

# Aglomerados Cotopaxi

## CONSERVING ECUADOR'S UNIQUE FORESTS

eco.business Fund Success Stories



**Location:** Lasso, Cotopaxi, Ecuador

**Partner Institution:** Banco del Pacífico

**Activity:** Forest plantation

**Use of Funds:** Tangible fixed assets: Equipment, machinery, and other capital goods, except vehicles, for productive and commercial purposes

### Ecuador's Forestry Sector at a Glance



Native forest covers **11 million hectares** on the continental territory, representing **50 percent of the country's total land area.**<sup>1</sup>



Ecuador is considered one of the **world's most biodiverse countries.** It registers a total of **18,198** flora species, of which **17,748** are native and **4,500** endemic.<sup>2</sup>



**Timber production** in Ecuador reached one million m<sup>3</sup> by 2017, involving **1,911 businesses** in the chain of custody.<sup>3</sup>



In Ecuador, **53 thousand hectares** have been authorized for logging. **All of them have certified their forests** and plantations with the **Forest Stewardship Council (FSC) Management certification.**<sup>4</sup>

### Sustainable Forestry

Walking amongst the eucalyptus and pine trees near the Cotopaxi National Park in Ecuador, one can see Felipe Pazmiño is happy working as a manager for Aglomerados Cotopaxi – a company committed to sustainable forestry management.

Located a mere 70km from the country's capital, Quito, Aglomerados Cotopaxi's plantations are situated on lands with high forest aptitude, excellent soil, climate, and topography conditions. Overlooking the hectares of trees is one of Ecuador's greatest natural symbols, the Cotopaxi volcano.

Established in 1978, Aglomerados Cotopaxi has become a leader in forestry plantations and produces and sells wooden boards. The company holds 17,655 hectares of forest, of which 30% are dedicated to conservation. "It is an honor to work at a sustainable company that is committed to its surroundings to promote good business practices," Pazmiño says.

As manager of the Forestry Unit at Aglomerados Cotopaxi, Pazmiño is able to see firsthand the work being done to conserve Ecuador's unique biodiversity. The company implements several sustainable forest management activities such as post-plantation control, and careful harvesting. As water resources in this area come from the Cotopaxi Volcano glaciers and the surrounding water springs, water management is also a key element for the equilibrium of the forest and welfare of neighboring communities. "It brings me peace of mind to know that future generations will be able to come to Cotopaxi and see how we have responsibly looked after the environment through our forestry programs."

#### Sources:

<sup>1</sup>Ministry of Environment. (2014). Evaluación Nacional Forestal Ecuador and Ministry of Environment, & FAO. (2020). Nivel de Referencia de Emisiones Forestales Ecuador. 66

<sup>2</sup>Idem

<sup>3</sup>Ministry of Environment. (2018). Superficie de aprovechamiento forestal. Sistema Unico de Información Ambiental

<sup>4</sup>Idem and FSC. (2019). Certificados en Ecuador a Mayo 2018. 4235

Being surrounded by communities and natural beauty typical of Andean landscapes has clearly motivated Aglomerados Cotopaxi to excel in forest resource management. In 1996, Aglomerados Cotopaxi launched its Forestry Management Plan with the following objectives:

1. Establishing specific forests for wood production.
2. Providing support and guidance in forest management and wood production to supply industrial plants.
3. Incorporating environmental and social aspects into the management of productive forests.

The company's certification by the Forest Stewardship Council (FSC) is a testament to the success of Aglomerados Cotopaxi's sustainability efforts. The FSC certification confirms that the management of the company's forests and plantations complies with strict international standards on responsible forest management, based on social, environmental, and economic criteria. "At the moment, we find ourselves in a period of industrial growth that demands a greater amount of raw material, making it necessary to grow the forestry model sustainably and become better known in the region," explains Pazmiño. In addition to the USA, Aglomerados Cotopaxi currently exports its products to Colombia, Peru, Bolivia, and Central America.

## Social Responsibility

Alongside the environment, Aglomerados Cotopaxi is also dedicated to the wellbeing of its employees and the surrounding communities. "The vast majority of employees are very committed to the company," says Pazmiño. "This promotes trust between colleagues and creates a friendly work environment."

In 2003, the company formalized its social responsibility programs for workers and the communities surrounding the plantations. For example, the company encourages farmers to implement rotational grazing on designated portions of its land, supporting additional income generation through sustainable cattle ranching. Local communities are able to harvest wild mushrooms that grow in the forest: In fact, up to 30,000 kg of fresh mushrooms are collected and sold annually. Not only has the company guided local families in this business by providing equipment, facilities, and training, they have also implemented a network of water channels that provide water supply to 2,300 families.

Aglomerados Cotopaxi looks for quality assurance and enhancement of processes and products in all aspects of its operations. Caring about people and the environment is viewed as an integral part of the company's development. "I am fortunate to work in the field in close contact with nature, and in the office working with other passionate, likeminded colleagues," says Pazmiño appreciatively.

## Banco del Pacífico

Banco del Pacífico was founded in the 1970s with the philosophy of providing greater access to credit to all sectors of the economy. Its founders and shareholders had a thorough background in the agribusiness sector, and since its inception, Banco del Pacífico has been driven by social and sustainable management principles. This combination of factors has helped the bank to rapidly consolidate its position in the market. Currently, Banco del Pacífico is the second largest bank in Ecuador. It has collaborated with the eco.business Fund since 2018, as its traditional support to agribusinesses makes it a strategic partner for the fund in reaching the country's agricultural producers and processors. At the same time, the eco.business Fund Development Facility has supported the bank in strengthening its green strategy and in bolstering its internal environmental and social risk management system and staff skills.

Aglomerados Cotopaxi is a longstanding client of Banco del Pacífico. During 2018-2019, the bank extended financing of USD 2.1 million to the company for machinery and equipment, thanks in part to funding provided by the eco.business Fund.



## In Brief: Aglomerados Cotopaxi's Sustainable Practices

Sustainable Practices	Benefits
 Sustainable forest management	Provision of goods and services without degradation of site quality, or reducing the yield over time
 Creation of protected forests	Provision of safe habitats for plant and animal species
 Forest monitoring	Provision of data and information to ensure effective management
 Working with local communities	Offering opportunities for employment to eliminate communities' incentive to engage in profitable but destructive activities
 Chain-of-custody practices	Traceability of timber products from the forest to the final product



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