



FOREST MANAGEMENT A Case Study in Brazil



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GIZ Project Support to the Lao-EU FLEGT Process



Highlights of the workshop **“What future for forest concessions and alternative allocation models for managing public forests”** was held at the Golden Plaza Hotel in the city of Porto Velho, State of Rondônia, Brazil from September 13 to 16, 2016.

- The workshop was organized by the Food and Agriculture Organization of the United Nations (FAO) and the Brazilian Forest Service (SFB), in partnership with ITTO, CIFOR and CIRAD
- The event was by attended by 103 participants from 25 countries and international organizations
- The workshop was part of the Forest Concessions Initiative - FCI. Four consultant reports produced by the FCI were made available in advance to participants through its webpage (<http://foris.fao.org/preview/92208/en/>): three regional reports (focusing in West and Central Africa, Southeast Asia (including Laos) and Latin America) and a background report (“Forest concessions: past, present and future?”).



Objectives of the Workshop

- Share information on experiences and lessons learned with forest concessions;
- Improve the understanding of the economic, social, ecological and political impacts of tropical forest concessions at national and local levels;
- Identify promising elements and enabling conditions contributing to successful forest concessions, including alternative models;
- Provide initial guidance and recommendations for improving forest concessions or advancing the formulation and adoption of alternative models.



What is a concession?

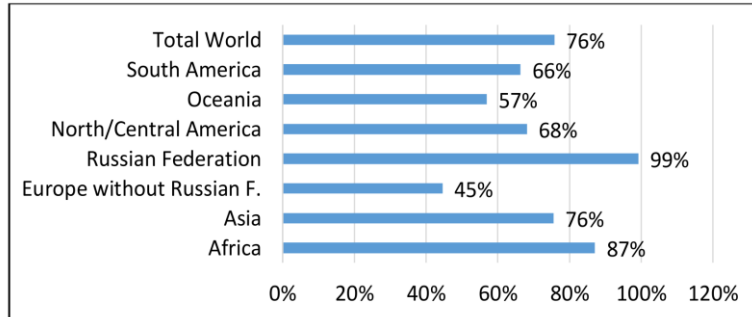
Forest concessions are contractual arrangements for temporary allocation of public forest resources to third parts (businesses, communities, non-governmental organizations). They grant rights for utilization of forest resources and services and/or forest management. Though forest concessions are usually applied to public production forests, conservation concessions are also possible. Concessions in the tropics have spanned from harvesting permits to full management of a forest area.

In Laos concessions are mainly granted to convert forest land to another use as for hydropower, mining, infrastructure, plantation and agriculture use. This context is quite different from production forest but processes for approval and implementation have similarities.

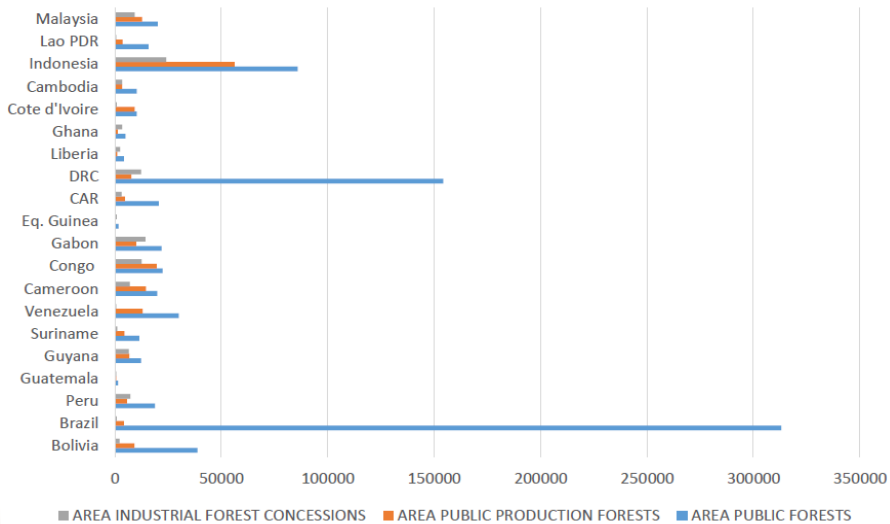


Global Public Forests

Forest concessions cover about 76% of all public forests in the world. In the case of the Russian Federation, concessions represent almost all public forests, in Africa 87%, in Asia 76% and in South America 66%



Public Production Forests and Forest Concessions (10³ ha)





Forest Concessions in Brazil Strong Roots but Slow Growth



Henrique Dolabella

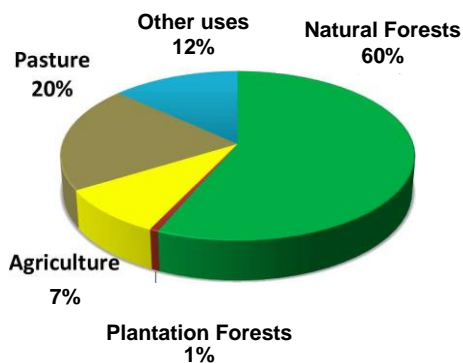
Porto Velho, September 13th 2016



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Context - Land Use, Forest Tenure and Economy



- 2nd country in forest cover area (520M ha, ≈13% of world total)
- 1st country in tropical forest area (≈ 1/3 of world total)
- Public forests : 290M ha - 8th largest country
- Forest economy: ~ 3.5% of GDP, 6M jobs

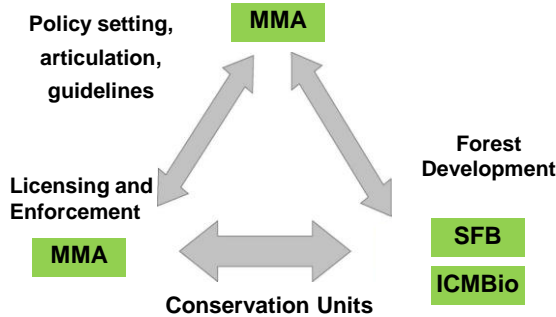


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Context - Institutions and policies

Forest management at Federal level

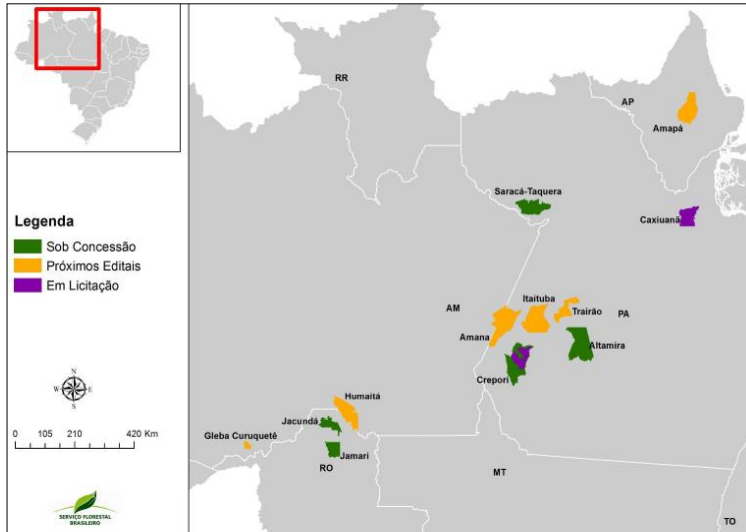


- Very high deforestation rates in the 2000's
- Massive policy effort to fight deforestation - PPCDAM (2004 - peak)
- Mostly command and control
- Forest Concessions ('06) strengthen tenure issues and sustainable use axis

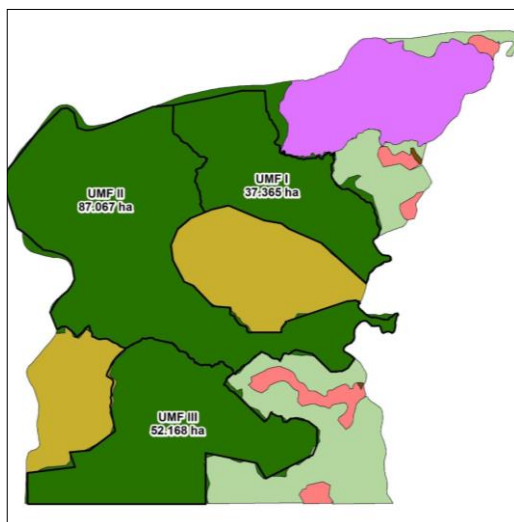


Concession process





**PAOF -
Annual
forest
concession
plan**



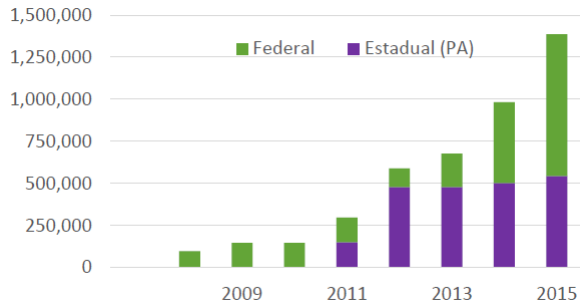
**Caxiuanã Flona
Management Plan
&
Forest
management units**

Legenda

-  UMFs
- Zoneamento Ambiental**
-  Uso Especial
-  Zona Populacional
-  Zona de Manejo Florestal
-  Zona de Manejo Florestal Comunitário
-  Zona Primitiva
-  Zona de Interferência Experimental



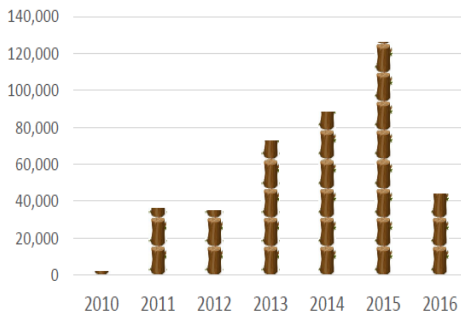
Area under Forest Concession (ha)



- **2022 Target at federal level: 7M ha; Currently: 842k ha**
- **Speed needs to increase dramatically**



Federal Concessions - Annual Production (m³ of logs)

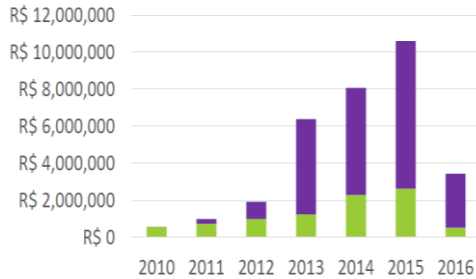


In '15, production from concessions was about 1% of total. '16 expectation is 3%, with exponential short term increase, with larger areas beginning operations





Federal Concessions - Annual Production (m³ of logs)



Destination	Value (R\$ M)
SFB	9,4
ICMBio	9,1
FNDF	4,5
States	4,5
Municipalities	4,5

R\$ 32M raised so far. Expectation of short term exponential increase
Est. concessionaire revenues: 2010: R\$10M; 2015: R\$40M

Jobs - 2010: 420 (140 direct, 280 indirect); 2015: 1500 (500 direct, 1000 indirect)



Environmental and political results

- **No degradation and limited illegal activity inside conceded areas**
- **Better management of PAs and avoided costs**
- **Better understanding of forest management**
- **Dev't of new monitoring technologies**
- **Less skepticism among stakeholders**
- **Strengthening of local level environmental governance**

\$ origin	Gov't	Value (R\$)	Object
Royalty	Rondonia state	1,14M	Inventory and Manag't plan of PA
Royalty	Oriximina mun.	753k	Env. Enforcement
Social ind.	Itapua d'Oeste mun	420k	Infrastructure for local communities





Enabling conditions and recommendations

- Lots of transparency and filters throughout the process
- Clever contract design aligned incentives better
- Risk sharing
- Heavier than usual punishment - guarantees, contract extinction
- Distinction of roles - Concessionaires produce, SFB regulates contract, and local gov'ts are in charge of delivering benefits
- Modest and slow start was adequate to experiment in an uncertain environment, with limited knowledge
- Radical change of bureaucracy, more economically oriented, without any disregard for environmental and reputational aspects
- Spillovers of regulatory capacity from other sectors



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Thank you very much

