In the last 30 years, the Darien province of Panama has seen drastic reductions in rainforest cover due to development and clear-cutting. One student’s radical business plan promotes the local economy — but not at the expense of the forest.
International development is more than a major to graduate student Damion Croston. It’s his life’s calling.

Croston realized his vocation five years ago on a Peace Corps mission to the Panamanian rainforest, where he witnessed the systematic slashing and burning of the region’s greatest natural resources. The cause of the destruction? Impoverished local farmers looking to put a meal on the table through hardwood sales and agriculture.

Armed with knowledge acquired at Ohio University’s Center for International Studies, Croston returned to Panama in June. His mission: Lay the groundwork for a tropical hardwood plantation with an ecological and social bent.

And so Croston and three fellow Peace Corps volunteers launched Planting Empowerment, a sustainable timber investment company supported by socially and environmentally minded patrons willing to make an investment. The venture uses a portion of the money to lease deforested land from poor Panamanian property owners. The remaining money is used to plant new trees on the leased land and harvest them as they mature. The result is tri-fold: The rainforest is replenished; Panamanians profit from lease payments; and ultimately, investors reap a return from tree sales.

So far, some 22,000 trees have been planted on 50 acres in the Darien province of Panama, but Croston describes Planting Empowerment’s progress as “a drop in the bucket” compared with the project’s ambitions.

“Our main goal through this project is to teach these communities to manage their resources in a better way,” he says. “I hope that we have a lasting effect on this region.”

Changing times

It’s no accident that Darien, the eastern-most province of Panama, was chosen as the staging ground for Croston’s venture. The region is sometimes referred to as the “forgotten province.” Even the inter-American highway seems to turn its back as it drops off into Darien’s vast jungle canopy — some of the last remaining portions of true rainforest in Panama.

But times are changing.

Croston, who first came to the Darien region in 2003, is wide-eyed when he talks about the pace of change in the sleepy province. Electricity has replaced the kerosene lamps that once speckled the Darien jungle. An occasional blockhouse now rises amid thatched huts. Road improvements have cut the eight-hour drive to Panama City in half. And cell phone service has diminished widespread dependence on the region’s sparse public phones.

But modernization has environmental effects. Between 1990 and 2005, Panama has lost more than 200,000 acres of forest cover, according to the Food and Agriculture Organization of the United Nations. Croston and his colleagues worry about the continued environmental impacts.

“People are (now) focusing on the Darien,” Croston says. “Deforestation has always been an issue. More people moving into the area are only exacerbating the problem.”

Tree plantations are not new phenomena in Panama. And the number of plantations harvesting Panama teak climbs every year, due to its fast growth and fast results: durable hardwood in 10 to 15 years. But this

Not your average business plan

*From one inspired idea grow 22,000 trees — and the returns benefit all*

Here’s how it works: Planting Empowerment’s nonprofit arm, based in Washington, D.C., raises capital from socially and environmentally conscious investors (1) and partners with rural Panamanians to rent their titled land and invest the money in reforestation and timber management (2). The landowner maintains possession of his land and receives income from future wood sales (3), while investors profit through a 10 percent rate of return (4). The rainforest is protected from clear-cutting, as the farmer learns to care for the land.

For more information, visit: [www.plantingempowerment.com](http://www.plantingempowerment.com)
non-native species has taken a toll on the region’s diverse ecosystem.

“There’s an enormous loss of biodiversity whenever you take a complex landscape and simplify or homogenize it into a landscape dominated by one plant species. It’s not just a loss of plants, but it’s a loss of animals, and it also evolves into a loss of (soil quality),” says Brian McCarthy, Ohio University professor of environmental and plant biology.

Single-species tree plantations are especially detrimental to areas of high biological value such as the rainforests, which can have 100 to 150 species of canopy trees per hectare (2.47 acres). The effects, says McCarthy, reach further than you might think: Foxglove, for example, is used to treat heart problems.

To preserve the region’s rich biodiversity, 70 percent of Planting Empowerment’s trees are native species. Teak makes up the rest, allowing Planting Empowerment to offer dividends to investors at marked intervals throughout the life of their investment.

For Croston, saving the rainforest is just as much about the people as it is the trees. For too many Panamanians, he says, slash-and-burn deforestation is a survival tactic.

“If there’s no other way for (a small farmer) to make money and put food on the table, you can’t really chastise that particular farmer,” Croston says. “So you have to offer different opportunities for him and look at it from another economic perspective.”

Unlike most other tree plantations in Panama, Planting Empowerment is leasing, not buying, the land, providing local landowners a long-term source of income. The company also hires Panamanians to monitor and maintain the sites. A grant proposal is in the works that will allow Planting Empowerment to partner with the Native Species Reforestation Project in training indigenous communities to create seedbeds for plantation use.

“We’re trying to incorporate an educational aspect to it,” Croston says. “We want them to be able to replicate this thing on their own and get to the point where they don’t need us.”

As Planting Empowerment’s community liaison, Croston works with local farmers and indigenous groups. It’s a good fit for Croston, who established relationships in Arimae — the site of half of Planting Empowerment’s operations — during his years with the Peace Corps. So far, Croston says the people of Darien seem eager to embrace Planting Empowerment for the opportunities it avails their families.

“There’s no lack of interest from the Panamanians,” he says. “The problem is we need more resources.”

Investing soundly

Investments are a tough sell for a fledgling company. And startup costs for a tropical hardwood plantation are not cheap. According to Croston, each acre requires an investment of $7,000. Planting Empowerment claims the potential for a 10 percent rate of return over the life of a 25-year investment. To date, the company has received such commitments from 21 people, mainly friends and family.

Planting Empowerment board member Peter Eliassen believes the business has the potential to score with investors due to what he refers to as the “triple bottom line” — a combination of financial, environmental and social returns.

“It’s a feel-good investment, where you know your money is going for a good cause,” says Eliassen, vice president of sales and operations at VisionSpring, a nonprofit that itself counts on investors to provide glasses to poor communities throughout Asia, Latin America and Africa. “There is a lot of room to grow because it’s unchartered territory, in terms of bringing the idea of sustainable forestry and a complete social return to investors.”

While investments are the main source of revenue for Planting Empowerment, they aren’t the only source. The company received a financial and moral boost in May, earning a second-place finish and
$7,500 at the 2008 Social Innovation Competition at the University of Texas, which rewards entrepreneurs for creative solutions to entrenched social problems. In August, the company reached the final round of the Social Venture Network’s Innovation Awards Program for socially responsible businesses.

According to Jie-Li Li, director of international development studies at Ohio University, Planting Empowerment’s business model is consistent with current trends toward a more environmentally conscious society. “Traditional development programs depend on government aid, but these (types of) projects set a new path,” says Li. “They develop a sense of social responsibility.”

Education matters

Croston’s passion for international affairs might have something to do with his upbringing. His mother was born in the Republic of Cape Verde, a collection of islands off the west coast of Africa. Though Croston has never visited his mother’s homeland, stories of the prevailing poverty made a lasting impression. A trip to Mexico during his sophomore year at Ohio State University further nagged at his conscience. Upon graduation, he joined the Peace Corps. It was the Peace Corps that united Croston and his business partners. With a shared compassion for the plight of the farmers in Panama and a concern for the rainforest, they formed their business plan, which they launched June 2007. Today, the four are spread across the United States, but their years with the Peace Corps give the company a competitive edge, Croston says. “We know the power players in the community. We know the individual landowners. We know the process of getting work done,” he says. “We’re working with the trust that we built as Peace Corps volunteers.”

After graduating in the spring, Croston hopes to return to Panama to focus his efforts on Planting Empowerment. In the meantime, he is gearing his studies toward his business endeavors. Access to education is Croston’s current charge. It is among his top priorities in Darien, and it was also a significant hurdle in his family’s past. “I was the first in my family to graduate from college,” says Croston, who earned his bachelor of business administration at Ohio State in 2002. His current internship with the Appalachian Center for Economic Networks in Athens has reaffirmed for him the connection between education and economic prosperity. But the value of education extends beyond employment opportunities, he says. “(Education has) definitely made me more open-minded,” Croston says. “It has made me more inquisitive and helped me to look at things from different perspectives.”

New perspectives are needed when it comes to preserving the rainforest in Panama, he adds. “When most people think of rainforest, they think of resources,” Croston says. “I think of individuals.”

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