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The Dark Side of Plan Colombia

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On May 14 Colombia's attorney general quietly posted notice on his office's website of a public hearing that will decide the fate of Coproagrosur, a palm oil cooperative based in the town of Simití in the northern province of Bolívar. A confessed drug-trafficking paramilitary chief known as Macaco had turned over to the government the cooperative's assets, which he claims to own, as part of a victim reparations program.



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A group of workers in the militarized palm fields of Colombia

Macaco, whose real name is Carlos Mario Jiménez, was one of the bloodiest paramilitary commanders in Colombia's long-running civil war and has confessed to the murder of 4,000 civilians. He and his cohorts are also largely responsible for forcing 4.3 million Colombians into internal refugee status, the largest internally displaced population in the world after Sudan's. In May 2008, Macaco was extradited to the United States on drug trafficking and "narco-terrorism" charges. He is awaiting trial in a jail cell in Washington, DC.

Macaco turned himself in to authorities in late 2005 as part of a government amnesty program that requires paramilitary commanders to surrender their ill-gotten assets--including lands obtained through violent displacement. Macaco offered up **Coproagrosur** as part of the deal.

But the attorney general's notice made no mention that Coproagrosur had received a grant in 2004

from the US Agency for International Development (USAID). That grant--paid for through Plan Colombia, the multibillion-dollar US aid package aimed at fighting the drug trade--appears to have put drug-war dollars into the hands of a notorious paramilitary narco-trafficker, in possible violation of federal law. Colombia's paramilitaries are on the State Department's list of foreign terrorist organizations. USAID's due diligence process "did not fail," according to an official response from the US embassy there, because Macaco was not officially listed among Coproagrosur's owners.

Since 2002 Plan Colombia has authorized about \$75 million a year for "alternative development" programs like palm oil production. These programs provide funds for agribusiness partnerships with campesinos in order to wean them from cultivating illicit crops like coca, which can be used to make cocaine. These projects are concentrated in parts of northern Colombia that were ground zero for the mass displacement of campesinos.

USAID officials say the projects provide an alternative to drug-related violence for a battle-scarred country. They insist that the agency screens vigilantly for illegal activity and has not rewarded cultivators of stolen lands. But a study of USAID internal documents, corporate filings and press reports raises questions about the agency's vetting of applicants, in particular its ability to detect their links to narco-paramilitaries, violent crimes and illegal land seizures.

In addition to the \$161,000 granted to Coproagrosur, USAID also awarded \$650,000 to Gradesa, a palm company with two accused paramilitary-linked narco-traffickers on its board of directors. A third palm company, Urapalma, also accused of links with paramilitaries, nearly won approval for a grant before its application stalled because of missing paperwork. Critics say such grants defeat the antidrug mission of Plan Colombia.

"Plan Colombia is fighting against drugs militarily at the same time it gives money to support palm, which is used by paramilitary mafias to launder money," says Colombian Senator Gustavo Petro, an outspoken critic of the palm industry. "The United States is implicitly subsidizing drug traffickers."

Land Theft and the Biofuel Boom

Brig. Gen. Pauxelino Latorre led an elderly farmer through a maze of concrete hallways, past a series of harshly lit rooms overlooking banana plantations and deep into the barracks of the Colombian army's Seventeenth Brigade in Carepa, a town in northwestern Colombia. Soldiers saluted stiffly as the general barreled by. The farmer--Enrique Petro--poor, in his late 60s, shuffled a few steps behind, trying to avoid eye contact.

Petro was understandably anxious. Criminal investigations had repeatedly linked the Seventeenth Brigade to illegal paramilitary groups that had brutally killed thousands, including Petro's brother and teenage son. As he walked deeper into the barracks, Petro had a sense of foreboding. Latorre opened a door into a building at the back of the base, where Javier Daza, then head of Urapalma, was waiting. In the ensuing encounter, Daza and the general did most of the talking.

It was August 2004. A few days earlier, Petro had complained to the general that Urapalma was growing oil palms on land paramilitaries had stolen from him in 1997, in the nearby province of Chocó. In response, the general had suggested a meeting at the base, and Petro, supposing he had little to lose, had agreed. By the end of the brief sit-down, Petro says, Daza and Latorre had intimidated him into legally validating the seizure of his land. With Latorre's signature on the contract as a witness, Petro lost 85 percent of his 370-acre farm--for which, nearly five years later, he has yet to receive the meager payment.

Petro is one of the lucky ones; he is still alive. According to reports by the Colombian government and nongovernmental organizations, Urapalma has illegally claimed more than 14,000 acres of dense tropical land in Chocó--land seized with the help of people like Latorre and his paramilitary collaborators. Latorre, a graduate of the US Army training academy known as the School of the Americas, was charged last year with laundering millions of dollars for a paramilitary drug ring, and prosecutors say they are looking into his activities as head of the Seventeenth Brigade. Another general, Rito Alejo Del Río, who led the Seventeenth Brigade at the time of Petro's displacement, is in jail on charges of collaborating with paramilitaries; he, too, received training at the School of the Americas.

Government reports, legal documents and testimony from human rights groups show that drug-fueled paramilitaries--often in cooperation with the US-funded military--forcibly displaced thousands of Chocó's farmers in the late 1990s, killing more than a hundred. Since 2001 Urapalma and a dozen other palm companies have seized at least 52,000 acres of the depopulated land in Chocó, most of it held collectively by Afro-Colombian farmers like Petro.

The damage may be just beginning. In 2005 Colombian President Álvaro Uribe, citing surging markets in food and biofuels, urged the country to increase palm production from 750,000 acres to 15 million acres--an area the size of West Virginia. Critics point out that many of the new palm growing regions exhibit patterns of narco-trafficking and paramilitary violence similar to that in Chocó, including massacres and forced displacement. A report by the international organization Human Rights Everywhere found violent crimes related to palm cultivation in five separate regions--all of which fall within Uribe's initiative. Almost all of these regions have also been targeted for palm cultivation support by USAID.

The US agency administers Plan Colombia's alternative development program from its headquarters in the massive bunkerlike compound of the US Embassy, on one of Bogotá's busiest streets. Oil palm, or African palm, is one of the few aid-funded crops whose profits can match coca profits. Since 2003 USAID's alternative development contracts have provided nearly \$20 million to oil palm agribusiness projects across the country.

Almost half the palm oil produced in Colombia is exported each year--mostly to Europe but also to the United States. The government now has its sights on the stalled US-Colombia free trade agreement, whose passage by Congress--seen as likely, with President Obama's explicit support--would allow Colombian palm oil to enter US markets duty-free. Although the oil finds its way into various US food imports, Colombia is banking on the burgeoning market for biofuels.

"We are at the dawn of a grand new development in energy: biodiesel production from African palms," president Uribe said in 2005 as he announced the initiative. The country has roughly doubled its acreage planted in palms since 2001, the year Colombia became the world's fourth-largest exporter of palm oil--and the year palm companies arrived in Chocó.

Human rights groups have long accused palm companies in Colombia--Urapalma in particular--of cultivating stolen lands. Jens Mesa, president of Fedepalma, the national palm growers' federation, says these charges are grossly overblown. Mesa complains that the Chocó companies, which are not in the federation, are exceptions that have unfairly stigmatized the industry.

Nonetheless, the Congressional Black Caucus has frequently expressed its concerns about the palm industry, which is concentrated in areas with large Afro-Colombian populations, to the Uribe administration. Worried that Congress will withhold Plan Colombia funds or block the trade deal, the Colombian government has begun to take these charges more seriously. In late 2007, Attorney General Mario Iguarán announced an investigation into allegations that twenty-three palm company representatives in Chocó, including Urapalma's, worked with paramilitaries to seize community-owned land. Around the same time, Senator Patrick Leahy attached an amendment to Plan Colombia funds that prohibits the financing of palm projects that "cause the forced displacement of local people." Congress will soon debate Plan Colombia funding for 2010, the first foreign appropriations budget penned by the Obama team. In the bill's current draft, Leahy's amendment is marked for deletion.

Sean Jones, until mid-May USAID's director for alternative development in Colombia, recognizes that the country's palm oil industry has "two faces." One is the law-abiding companies, he says, but "there is this ugly face of African palm, too, where you have some really nasty players out there."

Paramilitaries and La Violencia

Even in Colombia, with its tremendous geographical and cultural diversity, the jungle province of Chocó is considered exotic. Chocó's tropical rainforests, wedged into the northwest corner of the country where South America joins Panama, are among the most biodiverse on the planet. But most Colombians still see it as a violently contested backwater. Torrential downpours nourish low-lying mountain ranges, which feed hundreds of rivers and swamps that stretch veinlike across the landscape. Most of these waterways flow into the large Atrato River, which snakes its way north through the rainforest until its delta empties into the Caribbean gulf. Locals call this area Urabá.

The farmers of Urabá most affected by the palm business live near two lush tributaries: the Curvaradó and Jiguamiandó river basins. In 2000 the government's rural land management agency, Incoder, awarded collective title to 250,000 acres here to slave-descended black communities, who enjoy the same territorial rights as indigenous peoples under Colombia's Constitution.

But the government, in an effort to attract global investors, has also branded Urabá "the best corner of the Americas." And in recent years, palm companies have taken more than 20 percent of the land

fronting the two rivers--the most habitable and agriculturally viable part of the territory.

In the late 1980s this part of Colombia became a base for paramilitary groups, or "paras," founded by three brothers from the Castaño family: Fidel, Vicente and Carlos, who came up through the ranks of the infamous Medellín cartel of Pablo Escobar. The Castaños received generous logistical and financial support from businessmen, wealthy landowners, drug traffickers and members of the army. They collaborated so closely with the Colombian military's dirty war against guerrillas of the Revolutionary Armed Forces of Colombia (FARC) that a 2001 report by Human Rights Watch referred to them as the army's "sixth division." Fueled by zealous anticommunism, warlords like the Castaños slaughtered thousands of innocents accused of harboring guerrilla sympathies.

By the mid-1990s, human rights reports show, the paras turned their violence to an economic purpose: gaining lands and businesses, eliminating opponents and protecting their most lucrative activity, drug trafficking. The Castaños and their allies became Colombia's undisputed cocaine barons, earning them top spots on the US government's most-wanted lists. The warlords began a bloody march into Urabá.

First, leaflets appeared warning all guerrilla collaborators to leave, and towns were riddled with paramilitary graffiti. Uriel Tuberquia, one of Enrique Petro's campesino neighbors, recounts that in the months before the paras arrived, rumors coursed through the community that the *mochacabezas* (decapitators) were coming, a reference to the gruesome way paramilitaries would dismember the bodies of their victims.

When the paras finally came, they killed Tuberquia's father as he grazed his cattle. "They shot him from behind, at long range," says Tuberquia, staring into the palm fields. "My dad never got a proper burial. He's just buried there, somewhere, underneath all that palm."

In October 1996 the paras had a macabre coming-out party in Chocó, with the murder of eight campesinos in the tiny town of Brisas on the Curvaradó River, an hour's walk from Petro's farm. What followed was a crescendo of terror locals simply call *la violencia*. In February 1997 the military, backed that year by \$87 million in US support, teamed up with its "sixth division" to hammer northern Chocó. Army helicopters and fighter jets rained bombs and high-caliber gunfire on the jungle communities, while the paras "cleaned up" behind them. Military and paramilitary roadblocks cropped up everywhere. International human rights groups documented massacres, torture, murders and rapes. Paramilitaries capped off the year by slaughtering thirty-one campesinos a week before Christmas.

According to the UN Refugee Agency, the 1997 offensive forced some 17,000 people from their homes. In the Curvaradó and Jiguamiandó basins alone, 140 farmers have been confirmed killed or disappeared, all but four by soldiers or paramilitaries. By 1997 Petro had already lost his brother and two sons to *la violencia*--one killed by the FARC. Paramilitaries repeatedly warned him he'd be killed if he didn't leave his farm. He tried to stay on, but after another son left, Petro abandoned the land.

"They said they came here to clean out the guerrillas," recalls Petro, "but it was us, the campesinos, they cleaned out." In interviews, several survivors tell me that when the violence began, paras came to their farms with the same chilling offer: "Sell us your land, or we'll negotiate with your widow."

By 2001, when the paras announced they had gained definitive control of Urabá, Petro and the other campesinos were scattered. Some were hiding out in the jungle; others had left Chocó entirely. Though paras prevented them from visiting their farms, the campesinos heard rumors that their lands were being planted with palm.

Gustavo Duncan, a security analyst at the University of the Andes, in Bogotá, says the paramilitaries' turn to palm was the obvious business decision: "Palm was a perfect way to consolidate their militarized social control over a territory and invest capital accumulated from drugs into a profitable business." According to an affidavit by a former Urapalma employee who cooperated with the attorney general's investigation, the main bridge between the Castaños and investors was Hernán Gómez, an early ideological mentor of the Castaño brothers and husband of Urapalma's current CEO. The affidavit states that Gómez, who did not return multiple calls to his home, helped the Castaños recruit wealthy narcos with experience in the palm business to invest in Urapalma.

As farmers began trickling back to their homes after 2001, many found their lands razed and planted with palm saplings. Companies like Urapalma had posted signs on the land with big block letters: Private Property. A permanent paramilitary presence terrorized the area.

Petro spent five years without seeing his farm, taking refuge in the nearby town of Bajirá. He returned only in 2002, to a devastating sight. "All the work of my youth was gone," he says. "One hundred ten head of cattle, nine horses, my wife had tons of chickens, pigs... everything gone." Urapalma had plowed his pastures for palms. A year after his arrival, he says, shortly after he began working his land again, "the paramilitaries came to kill me." Petro had left for town that morning, and so he avoided harm. But he returned to find his home ransacked and covered in graffiti. The paras' slogans are still visible on the walls of his dilapidated house.

USAID and Palm

Three months after the paras vandalized Petro's home, Urapalma submitted a grant application to the Bogotá offices of ARD Inc., a thirty-year-old rural development contractor based in Burlington, Vermont, with offices in forty-three countries. On its website ARD describes itself as guided by "Vermont's ideals of leadership in environmental affairs and local participation in government." USAID, a major source of ARD's revenue, has \$330 million in active contracts with the company.

In January 2003, ARD began administering \$41.5 million for USAID's Colombia Agribusiness Partnership Program (CAPP). Urapalma was one of the first palm companies to send an application; the Macaco-linked Coproagrosur received its \$161,000 grant the following year (a third of which was returned, unspent). ARD's quarterly reports show that Urapalma requested \$700,000 in financing to cover the planting of palm on some 5,000 acres in Urabá--the epicenter of stolen land. The grant

application began working its way through ARD's process.

USAID officials refer to Urapalma's proposed project as a "strategic alliance" and typically call such efforts "community driven." "Without our support," said an embassy official, "farmers would have a weaker ability to negotiate fair alliances with the industrial processors." But according to documents from the Colombian attorney general's 2007 investigation, obtained by the Investigative Fund at The Nation Institute, palm companies in Chocó set up these partnerships to legitimize illegal land acquisitions after the fact--often through fraud and coercion.

The investigation files include an affidavit by Pedro Camilo Torres, a former Urapalma employee who from 1999 to 2007 handled the company's loan applications, including the USAID grant proposal. His affidavit charges that Urapalma created campesino "front" organizations to secure phony land titles and gain access to public funds.

The most notorious case of fraud involves Lino Antonio Díaz Almarío, who allegedly in 2000 acquired 14,645 acres--an impossible fortune for a poor campesino--and immediately sold these lands to the Association of Small Palm Oil Producers of Urabá, an organization started by Urapalma. But Díaz had been dead since 1995, when he drowned in the Jiguamiandó.

Urapalma's proposed USAID project, as summarized in an ARD report, referred to "Afrocolombian Associations." According to Torres's affidavit and eyewitnesses cited by the attorney general, all of Urapalma's campesino organizations were set up by Teresa Gómez, whom the US Treasury identifies as the "financial manager" of the Castaños' vast narco-paramilitary federation. She managed at least two other paramilitary-affiliated NGOs and is wanted for the murder of a campesino leader in Córdoba province who had clamored for lands seized by the Castaños. Phone calls and messages left with Urapalma's staff over months were not returned.

Urapalma never received the grant money in question, an outcome that Susan Reichle, USAID-Colombia's mission director, says vindicates the agency's "due diligence." Reichle says her team has developed a "land protocol and a whole process to really ensure, to the best of our abilities and through several layers of investigation, that this land is clean land." But, she admits, "unfortunately, you'd love to say it's 100 percent--you're never going to be." Sean Jones, who became head of USAID's alternative development programs in Colombia in 2006, contradicts Reichle, pointing out that Urapalma's application stalled because the company failed to submit paperwork on land titles.

According to CAPP's quarterly reports, a joint USAID-ARD "review committee" had advanced the Urapalma proposal as far as the penultimate stage of the process--the last step before awarding money--by January 2005. Roberto Albornoz, who has headed ARD's agribusiness program in Colombia since the inception of the USAID contract, says his staff conducted due diligence but never turned up evidence of suspicious activities. He confirms that the project was "put on hold" in April 2005 only after Urapalma stopped submitting documentation. Albornoz says his staff did not learn of Urapalma's questionable past until they came across a magazine article published five months after the proposal was put on hold. When pressed as to why ARD screeners failed to suspect the company of illegal activity, Jones echoes Albornoz: "The allegations around Urapalma weren't

coming up in the press at that point."

But the forced displacements and massacres in Urabá were already in the public record. In July 2003, a month before Urapalma's USAID application, the national daily *El Tiempo* reported that "the African palm projects in the southern banana region of Urabá are dripping with blood, misery and corruption." The *Washington Post* picked up the story two months later.

In declassified cables from the US Embassy, US officials in Bogotá sounded the alarm about the paramilitaries' stranglehold on Urabá as early as 1996. A cable from that year states, "The Castaños have profited greatly from their activities, reportedly acquiring thousands of acres of land in northern Colombia." The cable refers to growing paramilitary control of entire regions and specifically mentions Urabá.

In 2003, five months before Urapalma's grant request, the Inter-American Court of Human Rights singled out Urapalma for collusion with paramilitaries in Urabá: "Since 2001, the company Urapalma SA has initiated cultivation of the oil palm on approximately 1,500 hectares of the collective land of these communities, with the help of 'the perimetric and concentric armed protection of the Army's Seventeenth Brigade and armed civilians'" --i.e., paras. Soldiers and paras undertook armed incursions, the court concluded, to "intimidate" communities into "join[ing] in the production of oil palm or evacuat[ing]."

Albornoz says ARD's screeners cross-referenced company records with Colombian and US government databases of people linked to the drug trade. But the company had evident narco links: in its corporate registration papers, Urapalma lists as its founding investors two brothers from the Zúñiga Caballero family, which Colombian authorities charge is a paramilitary-connected clan with links to the Medellín and Cali drug cartels.

Hundreds of Thousands of Dollars

While USAID eventually tabled Urapalma's proposal, the agency awarded one grant to Coproagrosur, the company surrendered by Macaco, and another to Gradesa, which refines palm oil for domestic consumption and export--much of it to the United States. **According to ARD reports and USAID documents**, the agency's grant to Gradesa helped support a project in Belén de Bajirá, Chocó, the Urabá municipality that is home to Urapalma--and to the land formerly farmed by Enrique Petro. USAID appears to have supported Gradesa's involvement in refining palm oil from the Chocó killing fields.

USAID insists it has never funded a palm project in Chocó. Representatives from USAID, Gradesa and ARD deny that the Gradesa project was based in Belén de Bajirá, despite three years of references to the town in internal and public documents. USAID representatives say that the locale was referenced erroneously after Gradesa mistakenly mentioned it in a status report. "The error went unnoticed," USAID's press attaché explained by e-mail, "because our main interest centers on information related to hectares, families, employment and budget invested."

In any case, at the time USAID awarded Gradesa a \$257,000 grant on December 19, 2003, corporate filings show that the same two Zúñiga brothers who'd invested in **Urapalma, Antonio** and **Carlos**, also sat on Gradesa's board. (Carlos appears on a Colombian government list of narco-traffickers as early as 1987.) In March 2005, Colombia's attorney general **announced** that he was seizing the Zúñigas' stake in the firm and filed criminal charges against the brothers for using Gradesa to launder narco-dollars. According to a Colombian narcotics official, that stake was 50 percent; a recent interview with Gradesa's CEO revealed that the brothers had owned this stake since the early 1990s, long before the USAID grant. The attorney general's case is now plodding its way through Colombian courts, the government's fifth attempt to pin drug-laundering charges on the Zúñigas.

Despite this pending legal action, USAID **approved** a second Gradesa grant in 2007, this one for \$400,000--monies from a new five-year, \$182 million contract with ARD. In a written response, a US embassy official said that since USAID received no formal notice of the case against the Zúñigas, "there was no way that USAID could have been aware of the link between Gradesa and the Zúñiga investigation." **The official said** "no red flags were raised" in the due diligence process for Gradesa's second grant and that as the Zúñigas were no longer "shareholders, investors or managers" they did not qualify as "recipients."

Permanent Displacement

Life has not improved much for Petro or his fellow refugees. In April the government returned 3,200 acres--just 6 percent of the stolen land--to some farmers along the Curvaradó River. Twelve years after they were forced to flee, the rest remain displaced. The government says it is pressing the palm companies to return the remainder of the lands voluntarily, but locals have heard such promises before. Meanwhile, the companies are shipping out palm kernels by the truckload. Petro has only a fraction of his farm left, part of which he turned into a makeshift "humanitarian zone," a village of wooden shacks called Caño Claro, populated in recent years by as many as a dozen displaced families at a time.

More than 2,500 people still scrape by in a handful of these humanitarian zones, which dot the Curvaradó and Jiguamiandó river basins, though none enjoy legal recognition by the government. In some cases, all that separates these refugees from their palm-covered former farms is a cratered dirt road patrolled by paramilitaries, now in civilian clothing, and army soldiers. Children scamper around the camps with bloated bellies from illness and malnutrition, their families torn from their source of subsistence. Of late, reprisals and violent threats toward those demanding the return of their lands have increased.

One day last October campesino leader Walberto Hoyos was shot and killed execution-style near the Curvaradó River, his neck and face pumped with bullets by a paramilitary gunman. The next morning, the residents of Urabá woke up to find their towns riddled with fresh graffiti and leaflets announcing the formation of a new paramilitary group, an eerie reprise of events leading up to *la violencia*.

About Teo Ballvé

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