*"—"there was nothing but jungle when we arrived here" or "*Habia madera en todos lados, y mucho para cazar*"—lots of wood and plenty of hunting.

Not anymore. Today much of the Darien is subsistence plots and cattle pasture, hacked out of the jungle by settlers from Panama's interior provinces. In true Cowboys and Indians fashion, these settlers occasionally clash with the indigenous groups who claim ancestral land rights but struggle to legalize their titles.

THE CHALLENGES

During my service in Panama from 2004-2006, subsistence deforestation was the backdrop for the environmental health issues I worked on. Depleted forest cover in the watershed threatened the community water supply; increasing erosion would dirty the river water; fewer trees means less firewood; and so on. It is estimated that subsistence deforestation comprises 40% of tropical deforestation worldwide.

In Panama, teak plantations have worsened this problem by buying up thousands of hectares of deforested land to plant. While this model is profitable for the business and its investors, it decreases the amount of arable land available to smallholders and encourages them to homestead new plots.

Another challenge that we faced as Volunteers was project funding. The temporary nature of development funding—and the meager amounts we could raise—limited the effectiveness of our projects.

RIGHT TIME, RIGHT PLACE, RIGHT PEOPLE

As our Peace Corps service wound down we sensed an opportunity among these challenges. We synthesized them into a business charter: to leverage the potential of private capital to reforest degraded land and create alternative economic opportunities for our local communities. We called the business Planting Empowerment to reflect our goal of empowering local communities to better manage their natural resources. One of our first partners was my host father, Juan Cruz.

Our operating model—Equitable Forestry as we call it—is based on best development practices we learned as Volunteers. Its foundation is our belief that local communities should be an integral part of the business. We manifest this through land leasing (not buying), profit sharing, technical training, and employing a local workforce.

From 2007-2008 we raised \$140,000 from friends and family and "angel investors," people who invest in early-stage ventures. This financed the planting of 50 acres of tree plantations in our two partner communities, along with land lease payments to our partners. Through these pilot projects we established a base of operations in our partner communities and worked through some of our most persistent planting and maintenance challenges.

IMPACT INVESTING

Planting Empowerment is moving beyond the proving stage into a growth period. To unlock this growth, we are focusing on the growing number of impact investors—investors who have social and environmental motivations in addition to their financial goals.

Impact investing is different from socially responsible investing in that it is intended to proactively produce a positive social or environmental

Planting Empowerment



Forester Jose Deago explains the growth of a cocobolo tree to the author.



The Arimae Agro-forestry committee explains the boundaries of its reserve.

outcome. Socially responsible investing is broader, and includes “negative-screened” funds—ones that don’t hold tobacco company stock, for example. Impact investors tend to prefer opportunities in the \$10,000 range that address their specific interests.

Even though we don’t think it is the right answer for every issue, impact investing represents a \$120 billion market opportunity to drive positive change. We’re hoping that this article will spark healthy conversation about the role capital markets play in meeting development challenges.

WHAT NEXT?

Planting Empowerment recently issued an offering to raise capital for a 250-acre agroforestry project. Our Advisory Board and organizations like Kichocho Capital are playing an important role by helping us fine-tune our social and financial proposition connect us with the

kinds of investors we need to scale. And an exciting new certification system called GIIRS (Global Impact Investment Rating System) finally makes it possible to compare our social and—environmental performance with that of other impact investments.

With 20,000 trees already in the ground we’re off to a good start. But there are thousands of acres of deforested land in Panama and beyond. With strong interest from our local partners to reforest more land, we are only limited by the amount of impact capital we can raise.

Andrew Parrucci co-founded Planting Empowerment (www.plantingempowerment.com) in 2006 to address the subsistence deforestation he and his partners experienced as Peace Corps Volunteers in Panama. Parrucci holds a BS in Product Design from Virginia Tech.



The damage from illegal squatters in Arimae’s reserve.

GRADUATE
DEGREES
FOR THE
STRONGLY
CURIOUS

INDIANA UNIVERSITY
School of Library
and
Information
Science

www.slis.indiana.edu