INTERNATIONAL WORKSHOP

What future for forest concessions and alternative allocation models for managing public forests?

A SYNTHESIS OF FINDINGS

Porto Velho, Brazil, 13 October 2016
Forest Concessions in the Tropics: Synthesis of Findings

Outline

• Definitions
• Global Trends Public and Production Forests
• Forest Products – global and selected countries
• Forest wood products production and trade
• Key factors for forest concessions outcome
• Selected examples of forest policies with forest concessions as instrument
• Economic feasibility forest concessions
• Highlights from the regional reports
• New opportunities
• Conclusion
Definitions

• Forest concessions are contractual arrangements for temporary allocation of public forest resources to third parts (businesses, communities, non-governmental organizations).

• Concessions grant rights for utilization of forest resources and services and/or forest management.

• Forest concessions are usually applied to public production forests. However, conservation concessions are also possible.

• Concessions in the tropics have spanned from harvesting permits to full management of forest area.

• If well implemented, forest concessions can be effective instruments for securing tenure and rights.
Global Public Forests

- Total World: 76%
- South America: 66%
- Oceania: 57%
- North/Central America: 68%
- Russian Federation: 99%
- Europe without Russian F.: 45%
- Asia: 76%
- Africa: 87%

Source: FRA 2015
Public Forests Regional Trends

Public forests as % of total forests area

Source: FRA 2015
Percent of forest area primarily designated for production (2015)

- World: 31%
- South America: 16%
- Oceania: 8%
- North and Central America: 17%
- Russian Federation: 51%
- Europe without Russian F.: 57%
- Asia: 44%
- Africa: 27%

Source: FRA 2015
Area of production forests (1000 ha)

- **Africa**
- **Asia**
- **Europe (incl. Russian F.)**
- **North/Central America**

Source: FRA 2015
Public Production Forests and Forest Concessions (10^3 ha)

Source: Regional Reports
All countries for Tropical Africa and Tropical Latin America without Brazil

Log production (million m³)
- Tropical Latin America without Brazil
- Southeast Asia & PNG

Tropical Africa
- Log exports
- Sawnwood production

Southeast Asia & PNG
- Log exports
- Sawnwood production

Tropical Latin America without Brazil
- Log exports
- Sawnwood production
Key factors influencing forest concessions outcome

• Forest policy objectives
• Transparent process
• Clarity on rights included in the contractual arrangement
• Duration of the contract
• Assessment of value of rights to be granted – realistic pricing
• Assessment of overlapping activities
• Assessment of presence of communities and their activities inside the concession and in surrounding areas
• Perception of stability of institutional framework
• Governments’ monitoring and enforcement capacity
<table>
<thead>
<tr>
<th><strong>FOREST CONCESSIONS WITHIN NATIONAL LAWS</strong></th>
<th><strong>EXAMPLES FROM FAO FOREST POLICY DATABASE</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Brazil (2006)</strong></td>
<td>Management of public forests for sustainable production: mention ecosystem, biodiversity and cultural values protection; respect to local community rights and value added locally. Includes non-wood forest products and forest services; makes a distinction between forests assigned to communities and forest concessions.</td>
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<tr>
<td><strong>Bolivia (1996, 2008)</strong></td>
<td>Integral management of forests: focus on sustainable forest management for production; in case of non-wood forest products, priority for communities.</td>
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<td><strong>Bolivia (2010)</strong></td>
<td>Introduction of the Special Transitional Authorizations with a focus on transferring existing forest concessions to communities.</td>
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<tr>
<td>Country</td>
<td>Focus</td>
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<td>Guatemala (1996, 2005)</td>
<td>Focus on production/use of forest resources, with differentiation between protected and non-protected forests; state assess areas for production; in case of equal proposals from business and communitarian enterprises, priority to be given to communitarian.</td>
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<td>Peru</td>
<td>Focus on production in areas previously identified through forest zoning; concessions as instrument for explore forests’ economic functions, including services, such as ecotourism.</td>
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<tr>
<td>Suriname (1996, 2002)</td>
<td>Many laws with focus on timber production; communities can be granted concessions; non-wood forest products mentioned in case of communities.</td>
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### FOREST CONCESSIONS WITHIN NATIONAL LAWS
#### EXAMPLES FROM FAO FOREST POLICY DATABASE

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<tr>
<th>Country</th>
<th>Policy Objectives</th>
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<td>Lao PDR (2000, 2007)</td>
<td>Concessions as instrument to lease out forests and forest land for use of forest resources, including plantations for commercial purposes and restoration.</td>
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<tr>
<td>Cambodia (2002)</td>
<td>Production forests are defined as forests aimed at production of wood and non-wood forest products, where conservation is a second priority; production forests include forest concessions.</td>
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<tr>
<td>Ghana (2006, 2012)</td>
<td>Focus on development of timber industry and increased forest production; mentions sustainability of harvesting and wildlife resources)</td>
</tr>
<tr>
<td>Liberia (2006)</td>
<td>Focused on sustainable production (mention maintenance of future harvest capacity, economic feasibility and environmental impact)</td>
</tr>
<tr>
<td>Gabon (2012)</td>
<td>Focus on forest production development; mention mapping of concession area for sfm, including biodiversity and communities; socio-economic studies, for identifying community practices and needs, including provision for agriculture inside the concession area.</td>
</tr>
</tbody>
</table>
• Key factors: area of the concession, incidence of marketable species, distance to processing facilities and/or ports, access to infrastructure.

• Local processing reduce cost as a proportion of total final product cost.

• Pricing of tropical timber is not transparent and mostly demand-driven.

• Consideration of silviculture within the sustainable management plan can enhance concessions’ economic feasibility.
• Most countries in the region have robust forest product industries that provide consistent volumes of logs.

• Concessions seem to foment diversification of value-added processing, in particular where moderately robust manufacturing sector existed prior to concessions.

• Government-funded industry development organizations to support market development initiatives have been an useful incentive.
• Concessions have implemented sustainable forestry on a wide scale and in complex tropical forests, with frequent use of accepted technical tools for sustainable harvest levels and forest integrity.

• Region has incentivized certification and technical soundness of concession systems in Bolivia, Guatemala and Mexico have been shown by independent certification processes.

• Region has solid examples of communities that profitably harvest trees, process and trade forest products, especially in Guatemala and Mexico.
• In addition to generation of jobs and social benefits to concession workers, in some countries concessions have contributed to training and development of local human capital.

• In Guatemala, Peru, Bolivia, and Mexico, the introduction of forest concessions created an enabling environment for building human capacity on both individual and organizational level and resulted in the creation local organization with important political and economic roles.

• Weak governmental capacity to curb illegal logging has been the main challenge faced by forest concessions.

• Economic/financial capacity is still weak with few financial institutions allocating resources to concessions.
Highlights from the Regional Reports – Africa

• Sustainable management plans are mandatory in all countries and should be prepared by the concessionaire (with the exception of CAR where the public agency prepare the plan). However, it is very likely that in the majority of non FSC-certified concessions the management plans are not completed or implemented. CAR is the only country with 100% concessions with management plans and only 44% of concessions in the region have a management plan.
• Sustainability of harvests without silvicultural treatment is questioned in Central Africa, as simulations suggest that key commercial species cannot be recovered after 2-3 cutting cycles. Due to high selectivity in harvesting in Central Africa, many potentially marketable species remain untouched.

• Reduced profitability due to higher operational costs has driven many European companies out of the market. Asian and African companies are increasing in importance in the region.
• Transparency has increased in forest concession processes but public information is still difficult to access and governments are reluctant to provide on-line updated information on concession holders. Situation has improved with introduction of independent observers.

• Forest concessions provide 135,000 direct jobs in the selected countries and many more informal jobs. Jobs provided by the timber sector are among the rare jobs available in remote and marginalized areas and that employ non-skilled workers.
• Forest management international independent certification has pushed companies to legal auto-regulation and increased respect to social criteria, rights recognition and benefit sharing with local communities. In Central Africa, six companies achieved certification, out of which five are EU-based. There is uncertainty in the capacity of the region to in expanding forest management certification due to high costs and the efforts to obtain legality certification.
• Log bans have mostly resulted in production decrease in the region. Low competitiveness of products locally processed prevented revenues from exports of processed products to compensate the previously exported volumes of logs.

• A new generation of forest regulations calls for benefit sharing with “riparian” populations (Cameroon, Gabon and DR Congo), and /or for establishing “community development area” within the industrial concessions (Congo). In DRC, a decree from 2014 distinguishes customary territories (forest of the local community) and the “community concession”.

FAO Forestry
The business model whereby very often implementation of sustainable management plans are sub-contracted to contractors without technical or financial capacity has been an important driver of unsustainable practices.

Security of tenure is seen as the biggest obstacle to sustainable forest management in the region. The perception of risk of potential interruption of concession contract leads to overharvesting in the immediate period after concession is granted.

Despite the existence of an institutional framework to support the concessions, a perception of lack of transparency persist.
• Certification in the region is still very low. Although the region leads production of tropical logs, only 2% of certified forests in the world are in Southeast Asia.

• Recently, pushed by the EU FLEGT Action plan, the region is moving towards legality. Malaysia and Indonesia have already established timber legality assurance systems.

• Recognition of communities rights is an important issue in the region, with frequent overlapping of rights. There is a trend to better map presence and activity of communities.
New Opportunities

• Agenda 2030 – SDGs

• Paris Agreement
SDG 15

Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss

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
Indicator:
15.2.1 Progress towards sustainable forest management

✓ Change in forest area over most recent available 5 year period
✓ Annual average percent change in stock of carbon in above ground biomass over most recent available 5 year period
✓ Share of forest area whose primary designated function is biodiversity conservation, most recent period
✓ Share of forest area under a forest management plan,
✓ Share of forest area certified under an independent forest management certification scheme, most recent period
Forestry sector in submitted INDCs

% Forestry in submitted INDCS per region

Notes:
1. All INDCs as of 11 February 2016
2. Forestry+Adaptation are those INDCs in which forestry actions were indicated as part of the national adaptation plan (aside from mitigation)

FAO Forestry
Forest concessions if well designed and managed can deliver sustainable forest management and a wide range of socioeconomic benefits, such as security of tenure, increased income, access to social services and local development.

WHAT ARE THE IMPROVEMENTS, INNOVATIONS AND ALTERNATIVES TO MAKE SUSTAINABLE MANAGEMENT OF PUBLIC PRODUCTION FORESTS WORK?
Special thanks to the consultants who prepared the background documents:

Alain Karsenty – West and Central Africa
Barney Chan – Southeast Asia
Steve Gretzinger – Latin America
Berty Van Hensbergen – Summary report

Thank you!

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