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DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT
Directorate H - Sustainability and Quality of Agriculture and Rural Development
H.4. Bioenergy, biomass, forestry and climate change

**REPORT ON IMPLEMENTATION
OF FORESTRY MEASURES
UNDER THE RURAL DEVELOPMENT
REGULATION 1698/2005
FOR THE PERIOD 2007-2013**

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1. EXECUTIVE SUMMARY

Scope and structure of the report

The report provides an overview of forestry measures included in the rural development programmes of the Member States for the period 2007–2013 based on the programmes adopted by the Commission by mid 2008 at the latest¹. It has been prepared within the framework of the work programme for implementation of the EU Forest Action Plan (2007-2011) and will serve as background information for the preparation of an opinion of the Standing Forestry Committee (SFC) on forestry activities within Rural Development Programmes

Rural development programmes and their indicative budgets

The 94 programmes submitted by Member States include 88 national or regional RDPs, 2 National Frameworks and 4 national Rural Development Networks.

On the basis of the adopted programmes a total amount of about € 226 billion will be made available over the period 2007– 2013 for the 94 programmes, including all public and private expenditure. EU co-financing for these programmes from the European Agricultural Fund for Rural Development (EAFRD) amounts to € 90.8 billion, corresponding to 61% of the public expenditure.

Connection to the EU Forestry Strategy

The Rural Development Regulation is the main instrument at Community level for the implementation of the EU Forestry Strategy and the EU Forest Action Plan.

Rural development measures

The Rural development regulation includes in total over 40 measures designed to achieve the objectives of the rural development policy. There are 14 forestry measures under axes 1 and 2 which have objectives directly related to forestry. Eight of these are dedicated only to various aspects of forest management. Generally, these measures aim at promoting sustainable forest management and the multifunctional role of forests. Under the remaining measures, both agriculture and forestry-related activities can be supported, depending on the needs and circumstances of a given Member State or a region.

In addition, forestry-related activities which can play a role in the diversification of the rural economy can also be supported through some measures under the axis 3.

Bioenergy-related measures are included in this overview as far as these refer to activities intending to use forest resources (forestry or wood processing residues or woody biomass from short rotation coppice (SRC)).

¹ This report examines the original programmes which have been adopted by the Commission. Modifications of these programmes have not been included in order to get a clear view on the first adopted versions. Measures supported through pure national aid schemes are not included in the report because these measures are not part of the rural development programmes.

Presence of forestry and forestry-related actions

At least some forestry measures or forestry-related actions have been included in all programmes, except those of Malta and Ireland.

The analysis of the programmes shows that in the context of **improving the competitiveness of the agricultural and forestry sector** (axis 1) emphasis has been placed on the measures supporting training, on investments to improve the economic value of forests, on adding value to forestry products, and on developing forest infrastructure, which are present in most of the programmes. Support for the use of advisory services for forestry is envisaged in about half of the programmes. The measure for setting up of advisory services does not have a wide uptake. The new measure for cooperation for development of new products has been included in about half of the programmes, in many cases for renewable energy production. Support for production of short rotation coppice within the measure of modernisation of agricultural holdings is included in 21 programmes.

In the context of **improving the environment and the countryside** (axis 2), emphasis has been placed on first afforestation of agricultural land, restoring forestry potential, and on non-productive investments. Altogether 20 Member States intend to carry out first afforestation on agricultural land. Most Member States have also included support for restoring forestry potential, prevention actions and non-productive investments in their programmes. Establishment of agro-forestry systems and Natura 2000 payments have been taken up to a clearly lesser extent.

The measures covered by axis 3 aim at **improving quality of life in rural areas and diversification of the rural economy**. This is a horizontal objective, and the measures under this axis are not targeted to any specific sector. Nevertheless, some forestry-related actions are financed also under axis 3, most commonly through the measure providing support for diversification into non-agricultural activities. Some programmes also include forestry actions within the scope of measures to support business creation and diversification and provision of basic services. In most cases these are related to the production of renewable energy.

Indicative budgets for forestry measures

The total amount of financial resources allocated to the eight forestry measures (with separate budget) during the period 2007-2013 is € 12 billion. Slightly over half of this funding will come from the rural development fund. This constitutes about 7 % of overall intended EAFRD spending.

The one forestry-specific measure ("Improvement of the economic value of forests") under **axis 1** has an intended total expenditure of € 2 billion. Planned EAFRD expenditure on this measure is € 652 million, which constitutes 0.7 % of the total EAFRD funding.

The total amount of intended spending for forestry measures under **axis 2** is around € 10 billion. The amount to be allocated to these measures in EAFRD is € 5 533 million, which constitutes 6.1 % of the total budget available for rural development.

In addition to the forestry-specific measures substantial amounts of funding is directed to forestry through those axis 1 measures which can cover both agricultural and forestry activities.

The measures "adding value to agricultural and forestry products" and "support to infrastructure related to the development and adaptation of agriculture and forestry" have the largest budgets among these **forestry-related measures**. The expected contribution to forestry under these measures can be estimated to be significant as in total 69 and 64 programmes respectively referred to forestry activities as part of the scope of these measures.

Based on indications in the programmes and experience from the previous programming period it can be estimated that the financial resources made available from the EARFD to forestry activities within the forestry-related measures will be in the range of € 1-2 billion, which would make the total financial resources available to forestry activities under these measures to be in the range of € 2-4 billion.

Adding together the funding intended for forestry-specific (€ 6.2 billion) and forestry-related measures (€ 1-2 billion) it may be concluded that **around € 8 billion will be made available from the Community budget (EAFRD)** and up to € 16 billion in total. These amounts correspond respectively to 9 % of the EAFRD funding and 7-8 % of the total amount of financial resources devoted to rural development programmes during the programming period 2007-2013.

Targets of forestry-related activities

In order to get a picture of the potential impacts of the forestry measures and forestry-related actions, the quantified indicators provided by Member States in their rural development programmes were examined. The scope for comparability is, however, limited as some sets of indicators have not yet been provided by Member States and the quality of data is not always compatible with the requirements set in the Common Monitoring and Evaluation Framework.

Human capital

Several measures under axis 1 aim at enhancing human capital in rural areas. According to current targets, MS expect that a total of 2.25 million persons engaged in the agriculture, food and forestry sectors will successfully attend a training activity during the programming period.

Another relevant measure in this area is support granted to the use of advisory services. According to the figures provided by the MS, about 82 000 forest owners will be supported in meeting the costs arising from the use of advisory services. 17 programmes provide support to the establishment of forest advisory services.

Investments

As for investments in physical capital and innovation, it is expected that more than 88 000 forest owners or forest holdings will improve the economic value of their forests in 50 programmes during the period of 7 years. The average support per beneficiary is approximately € 22 000.

The introduction of new products and techniques is a result indicator for several investment support measures under axis 1. New products and techniques will be introduced in 45 000 forest holdings and in 17 000 enterprises processing

agricultural and/or forestry products. In addition, 60 000 enterprises will be helped to add value to agricultural and/or forestry products.

As for support for the improvement of infrastructure, 42 000 projects related to the development and adaptation of agriculture and forestry will be funded during the financing period. Information on the planned share of forestry of this measure is available from 20 programmes. Based on these 20 programmes, it may be estimated that at least 16 000 km of forest roads will be built or improved under the scope of this measure.

Sustainable use of forestry land

According to current target figures, Member States expect that more than 650 000 hectares of agricultural land (approximately 0.4% of the total agricultural area) and close to 240 000 hectares of non-agricultural land will be afforested, involving more than 172 000 land owners. This means that approximately 890 000 ha of new forests will be established during the programming period, which means on average 5.2 ha of new forest per beneficiary. In addition to this, the first establishment of agroforestry systems will cover 60 000 ha of agricultural land involving more than 3 000 land owners with an average size of 18 ha per beneficiary.

"Natura 2000 payments" is a new measure. Several countries or regions indicated that this measure will be phased in gradually during the programming period, and only 15 programmes indicated it being used from the beginning of the period. However, more than 60 000 private forest owners with 400 000 hectares of forest land will receive support, for an average area of 6.8 ha per beneficiary. "Forest-environment payments" will involve more than 75 000 forest holders on 2 million hectares, with an average size of area of 27.2 ha per beneficiary.

More than 120 000 restoration and prevention actions on more than 2 million hectares will be supported, on average covering an area of 16.9 ha per action. As some programmes provided information only on the number of beneficiaries and the proposed budget, but not on the area concerned, the actual area covered by this measure may be larger. Under the measure "Non-productive investments", 120 000 actions in 71 programmes are planned to support the provision of environmental and social benefits from forests. The average investment made to increase the environmental or public amenity value of forests is about € 13 000.

Forestry measures in the light of the Health Check

The Health Check of the Common Agricultural Policy adopted in November 2008 identified climate change, bioenergy, biodiversity and water management as the new challenges that EU agriculture and forestry should face.

The modification of the rural development regulation² provides a non-exhaustive list of types of operations related to the new challenges, to which additional funding could be directed in Rural Development Programmes. This list includes all the forestry measures of axis 2.

2 Council Regulation (EC) No 74/2009, OJ L 30, 31 January 2009

Concerning renewable energies, the list involves measures for the modernisation of agricultural holdings, mentioning perennial energy crops (short rotation coppice and herbaceous grasses), and the measure adding value to agricultural and forestry products with potential effects on substitution of fossil fuels.

As an additional incentive for higher uptake of operations relating to the new challenges the Health Check also increases the aid intensity rate for actions related to them.