

August 2017

	منظمة الأغذية والزراعة للأمم المتحدة	联合国 粮食及 农业组织	Food and Agriculture Organization of the United Nations	Organisation des Nations Unies pour l'alimentation et l'agriculture	Продовольственная и сельскохозяйственная организация Объединённых Наций	Organización de las Naciones Unidas para la Alimentación y la Agricultura
---	--	--------------------	---	---	---	--

LATIN AMERICAN AND CARIBBEAN FORESTRY COMMISSION

THIRTIETH SESSION

Tegucigalpa - Honduras, 25 -29 September 2017

Forest concessions for sustainable forest management

Secretariat note

I. Background

1. The importance of forests for sustainable development are well reflected in the Sustainable Development Goals (SDGs) and the Paris Agreement on Climate Change. In order to ensure that forests deliver their socioeconomic and environmental benefits, it is crucial to strengthen sustainable forest management based on the best available practices. Although progress has been noted, the global proportion of land area covered by forest still decreases. The loss of forests took place mostly in tropical and low-income countries, and most notably in sub-Saharan Africa and in Latin America and the Caribbean.

2. Better understanding of practices that can effectively reconcile environmental, economic and social aspects of forest production can support increased provision of wood and non-wood forest products with great impact on income, employment and climate change mitigation. Forest concessions, if well implemented, can be an effective instrument to promote sustainable forest management practices, contributing to reduced deforestation and forest degradation, while generating increased, sustained socioeconomic benefits from forests.

3. In order to build on lessons learned and contribute to improvement of forest concessions for delivery of increased socioeconomic and environmental benefits, FAO and the Program on Forests (PROFOR) of the World Bank (WB), in collaboration with the European Forest Institute (EFI), are developing the “Voluntary guidelines for the sustainable management of public production natural forests in tropical countries through forest concessions in the context of the 2030 Agenda”. This work is carried out as part of FAO’s Forest Concessions Initiative launched in 2015 in collaboration with the Center for International Forestry Research (CIFOR), the Centre de Coopération Internationale en Recherche Agronomique pour le Développement (CIRAD), the International Tropical Timber Organization (ITTO), PROFOR, and the Brazilian Forest Service (SFB).

4. The guidelines build on findings from three regional reports, a synthesis report, and an expert meeting held at FAO HQ in 2015, as well as results from a global workshop in Brazil in 2016. According to the reports, concessions have been an important instrument not only of forest policy but also of land

This document is printed in limited numbers to minimize the environmental impact of FAO's processes and contribute to climate neutrality. Delegates and observers are kindly requested to bring their copies to meetings and to avoid asking for additional copies. Most FAO meeting documents are available on the Internet at www.fao.org

allocation. In Latin America, the study focused on eight countries, of which seven have concession regimes (Bolivia, Brazil, Guatemala, Guyana, Peru, Suriname and Venezuela) and one (Mexico) practices community forestry. It revealed that in the region, forest concessions are mostly instruments of forest policy, in particular for management of public forests allocated to production either by private commercial entities or communities. Around 10% of public forests are allocated to production in the region and only 4% are managed under commercial concessions. Several countries have adopted forest concessions as part of their forest conservation strategies. Bolivia, Brazil, Guatemala and Peru are examples of countries that have formulated robust concession programmes to mainstream sustainable forest management practices and realize the socioeconomic and environmental benefits from sustainable forest production. Other countries in the region have also engaged in forest concessions regimes. In practice, however, many obstacles remain, such as unstable and unreliable institutional frameworks, competition with illegal production, and conflicts over rights of local communities.

II. Forest concessions in the context of the 2030 Agenda

5. Forests have a critical role in the delivery of the 2030 Agenda. Through their products and services, forests can contribute significantly to reducing rural poverty and hunger while providing for more sustainable terrestrial ecosystems, carbon sequestration and more sustainable production and consumption through low carbon products. As instruments for advancing good practices of forest management, concessions can be an effective vehicle to address the SDGs as well as the Nationally Determined Contributions (NDCs) under the Paris Agreement. If properly designed, implemented and monitored, forest concessions can effectively apply reduced impact logging and silvicultural practices in tropical forests, reducing damage to the remaining forest, increasing harvesting efficiency and the regrowth potential of the forest. In addition, generation of qualified jobs and increased income from the management of forests for production of timber or other products may lower the opportunity costs of forest land, which in its turn may reduce the risks of deforestation. Potential contributions to SDG 15 “Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss” and to REDD+ (Reducing emissions from deforestation and forest degradation, sustainable management of forests, conservation and enhancement of carbon stocks) are clear. In particular, contributions to SDG Target 15.2 “By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally” can be a direct outcome of well managed forest concessions.

6. However, despite some successful examples, countries still struggle to increase the number of concessions that realize all benefits. The global workshop in Brazil in 2016 demonstrated that although interest in forest concessions is high in Latin America, widening of implementation of concession regimes is hampered by the lack of domestic policy and an institutional environment supportive of concessions, poor access to finance, non-explored synergies between concessions and community forestry, issues on clarity of land rights, weak linkages with climate change strategies and a general negative perception of forest concessions and wood forest products.

7. In Latin America the forest sector represents US\$ 49 billion worth of production value (pulp and paper sector excluded), and more than 1.3 million people employed formally in 2011. This could be up to 4 million if we assume a multiplier of three suggested by the International Labour Organization (ILO), to include informal workers in this figure. Also, locally, forest communities or communities near forests may depend for between 25 and 40% of their economic activities on products derived from the forest. Maintaining a healthy forest sector will benefit above all the economy of rural areas (nearly half of the people employed can be found in the Amazon region) and contribute to the sharing of forest related benefits with rural households. However, in spite of the potential benefits from forest management and more than 30 years of investments in sustainable forest management, only 13% of current forests have a management plan, while not all of this share is well managed. Using forest certification as a criterion and assuming that most forests certified under PEFC are forest plantations, the percentage of well managed forests lowers to approximately 3% of the natural production forests in the region. Literature

indicates relatively high costs of management, combined with inefficiencies in harvesting and across the value chain as main reasons for the reduced coverage of sustainable forest management. Those reasons are exacerbated by high transaction costs and the opportunity costs of harvesting restrictions on the one hand, and the difficulties in receiving an income from other benefits, such as carbon sequestration, avoided emissions, or maintenance or enhancement of other ecosystem services. Other barriers mentioned for widespread implementation of sustainable forest management are the generally weak national and local innovation systems (education, extension, local legitimate leadership, effective local organizations and learning mechanisms), weak monitoring systems, too few opportunities for continuous strengthening of capacities at all levels, and still weak inter and intra scale governance mechanisms.

III. Process for designing the voluntary guidelines for sustainable forest management of public production natural forests through forest concessions

8. Forest concessions are not used uniformly across regions, not even across all tropical regions. In some countries, forest concessions overlap with land concessions and are used as land allocation or land management instruments with other objectives than sustainable forest management. For this reason, defining the scope of this work was fundamental. The proposed guidelines focus on promotion of sustainable forest management in concessions of public natural production forests in tropical regions. They build on the ITTO Voluntary Principles and Guidelines for the Sustainable Management of Natural Tropical Forests, as well as other relevant guidance for good forest governance and sustainable forest management, to provide practical guidance to new forest concession regimes or review and revision of existing ones. The concession guidelines are voluntary and stem from lessons learned in Africa, South-East Asia and Latin America. In combination with Criteria and Indicators (C&I) processes, these guidelines provide a framework for implementation and monitoring of concessions to deliver true sustainable forest management.

9. Based on literature review, an on-line survey, semi-structured interviews and direct consultations, the methodology for producing this document sought to ensure that the key challenges faced by forest concessions and implementation of sustainable forest management as would be addressed. The conclusions from the global workshop in Brazil were the starting point to define the four main areas of focus to deliver the guidelines: (i) governance (policy and institutional arrangements, including means of implementation), (ii) socioeconomic aspects (including economic feasibility, markets and socioeconomic benefits), (iii) forest management practices (including monitoring) and (iv) relationship with forest communities. An extensive literature review supported the development of an analytical framework that provides a typology of forest concessions, including necessarily but not only policy objectives, legal aspects and contractual arrangements, scope of forest management (objectives and activities), main stakeholders, and monitoring and evaluation. The proposed concessions management cycle stems from this analytical framework, which underpins the formulation of principles, guidelines and recommendations. A self-assessment tool for evaluation of initial conditions or circumstances surrounding forest concessions regimes has also been formulated, primarily intended to support policy-makers in establishing and managing forest concessions, but also to be used by concessionaires, communities and other stakeholders.

10. The process to build the guidelines was fundamentally participatory and country driven. The work was motivated by direct country demand, based on a request from Brazil to FAO to assess the status of forest concessions in tropical countries and discuss measures to address the challenges to advance sustainable forest production from concessions. The regional consultations took place on June 27-28 in Libreville, Gabon; July 6-7, in Maputo, Mozambique; July 12-13, in Jakarta, Indonesia; and July 19-20, in Lima, Peru. Organized in close collaboration with the hosting countries, the consultations provided opportunities for reviewing the content and language of principles, guidelines and recommendations in line with priorities regarding concessions elicited by the participants. More than 120 representatives of country and provincial governments, private sector, forest communities, national and international development and civil society organizations, and the scientific community participated in the

consultations. In Latin America, the following countries were represented: Bolivia, Brazil, Guatemala, Guyana, Honduras, Mexico, Peru, Suriname and Venezuela. Representatives of the hosting countries were invited to advise on the inclusion of the results in the final document through participation in the Forest Concessions Initiative Steering Committee.

IV. Results from the regional consultations

11. In each region participants were requested to express their priorities regarding forest concessions. Results across regions converged around the following topics: land-use planning and zoning of forest land; monitoring and control; relationship with communities and tenure rights; production and economic aspects; multiple use of forests; capacity development; credibility and stability of regulatory frameworks; and effective application of harvesting and post-harvesting management and silvicultural practices.

12. In all regions issues related to communities have been given attention in relation to clear rights and responsibilities, but also covering participation and active engagement. A strong demand for transformation of the relationship between communities and concessionaires emerged in all consultation workshops. Poverty in forest regions was mentioned as a challenge to concession regimes. A great part of participants have called for models that establish clear roles and responsibilities for private concessionaires, surrounding communities and governments, as well as enhanced capacity for community forest management. The guidelines and recommendations capture the need for effective engagement with communities, promoting collaboration and synergies to strengthen a fair and equitable local forest economy. The need for working on a business model for concessions that takes into consideration realistic market assumptions and a regulatory framework that reduces transaction costs were ranked high as priority. Enabling conditions for strengthening the value chain through production of higher value-added products were also highlighted, in particular in Mozambique and Peru. The guidelines point out the need of giving attention to the concessionaire investment capacity to carry out forest management plans while assessing transaction costs against effectiveness of regulatory framework.

13. As a direct result from the consultations, a specific principle on capacity development was introduced. Building capacity at public, private and community level for formulating, approving and implementing forest management plans was reported as strong constraint to advance sustainable forest production. The lack of structures to build capacity systematically has been noted, with the need to update the curricula of technical and university courses as well to create training centers.

V. The voluntary guidelines

14. The voluntary guidelines consider four dimensions of concessions management: improved governance, economic feasibility, social inclusion and environmental integrity. They are structured under eight principles that call for: (1) coherence with forest and forest-related policies for sustainable landscapes; (2) clear, credible and efficient legal and institutional frameworks; (3) transparent and accountable planning, allocation, implementation and monitoring of forest concessions; (4) technical capacity for management and operation of concession regimes at all levels; (5) long-term economic and financial feasibility; (6) clarity and security of tenure rights; (7) community participation and benefits; and (8) environmental integrity in forest concessions. For each principle, guidelines and recommendations are being formulated and illustrated according to good practices identified by relevant stakeholders and cleared by the Forest Concessions Initiative Steering Committee. The self-assessment tool contains questions reflecting the guidelines and providing a hands-on instrument for deciding on adjustments of the concession regime.

15. The principles and guidelines for forest concessions in tropical countries are not dissociable from the eleven principles from the ITTO Principles and Guidelines for the Sustainable Management of Natural Tropical Forests. They should be seen as a contribution to respond to specific needs of forest

concessions, therefore addressing issues that should be observed to make the concessions an effective instrument of forest policy. By illustrating the guidelines and recommendation with concrete experiences, the document will also create an opportunity for knowledge exchange.

16. The voluntary guidelines are part of the FAO work to support sustainable forest production and unlock its contributions to the SDGs and climate change mitigation. Recognizing the need to raise awareness to actual supply and potential uses and applications of sustainable forest products, as well as the overall benefits from sustainable forestry, a global conference on sustainable wood products “Sustainable Wood for a Sustainable World” organized by FAO, in collaboration with ITTO and the World Bank will take place in Rome on 31st October-1st November, 2017. It is expected that by connecting policy makers with producers, consumers and financial sector while making available practical tools for enhanced governance for sustainable production, the transformational change needed to ensure sustainable forest management can be effectively implemented.

VI. Points for consideration

17. The Commission may wish to encourage countries to:

- Endorse the “Voluntary guidelines for the sustainable management of public production natural forests in tropical countries through forest concessions in the context of agenda 2030”.
- Observe these voluntary guidelines when implementing or reviewing forest policy and forest concession regimes.
- Promote these voluntary guidelines to all relevant stakeholders.

- Encourage participation of forest-related industry and experts in the global conference on sustainable wood products “Sustainable Wood for a Sustainable World” that will take place in Rome on 31st October-1st November, 2017.

18. The Commission may wish to request FAO to:

- Support countries in their efforts to enhance their forest concessions regimes and governance for production in public natural production forests; and
- Develop further work on sustainable forest value chains.