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GUIDELINES FOR USING FOREST CONCESSIONS TO MANAGE PUBLIC FORESTS

I. BACKGROUND

1. The importance of forests in global sustainable development has been largely acknowledged by the Sustainable Development Goals (SDGs) and the Paris Agreement. In order to ensure that forests deliver their socio-economic and environmental benefits, it is crucial to expand the use of sustainable forest management (SFM) based on the best available practices. Although progress towards SFM has occurred, the global proportion of land area covered by forests is still in decline and many countries in Africa are still experiencing significant deforestation and forest degradation.

2. Public forests in the tropics of Africa, Latin America and Southeast Asia cover at least 1.022 billion hectares of land (FAO 2015), of which more than 226 million hectares are designated as production forests (FAO 2016). There are at least 122 million hectares of natural forest concessions in the tropics of Africa, Latin America and Southeast Asia, covering about 54 percent of public production forests. Consequently, concessions are an important instrument in forest utilization and management (Table 1).

Table 1: Summary of forest and concession areas in 24 forest-rich tropical countries (by sub-region).
Source: FAO, 2018¹

Region	Total forest area, '000 ha	Public forest area, '000 ha	Public production forest area, '000 ha	% of forests in public lands	% of public lands for production	Industrial concessions' area, '000 ha	% of public lands under concessions
Latin America	718 820	425 368	43 582	59	10	18 597	4
West and Central Africa	262 365	260 227	68 173	99	26	56 114	22
Southeast Asia	222 694	180 909	114 920	81	52	48 122	27
Total	1 203 879	866 503	226 675	72	19	122 833	14

3. Forest concessions are the most typical form of allocating harvesting rights in public forests to private entrepreneurs and large-scale forest businesses. Allocating concessions has been an alternative to privatization of public forests, retaining the ultimate management responsibility with governments. Concessions in the context of the proposed guidelines refer to contractual arrangements that temporarily transfer both utilization and management responsibilities from the government (national or subnational according to national legal framework) to a third party. They co-exist with other types of allocation of harvesting rights to private or community entities, such as harvesting permits, as well as with other types of public forest allocation, such as forests destined to communities and indigenous peoples. Although often involving contracts between the State and a private entity, there are cases of communities holding concession contracts, for instance in Guatemala.

4. Forest concessions have mostly been formulated as an economic instrument for commercial exploitation of forests and are not always associated with sustainability. It has been only slightly more than a decade since forest policies started to shift focus to include all dimensions of sustainability rather than contain exclusively economic, social or environmental objectives. Not surprisingly, many concessions established under the old paradigm left a trail of deforestation, degradation and social conflicts. The recently published FAO regional reports revealed, however, that in countries where concessions were adopted as instruments to implement private commercial forest production under an effective SFM framework, very positive results were achieved, such as more diversified value chains, generation of jobs and provision of social benefits, and a trained and more highly skilled workforce.

5. In order to build on lessons learned and contribute to improvement of forest concessions for delivery of increased socio-economic and environmental benefits, FAO and the World Bank-administered Program on Forests (PROFOR), in collaboration with the European Forest Institute (EFI), have developed '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 has been done under the overall guidance of the Forest Concessions Initiative, an initiative led by FAO and launched in 2015 in collaboration with the Center for International Forestry Research (CIFOR), French Agricultural Research Centre for International Development (CIRAD), International

¹ FAO. 2018. Rethinking forest concessions: improving the allocation of state-owned forests for better economic, social and environmental outcomes, by Hubertus J. van Hensbergen. Rome.

Tropical Timber Organization (ITTO), PROFOR and Brazilian Forest Service (SFB). The guidelines are building on findings from three aforementioned 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. This work revealed that forest concessions have been an important instrument not only in forest policy but also in land allocation and, therefore, if well implemented, can be instrumental for the achievement of landscape sustainability.

II. FOREST CONCESSIONS IN CENTRAL AND WEST AFRICA

6. In West and Central Africa virtually all forest land is public. Analysis of nine countries in the region (Cameroon, Central African Republic, Congo, Cote d'Ivoire, Democratic Republic of Congo, Equatorial Guinea, Gabon, Ghana and Liberia) shows that industrial concessions cover 56 million ha, representing 22 percent of public land and 82 percent of forest area designated for production. Altogether, the concessions produce around 10 million m³ of round-wood each year. A similar volume of timber is likely to be mobilized by the artisanal / informal sector, sourced principally outside the concessions but with significant encroachments inside the concessions when they are very large and the population density is locally high – such as, notably, in the DRC. In fact, the insufficient clarity on tenure and overlapping rights on predominantly state-owned forest land is one of the main issues related to SFM in the region.

7. Notwithstanding the fact that forest concessions are a very popular instrument to assign harvesting rights, the socio-economic benefits generated by forest concessions in Central and West Africa are lower than the benefits observed in Latin America and Southeast Asia. Provision of social protection services and social infrastructure for local communities, tax revenues, access for forest communities to harvest non-wood forest products, and capacity building are examples of benefits delivered by concessions. While in Latin America and Southeast Asia forests in many cases have a positive impact on government revenue with a value of about USD 5/ha/yr, in Africa the contribution is of about USD 1/ha/yr only. In-kind social benefits in Central and West Africa can be identified, but are usually associated with concessions holding international certification.

8. The results from the analysis conducted in 2016 reveal that 135,000 workers are employed by forest concessions in the nine selected countries in Africa. As informality is a strong feature of the sector, these estimates could be more than doubled if the informal sector was considered. It is further estimated that one permanent job in Central Africa sustains the livelihood of 10-12 relatives.

9. Timber production in Africa faces challenges derived from the poor socioeconomic and environmental performance of forest concessions. Companies working under low-cost concession rights and weak enforcement of SFM are facing increasing economic difficulties due to the need of higher investments to comply with regulatory frameworks more aligned with SFM, and increased market pressure for certified products and compliance with international standards. Furthermore, many companies are also abandoning business in the region due to exhaustion of the easy harvesting forests with high-value species. These circumstances have led to a profound change in the composition of producers and consumers of African timber products in recent years, with higher participation of Asian investors and consumers, and are likely to ensue further changes in forest management in the region. In the Congo Basin, concentration and restructuring of the export-oriented industry seems to be an important trend. In Cameroon, Congo and Gabon, at least six big timber companies had changes in control in the recent years.

10. Overlapping rights, presence of agriculture inside forest concessions and the need to reconcile industrial production with small-scale and community production are also issues yet to be addressed in most forest concessions in Central and West Africa. On one hand, small-scale and community producers are often informal and marginalized, and therefore have few chances of adopting more sustainable practices, with difficulties to access capacity building, poor access to markets and underlying uncertainty. On the other hand, operating in harvested forests or in non-harvested forests in remote areas requires investments in equipment and skills not commonly available to small-scale

operators. Studies suggest that the future of SFM in Africa depends on a more integrated perspective, which provides for recognition of roles for the industrial, small and medium producers and strengthens the inter-linkages across the value chains for greater generation of benefits and equity.

11. The advent of climate change strategies, in particular REDD+, has brought the future of forest concessions into a political dialogue. Other international processes, such as the European Union's Forest Law Enforcement, Governance and Trade (FLEGT) programme have also contributed to increasing awareness of the need to strengthen sustainability of forest production, not only for external markets but also for domestic consumers. A revision of forest concessions in light of the SDGs and climate agreements can be valuable in ensuring that forestry generates positive socioeconomic and environmental contributions.

III. FOREST CONCESSIONS IN THE CONTEXT OF THE 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT

12. The challenge of improving forest conservation and expansion of SFM, as stated in the 2030 Agenda for Sustainable Development, demands due consideration of all types of forest production. Although often associated with deforestation and forest degradation, partially as a consequence of unsustainable harvesting under forest concessions' regimes, wood production, if based on SFM principles, can yield a positive effect on biomass stocks besides generating revenues that can increase the value of standing forests, eventually contributing to reduced deforestation. Furthermore, products generated from sustainable harvesting contribute to increasing local and national incomes and increased employment, while harvested wood products that store carbon provide a mechanism for reducing human carbon footprint. In sum, sustainable forest production can contribute to enhanced rural livelihoods, rural development and low-carbon economies.

13. Considering the wide adoption of forest concessions in tropical regions, reviewing and framing them as appropriate forest policy instruments to deliver SFM can turn concessions into effective vehicles to address the SDGs as well as the Nationally Determined Contributions (NDCs) under the Paris Agreement. The multidimensional nature of SFM provides for a holistic contribution to the SDGs through the interlinkages with other sectors and intrinsic need for multi-stakeholder processes and partnerships. Sustainable forest concessions can directly contribute to achieving SDGs 1, 5, 7, 8, 12, 13 and 15 (Table 2 presents the potential contributions of sustainable forest concessions to specific SDGs.)

Table 2: SDGs and targets to which sustainable forest concessions can contribute directly

Targets	Forest concessions can contribute to
SDG 1: End poverty in all its forms everywhere	
1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance	<p>Deliver basic social services to people in remote, forested areas</p> <p>Secure tenure rights to local communities</p> <p>Empower local communities to efficiently engage in consultation and transparent forest management decisions</p>
SDG 5: Achieve gender equality and empower all women and girls	
5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels	Provide for gender-sensitive planning, contract awarding, allocation, implementation and monitoring processes, as

of decision making in political, economic and public life	well as ensuring women's inclusion in capacity and skills' development
5.a Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws	Provide for gender-sensitive contract awarding processes and community consultations
SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all	
7.2 By 2030, increase substantially the share of renewable energy in the global energy mix	Provide for sustainable management of forests and access to wood-based energy Use wood residues for wood energy generation
SDG 8: Promote inclusive and sustainable economic growth, employment and decent work for all	
8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors	Strengthen economic development by value adding to forestry through vertical integration, integrating local enterprises in the value chain of the products and services from the concession
SDG 12: Ensure sustainable consumption and production patterns	
12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	Adopt sustainable practices throughout forest value chains and publishing of sustainability reports
SDG 13: Take urgent action to combat climate change and its impacts	
13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	Enhance resilience and adaptive capacity to climate change through forest management, ecosystem restoration, reduced impact harvesting techniques and silvi-cultural practices (e.g. tending, thinning)
SDG 15: Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss	
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	Mainstream SFM in vast tracts of forest by increasing the share of forest area under a forest management plan, including share of forest area certified under an independent forest certification scheme
15.7 Take urgent action to end poaching and trafficking of protected species of flora and fauna and address both demand and supply of illegal wildlife products	Contribute to combating the trafficking of wildlife and protected tree species, including by strengthening monitoring and enforcement measures

IV. VOLUNTARY GUIDELIES FOR SUSTAINABLE FOREST MANAGEMENT OF PUBLIC NATURAL FORESTS THROUGH FOREST CONCESSIONS

Methodology

14. 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 objectives other than SFM. For this reason, limiting the scope of this work is fundamental. The proposed guidelines focus on promotion of SFM in concessions of public production natural forests in tropical regions. Building 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 SFM, they provide practical guidance to both new forest concession regimes and revision of existing ones. The concession guidelines are voluntary and stem from lessons learned in Africa, Southeast Asia and Latin America. In combination with the Criteria and Indicators processes, these guidelines provide a framework for implementation and monitoring of concessions to deliver effective SFM.

15. Based on a literature review, an online 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 SFM would be addressed. The conclusions from the 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) socio-economic aspects (including economic feasibility, markets and socio-economic 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), the main stakeholders, and monitoring and evaluation. The proposed concession 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 concession 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.

16. The process to develop the guidelines was participatory and country-driven. The work was motivated by direct country demand, started by Brazil's request 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 in 2017, on 27-28 June in Libreville, Gabon; 6-7 July in Maputo, Mozambique; 12-13 July in Jakarta, Indonesia; and 19-20 July in Lima, Peru. Organized in close collaboration with the host 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 national and provincial governments, the private sector, forest communities, national and international development and civil society organizations, and the scientific community participated in the consultations. In Africa, the following countries were represented: Cote d'Ivoire, DRC, Equatorial Guinea, Gabon, Gambia, Liberia, Mozambique, South Africa, Zambia, and Zimbabwe. Representatives of the host countries were invited to provide advice on the inclusion of the results in the final document through participation in the Forest Concessions Initiative Steering Committee.

17. 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 silvi-cultural practices.

The guidelines

18. The voluntary guidelines were developed around the four dimensions of concession management: improved governance, economic feasibility, social inclusion and environmental integrity. They were structured under eight principles: (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 were formulated according to good practices identified by relevant stakeholders and agreed upon by the Forest Concessions Initiative Steering Committee. A self-assessment tool containing questions reflecting the guidelines provides a hands-on instrument for deciding on adjustments of the concession regime in question. A summary of the guidelines is presented in Table 3.

Table 3: Framework of principles and guidelines

Principles	Guidelines
Principle 1: Coherence with forest and forest-related policies for sustainable landscapes	Guideline 1.1 Define and implement long-term vision and policy objectives for public production forests in coherence with other landscape policies and developmental objectives
	Guideline 1.2 Enhance forest concessions' response to developmental goals through the adoption of a cross-sectoral approach
	Guideline 1.3 Strengthen political commitment at national and subnational levels
Principle 2: Clear, credible and effective legal and institutional frameworks	Guideline 2.1 Ensure clear and transparent legal and institutional frameworks
	Guideline 2.2 Promote consistency of forest and non-forest legal and institutional frameworks
	Guideline 2.3 Adapt the legal framework to international commitments relevant for the management of public production forests
	Guideline 2.4 Ensure credible and accountable institutions to plan, monitor and enforce forest concessions
	Guideline 2.5 Ensure measures to curb bribery and corruption
Principle 3: Transparent, inclusive and accountable planning, allocation, implementation and monitoring of forest concessions	Guideline 3.1 Plan and allocate forest concessions in accordance with established policy objectives
	Guideline 3.2 Ensure competitive, transparent and inclusive awarding of concession contracts

	Guideline 3.3 Encourage independent and voluntary forest certification of SFM as well as of industrial processes
	Guideline 3.4 Ensure effective monitoring and enforcement of concession contracts
	Guideline 3.5 Ensure transparent and independent mid-term and end-of-cycle evaluations and response measures
	Guideline 3.6 Design and implement timely measures to manage concession areas post-contract
Principle 4: Technical and human capacity for the management and operation of concession regimes at all levels	Guideline 4.1 Develop and retain appropriately qualified personnel in government agencies related to policy and legal framework, development, implementation, monitoring and enforcement of forest concessions
	Guideline 4.2 Ensure continuous technical and operational training on SFM is available for all relevant stakeholders at all levels
	Guideline 4.3 Promote capacity and skills' development, and employment of women, indigenous peoples and other minority groups
	Guideline 4.4 Respect workers' rights, abide by national and international regulations and guarantee healthy and safe working conditions
Principle 5: Long-term economic and financial sustainability	Guideline 5.1 Ensure forest characteristics and length of the contract are consistent with sustainable harvesting potential
	Guideline 5.2 Ensure reliable economic information is available and taken into consideration in the design of forest concessions
	Guideline 5.3 Ensure financial and technical capacity of candidate concessionaires for operating activities and necessary investments
	Guideline 5.4 Use financial and fiscal instruments for achieving expected outcomes of forest concessions
	Guideline 5.5 Ensure concessionaires have adequate access to finance
	Guideline 5.6 Contribute to strengthening local economies through financially and technically viable forest concessions
	Guideline 5.7 Establish and apply mechanisms for effective and transparent revenue collection, re-investment and benefit sharing
	Guideline 5.8 Protect the market from competition with products from illegal activities

Principle 6: Clarity and security of tenure rights	Guideline 6.1 Clarify and respect customary tenure rights in and close to concessions
	Guideline 6.2 Develop and implement cooperation between the private sector and community production
	Guideline 6.3 Design and implement community concessions to recognize customary tenure rights, where appropriate
	Guideline 6.4 Enable communities with access to concessions' management
	Guideline 6.5 Involve local communities and indigenous peoples in the design and implementation of forest concessions
	Guideline 6.6 Develop and implement conflict resolution and compensation mechanisms
Principle 7: Community participation and social benefits for all	Guideline 7.1 Engage local communities and indigenous peoples residing in or close to concessions in the implementation and management of forest concessions
	Guideline 7.2 Contribute to improved social welfare and local livelihoods
	Guideline 7.3 Develop, implement and monitor transparent, equitable and gender-balanced benefit-sharing mechanisms that take into account the interests of all stakeholders
Principle 8: Environmental integrity and sustainable use of forest resources	Guideline 8.1 Develop and effectively implement plans for maintaining and improving environmental integrity and ensuring sustainable use of forest resources
	Guideline 8.2 Maintain and/or improve environmental integrity and ensure sustainable use of forest resources at the operational stage
	Guideline 8.3 Develop, implement and monitor restoration /conservation concessions for sustainable landscapes
	Guideline 8.4 Assess and monitor implementation performance and achievements of expected outcomes

19. The aforementioned principles and guidelines are not dissociable from the 11 principles of ITTO's 'Principles and Guidelines for the Sustainable Management of Natural Tropical Forests'. They should be seen as an additional contribution to respond to the specific needs of forest concessions, therefore, addressing issues that should be observed to make concessions an effective instrument of forest policy. By illustrating the guidelines and recommendations with concrete experiences, the document also creates an opportunity for knowledge exchange.

20. The voluntary guidelines are part of FAO's work to support sustainable forest production and unlock contributions to the SDGs and climate change. Recognizing the need to raise awareness to potential uses and applications of sustainable forest products, as well as the overall benefits from sustainable forestry, a global conference 'Sustainable Wood for a Sustainable World' organized by

FAO, in collaboration with ITTO and the World Bank was held in Rome on 31 October - 1 November, 2017. This event marked the beginning of an initiative of the same name, which intends to convene policy-makers, producers, consumers, small-holders and forest communities, as well as the financial sector, to create opportunities and address challenges for strengthening sustainable wood value chains, contributing to the transformational change needed to ensure that SFM can be effectively implemented.

V. POINTS FOR CONSIDERATION

21. 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” to be launched in 2018;
- Observe the voluntary guidelines when implementing or reviewing forest policy and forest concession regimes; and
- Promote the voluntary guidelines to all relevant stakeholders.

22. The Commission may wish to encourage countries to:

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