

**A recent ITTO mission to Peru\* finds that work has started to put Peru's new concession system into place, but progress is slow**

**U**NDER Peru's forestry law, which was approved in 2000 (see article page 10), Peru's new concession system should have been implemented by 31 July 2001. The law also dictates that by 2005 only timber products derived from managed forests will be marketed internally in Peru or exported. The new system offers for the first time the real possibility that the Peruvian forest sector will move from unsustainable and often illegal forestry practices towards sustainable forest management. The implementation of the new law has been slowed by resistance to the proposed change, combined with conflicts between major stakeholder groups. This resistance has come especially from some of the existing small- and medium-sized forest contractors, who stand to lose their access to forests through short-term logging permits when the new system is implemented. Some of these operators have opted to participate in the public competition for long-term concessions, but others remain outside the system.

Currently, the process to establish forest concessions has been initiated in five departments (*see table*), and a further 817 000 hectares have been reserved for concessions in five additional departments (Pasco, Junín, Ayacucho, Cusco and Puno).

The process has been managed by the central government, namely the National Institute for Natural Resources (INRENA), but—especially after the election of regional presidents—there has been mounting pressure to increase the role of the regional governments, which has in some instances increased the political pressures against the new system. The ongoing regionalisation process has, however, also engaged the regional governments in dialogue on how to achieve sustainable forest management and already there have been positive results in many departments.

The political pressure to modify the forest concession system has resulted in a temporary extension through a Supreme Decree (Sistema Transitorio de Abastecimiento de Madera) of the current logging contracts to allow a smoother landing of the new system. The national-level Forest Sector Consultative Forum (MDCF—an institutionalised roundtable process for stakeholder dialogue) has set up a Transition Commission, which has suggested that in

addition to this the concession-holders should collaborate with those small-scale loggers outside the system by using them as sub-contractors. The government should also promote the creation by small-scale loggers of formal 'forest service enterprises', support their capacity-building and modernisation efforts, and help establish alliances between these and the concession-holders. The Ucayali regional MDCF has developed a proposal for concessions for small-scale loggers, which was included in the second round of public competition. Similar efforts to modify the concession concept are under way in other regions.

The holders of the recently allocated 40-year concessions report that it is difficult for them to get their operations started in the concession areas due to the continued presence of illegal operators. Making the new concessions fully operational will require complementary regulations that will allow the inscription of the concession contracts in the official land register, as well as the implementation of a mechanism to finance the required infrastructure in the concession areas. It will also require considerable investment in building up the technical and management capacity of the concessionaires.

Setting up the Forest Supervision Agency (OSINFOR), established in the forestry law, is another precondition for the successful implementation of the new system. However, little progress has been made in this regard. In contrast, the internal rules for local forest management committees (*see page 11*) have been defined and approved by INRENA with the support of the Transition Commission and the process of setting up the committees has been initiated in several departments.

There are also several ongoing projects and programs working with the native and local communities to build up their capacity to manage and protect their forest resources. However, more efforts are needed in this area, which has been somewhat sidelined by the current strong focus on commercial timber concessions in forest policy implementation.

*\*This text is adapted from a draft report prepared by the Diagnostic Mission on Achieving the ITTO Objective 2000 and Sustainable Forest Management in Peru, which visited Peru in June 2003. The report will be presented to the International Tropical Timber Council in November. Mission members were Tapani Oksanen (INDUFOR), Chris Elliott (WWF International) and Amantino Ramos de Freitas (private consultant).*

## Conceding ground

Status of the concession establishment process, August 2003

DEPARTMENT	Total hectares allocated for public competition	Total hectares of concessions given (contracts signed)	
Madre de Dios	1 417 875	1 107 360	78%
Ucayali	3 387 790	2 007 706	59%
San Martín	750 336	472 184	63%
Huanuco	533 133	260 195	49%
Loreto	4 400 000	bidding to be launched in September	0%
<b>TOTAL</b>	<b>10 489 134</b>	<b>3 847 445</b>	<b>37%</b>

Source: Ad hoc Commission 2003