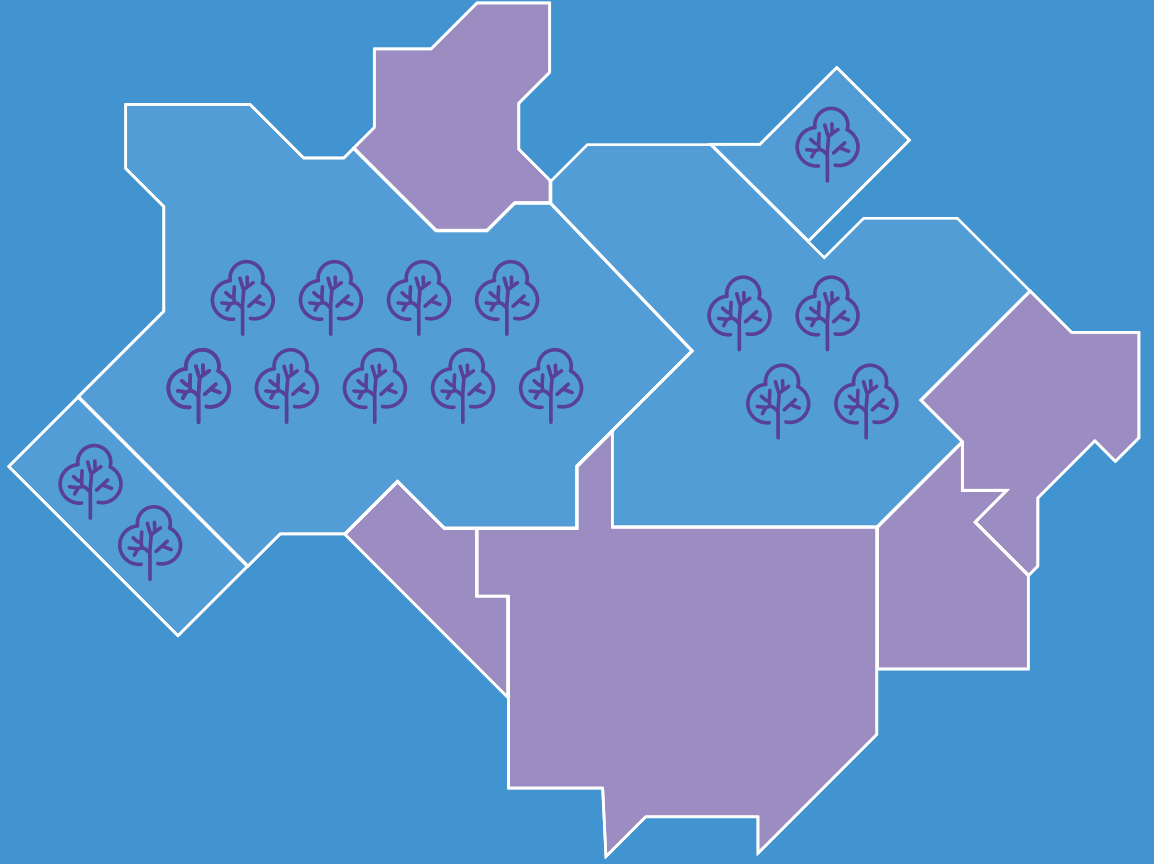




POLICY BRIEF

The wasted potential of state forest concessions in the Legal Amazon



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The wasted potential of state forest concessions in the Legal Amazon

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This is the sixth issue of the Policy Brief series of Instituto Escolhas, which has the objective to bring analyses and recommendations on central themes of the Brazilian transition toward a low carbon economy. The document provides a synthesis of the results from an analysis coordinated by Instituto Escolhas, with the technical execution in charge of researchers João Emmanuel Cordeiro Lima and Eveline Fonseca of the Law Office *Nascimento e Mourão Advogados*.

The following text is the responsibility of the executive team of Instituto Escolhas. The opinions expressed and arguments used do not necessarily reflect the views of Instituto Escolhas board members.





The Legal Amazon has a total of

76

million hectares of public state forests,

which corresponds to

96.3%

of the entire state public forests in Brazil.

Source: National Registry of Public Forests

Sustainable forest management¹ fostered and monitored by the government has the potential not only to generate local jobs and income, but also to promote the so much desired development of the forestry product and service chains and combat deforestation in the Amazon. And although forest concessions are among the opportunities to carry out and strengthen this type of management, this potential has been wasted in the country, especially by state governments, as the information gathered in this policy brief demonstrate.

¹ According to Law 11.284/2006, sustainable forest management refers to the “administration of the forest to obtain economic, social and environmental benefits, respecting the mechanisms for sustaining the ecosystem subject to management and considering, cumulatively or alternatively, the use of multiple timber species, multiple products and non-timber by-products, as well as the use of other goods and services of forest nature”.

² According to the National Registry of Public Forests, (Cadastro Nacional de Florestas Públicas - CNFP). Available at the [link](#).

³ [Law nº 11.284/2006](#)

⁴ The PFGL defines that Integral Protection Conservation Units, Sustainable Development Reserves, Extractive Reserves, Fauna Reserves, Areas of Relevant Ecological Interest, Indigenous Lands, areas occupied by local communities or dedicated to community management or areas of Conservation Units that do not have an effective management plan cannot be destined for concession.

Public federal and state forests added up to 284.2 million hectares in the Amazon in 2020². These forest areas we find public land destined for the use (for community use, sustainable use and integral protection) and public land without a defined destination either by federal or state governments. This is a gigantic area, which requires an equally sized effort to be conserved. This means to define governance, destination of resources and ensuring coordination of actions aimed at its conservation.

One instrument for this objective is the Public Forests Governance Law, (*Lei de Gestão de Florestas Públicas - LGFP*), enacted in 2006³, which establishes governance principles and management directives for those areas, when intended for sustainable forestry production.

The PFGL created among others, the forestry concession device, enabling companies, community associations or cooperatives to carry out sustainable management of forest products and services in previously public forests established areas⁴ by the state and federal public agencies responsible for their governance.

The selection of concessionaires is made via a public process, and, differently from a simple private property, forest concessions follow stringent rules, paying for the economic use of the area and are monitored by the government in order to fulfill their function of forest production allied to conservation activities.

The forest concession brings the private sector as an ally in facing the challenge of conserving the vast public forest areas, after the concessionaires start to occupy and manage the forests with sustainable production activities, under State rules and monitoring.

Nonetheless, 17 years after creation of the PFGL, implementation of forest concessions are way below their potential. The first Annual Forestry Concession Plan (AFCP), (*Plano Anual de Outorga Florestal - PAOF*)⁵ carried out at federal level in 2007, indicated the existence of 44 million hectares of public forests available for concession in the country. Presently, only 1.3 million hectares were granted – in the Amazon region and with sustainable timber production as the only economic activity developed by the concessionaires⁶.

In the public forests under state governance, the situation is even more critical. In the whole country, only the states of Pará and Amapá managed to create state forestry concessions.

The following pages show the present situation of forestry concessions in the states of the Legal Amazon, as well as the critical topics to be faced to enable the concessions fulfill their strategic role in the conservation of state forests.

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The Annual Forestry Concession Plan is an instrument with the objective to provide transparency through a record with description of all federal or state public forests that may be included in the forest concession processes. The objective of the instrument is to enable the society to know which areas are subject to concession before the year of its validity and to provide potential interested parties with information about the forests that may be licensed. Access the Annual Forestry Concession Plan prepared by the Ministry of Agriculture and Livestock Farming at the federal level [here](#).

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The majority of forest concessions presently in activity, are public federal forests, monitored by the Brazilian Forestry Service (BFS), (*Serviço Florestal Brasileiro - SFB*).



The National Congress worked to improve the Public Forests Governance Law (PFGL)

Since 2020, Instituto Escolhas has been dedicated to identifying bottlenecks and challenges in the implementation of forest concessions and designing and debating solutions to improve it. In this context, our study “[Unlocking the Bioeconomy agenda: solutions to boost forest concessions in Brazil](#)” subsidized a broad debate with the civil society and the private sector within the scope of the Brazil Climate, Forests and Agriculture Coalition movement around the elaboration of Bill [nº 5.518/2020](#). Authored by Federal Deputies Rodrigo Agostinho, Zé Vitor, Aline Gurgel, Zé Silva, Bosco Saraiva, Enrico Misasi, Joaquim Passarinho, Átila Lins and Sidney Leite, PL nº 5.518/2020 has the objective to improve the economic attractiveness of forest concessions through:

- greater agility in the bidding process;
- increased flexibility for contract elaboration;
- strengthening the legal security of the concessionaires in relation to crimes and illegal land invasions, and expansion of the concession object, considering, for instance, the commercialization of conservation carbon credits.

The text has already been processed in several committees and is in an urgent voting system in the House of Representatives. In December 2022, the government presented Provisional Measure [nº 1.151/2022](#), incorporating most of the proposals included in PL 5.518. Approved by the House and Senate, the text was awaiting President Lula’s sanction at the time of publication of this policy brief.

What is the present situation of forest concession implementation in the states of the Legal Amazon?

There are

76 million

hectares of public forests under state management in the Legal Amazon.

Currently, only

551 thousand

hectares of these areas are under concession with a current contract. Nine management units⁷ are located in Pará and one in Amapá.

⁷ According to Law n° 11.284/2006, a management unit is the “perimeter defined from technical, sociocultural, economic and environmental criteria, located in public forests, object of a Sustainable Forest Management Plan – SFMP, (Plano de Manejo Florestal Sustentável – PMFS), which may contain degraded areas for the purpose of recovery through forest plantations”.

The only states of the Legal Amazon region with developed Annual Forestry Concession Plans, (AFCPs/PAOFs) – Acre, Amazonas, Amapá and Pará – identified

4,9 million

hectares of state forests available for concession.

Together, the four states have

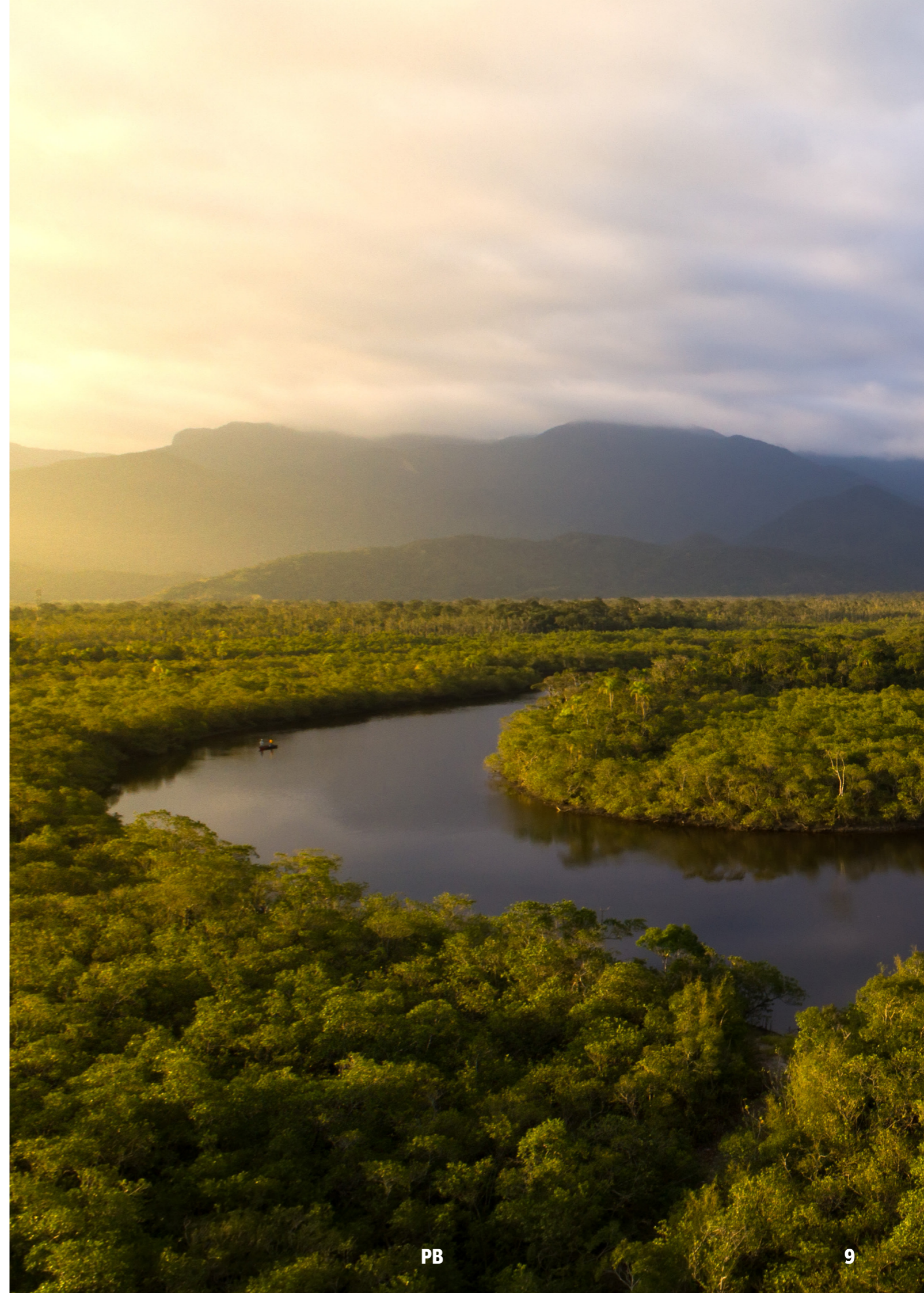
69 million

hectares of public forests.

The

7.4 million

hectares of state forests in the territories of the states of Maranhão, Mato Grosso, Rondônia, Roraima and Tocantins were not even analyzed, for lack of presentation of their AFCPs/PAOFs.



STATES OF THE LEGAL AMAZON WITH ALREADY DEVELOPED AFCPs/PAOFs

STATES OF THE LEGAL AMAZON THAT DID NOT SUBMIT AN AFCP/PAOF

AMAZONAS

- 47.3 million hectares of public state forests
- State Law nº 4.415/2016 regulates the concession of public forests.
- Annual Forestry Concession Plan 2022
- 2.6 million hectares are available for forestry concession
- No area under concession

ACRE

- 2.7 million hectares of state public forests
- Forest concessions are mentioned in a non-specific state law⁸, before enactment of Federal Law nº 11.284/2006.
- Annual Forestry Concession Plan of 2022
- 436 thousand hectares are available for forestry concession
- No area under concession

RORAIMA

- 2.7 million hectares of state public forests
- The State Foundation of the Environment and Hydro Resources, (*Fundação Estadual do Meio Ambiente e Recursos Hídricos - FEMARH*), is in charge of Forest Administration, but did not yet submit a concession policy.

RONDÔNIA

- 2 million hectares of state public forests
- The Environmental Development Secretariat, (*Secretaria de Desenvolvimento Ambiental - Sedam*), is in charge of Forest Administration, but did not yet submit a concession policy.

MATO GROSSO

- 1.7 million hectares of state public forests
- The Environmental State Secretariat (Sema) is in charge of Forest Administration, but did not yet submit a concession policy.

AMAPÁ

- 3.2 million hectares of public state forests
- Forest concessions are mentioned in a non-specific state law⁹, preceding Law nº 11.284/2006.
- Annual Forest Concessions from 2022-2023
- 665 thousand hectares available for forestry concession
- 67 thousand hectares under concession

PARÁ

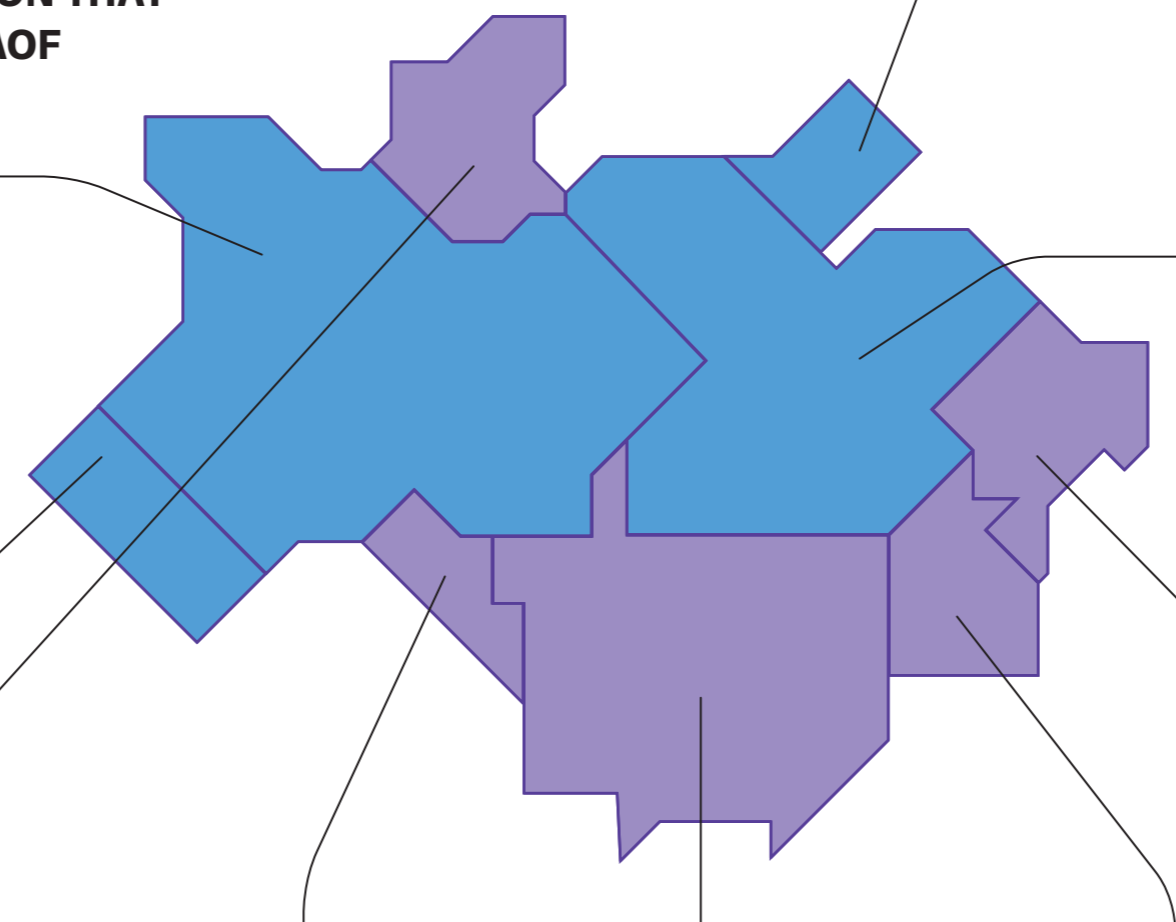
- 15.4 million hectares of public state forests¹⁰
- The State Forest Development and Biodiversity Institute of the State of the state of Pará, (*Ideflor-Bio*), (*Instituto de Desenvolvimento Florestal e da Biodiversidade do Estado do Pará*) is the organ in charge for forestry concessions in the state.
- Annual Forestry Concession Plan 2023
- 1.2 million hectares available for forestry concession
- 483 thousand hectares under concession

MARANHÃO

- 571 thousand hectares of state public forests
- The Environmental State Secretariat, (*Secretaria Estadual de Meio Ambiente - Sema*) is in charge of Forest Administration, but did not yet implement a concession policy.

TOCANTINS

- 447 thousand hectares of state public forests
- The State Autarchy Naturatins, is in charge of Forest Administration, but did not yet implement a concession policy.



⁸ State Law nº 1.426, of December 27, 2001, rules on the preservation and conservation of state forests; creates the State Natural Protected Areas System, the State Forest Council and the State Forest Fund, among others provisions. Presented in 2020, but not yet enacted, State Bill nº 225 proposes to revise prevailing rules for the management of public state forests in a more integrated way with Federal Law nº 11.284/2006.

⁹ Statutory Law Bill 0016/02-GEA – State Legislature of the State of Amapá. (0016/02-GEA – Projeto de Lei Ordinária – Assembleia Legislativa do Amapá).

¹⁰ According to the State Public Forest Register, (*Cadastro Estadual de Florestas Públicas - Ceflop*) used in AFCP/PAOF of 2023, the State of Pará has 24.5 million hectares of state public forests.

Source: Data from the National Public Forest Register, (*Cadastro Nacional de Florestas Públicas 2020*). To access, click [here](#).



Fragile management is the main challenge

To implement forest concessions requires a robust administrative structure, with sufficient human resources to work on the many necessary fronts: technical studies, preparation of the forest allocation plan, public hearings, bidding process, contract management, monitoring, audits and inspection of granted areas.

The state governments of the Legal Amazon, in majority, have great difficulty to cope with all these steps with the sharing of their organization structure with reduced human resources among the different themes within the scope of the environmental policy management. This fragility of the management and governance structures embodies, therefore, the main challenge to unlock the agenda of the state forest concessions.

In the state of Acre, it is the Secretariat of Environment and Indigenous Policies (Semapi), (*Secretaria de Meio Ambiente e das Políticas Indígenas - Semapi*) that – through the Forestry Development Division and Forest Concession Center – manages the concession of the state’s public forests, while the Environmental State Institute of Acre, (*Instituto de Meio Ambiente do Acre - IMAC*) is in charge of monitoring, environmental inspection and licensing process.

In the state of Amazonas, the management of forest concessions was delegated to the Amazonas Sustainable Development Agency, (*Agência de Desenvolvimento Sustentável do Amazonas - ADS*) linked to the State Secretariat of Rural Production, (*Secretaria do Estado de Produção Rural - Sepror*), while environmental inspection is the responsibility of the Amazon Environmental Protection Institute, (*Instituto de Proteção Ambiental do Amazonas - Ipaam*).

The Institute of Forestry Development and Biodiversity of the State of Pará (Ideflor-Bio), established as autarchy, has technical, administrative and financial independence to implement the concession policy of state public forests of the State of Pará. Among the activities developed by the Institute, besides the concession of forest resources and services, are forest restoration, creation, management and monitoring of Conservation Units.

In the State of Amapá, the State Forestry Institute, (*Instituto Estadual de Florestas - IEF*) was the autarchy responsible for the forest policy. Linked to the Secretariat

of Rural Development and with technical and financial autonomy to develop forest concessions in the state, the agency had its services temporarily suspended for the issue and renewal of concessions in 2019¹¹, but continues to manage the areas under its concession. The remaining five states of the Legal Amazon never implemented a forest concession policy.

Whether in municipalities or state environment secretariats, the shortage of employees dedicated to the forest concessions portfolio is an identified bottleneck. In the state of Acre, the Forest Development Division of the Secretariat of Environment and Indigenous Policies (Semapi) has only five employees to execute the forest concession, forest management and biodiversity policy.

The Directory of Public Production Forest Management DGFLOP/Ideflor-Bio has eight employees working directly in forest concession, planning and analysis activities, as well as contract management and forest monitoring.

The lack of sufficient human resources prevents management agencies to plan and implement improvements, such as the diversification of forest products and services managed in concessions, currently restricted to the timber sector. The expansion of the range of forest products and services developed in these areas, beyond the approval of the new legal framework (see box on page 7), depends on the development of technical studies and business models that support the preparation of calls for tender that include these new activities¹².

Strengthening the organs in charge of state forests governance should be a priority for the state administration. The federal government, at its turn, besides supporting enhancement of the legal framework (see page 7), can perform a relevant role by fostering state forest concessions.

The National Social and Economic Development Bank (BNDES) can provide support to state governments in the improvement of the bidding process and diversification of economic activities developed in public state forests under concession, while the Brazilian Forestry Service (SFB) can act as catalyst in the implementation process of forestry concessions, by sharing its management experience in federal forestry concessions.

Less than 1% of the total state public forests available and only 11% of the total forests already identified in the state of Amazonas have actually been granted under concession to date. With the growing complexity of the problems identified in this territory, the waste of the socio-economic potential of forest concessions can cost dearly for the Amazon and the country.

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On its site, the State Forestry Institute of Amapá published the following note: “SFI informs that entailed by the Conduct Adjustment Agreement 056/2017 signed between the Public Ministry of the State of Amapá - MPE/AP, State Forest Institute - SFI, State Secretariat of Environment - Sema, and Institute for the Environment and Land Planning - (IMAP) which deals with irregularly overlapping areas with the State Forests of Amapá - FLOTA/AP, SFI, after completion of the Occupational Surveying Project, SUSPENDED the issuance and renewal of Concession Letters for properties to FLOTA/AP until the final decision and termination and closure of said Conduct Agreement Order with the Public Ministry of the State of Pará (MPE/PA)”.

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In the state of Pará, the Ideflor-Bio Institute is already carrying out actions in this sense. In 2021, the organ published a Public Notice for a Manifestation of Interest Procedure - PMI nº 001/2021, with the purpose to provide information for a future forestry concession tender, aiming at implementation of the Project for Reduction of Emissions from Deforestation and Forest Degradation (*Projeto de Redução de Emissões por Desmatamento e Degradação Florestal - REDD+*) in Public Forests and State Conservation Units by means of incentives and environmental services. However, as of now, the Public Notice for the contract has not been published. The agency stimulates the sustainable management of oils and resins from the granted forests, including concessions for ecotourism, aimed at the observation of natural scenic beauties and the practice of sport fishing. Currently, the state is studying the feasibility of launching calls for tender for forest concession as forest parks.



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