Evaluation of the forestry measures under Rural Development

Draft of Final Presentation

10 November 2017
Scope and objectives of the evaluation

- Evaluation study focusing on the forestry measures as set out in articles 21 – 26 and 34 of Reg. (EU) No 1305/2013
- Considering also RD horizontal measures deployed in the forest sector
- 16 evaluation questions (EQ)

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<th>Efficiency</th>
<th>Coherence</th>
<th>Relevance</th>
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<td>Environment, climate and balanced territorial dev.(EQ6)</td>
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- Alliance Environnement
  European Economic Interest Grouping
Methods and data

- Implementation data from the SFC databases (outputs of 2007-13 and targets for 2014-20)
- Statistical data from FADN, forestry databases and LULUCF reports
- Literature reviews on the potential effects of forest measures on the environment (water, soil, biodiversity, forest health), CC adaptation and mitigation, and territorial development
- Survey of all Managing Authorities on the implementation choices, administrative burden and EU added value

NB: Significant limitations with data availability: only 2 years of implementation

14 Case Studies
The forest measures: facts and figures

-Alliance Environnement-
European Economic Interest Grouping
Drivers of implementation choices (EQ1)

The key drivers are:

- **Successful implementation** of similar measures in previous periods + **continuing** well-established support
  → reflecting:
  - need for long term intervention in forestry
  - some policy inertia and reluctance to try new measures
- **Financial** considerations, in the context of a limited RDP budget
  → forest measures sometimes considered less important than agriculture and RD measures
- **Administrative burden** related to the implementation, both at MA and at beneficiaries’ level
- For beneficiaries, the **availability of technical advice** and other ‘soft’ support

Reasons the Managing Authorities decided not to programme the forest sub-measures in the 2014-2020 RDPs

- Other issues/sectors were more important to address in the RDP
- The measure does not address local needs
- The equivalent measure on the previous period constituted too much administrative burden
- A more relevant strategy was chosen to answer the local needs via State Aids
- Not enough beneficiaries applied to the equivalent measure on the period 2007 - 2013
- A more relevant strategy was chosen to answer the local needs via other RDP measure

Source: Survey of Managing Authorities, Sept. 2017

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European Economic Interest Grouping__
Approach towards evaluating the effectiveness of the forest measures (EQs2-6)

- Importance of **long term thinking** when assessing effects of forest policies (40 to 70 years)
- The analysis of the current programming period was limited by the **short implementation** period and implementation **delays**
- The **effects of most FM could be investigated** on the basis of outputs of equivalent FM in the 2007-13 RDPs) for **2007-2017 = 10 years**
- Each sub-measure has different effects, and in combination can create synergies towards sustainable forest management and the enhancement of the multifunctionality of forests
Effects of M8.1 (EQ2-6)

- M8.1 planned in ⅓ RDPs for 2014-20, representing 31% of planned public expenditure on the FM. Often only supports projects committed in 2007-13.
- Afforested areas:
  - mostly **broadleaves**, ¼ coniferous, ¼ mixed, 2% fast growing species
  - mostly on **marginal agricultural areas**
  - afforestation of farmland around 1 ha on average, but 10% are >20ha (patrimonial purpose)
  - Mostly in ES, UK, PL, HU and LT
- Key measure on land use change: **concerned 1/3 of the forest area increase** during 2007-13 and same or higher outputs expected for the 2014-20 period
- Support at market prices, **playing its role of compensating** agricultural income foregone and additional costs of maintenance (little change in the beneficiaries’ farm revenue before and after afforestation)

<table>
<thead>
<tr>
<th>EU-28</th>
<th>Area afforested with M221 &amp; M223 support (output 2007-2013) (ha)</th>
<th>Area to be afforested with M8.1 (target 2014-2020) (ha)</th>
<th>Total increment in forest area 2007-2013 (ha)</th>
<th>Comparison of the 2007-2013 outputs with the increment in the forest</th>
<th>Volume of wood expected to be produced on the areas afforested with M8.1 (m3/an)</th>
</tr>
</thead>
<tbody>
<tr>
<td>287 490</td>
<td>565 277</td>
<td>924 270</td>
<td>31.1 %</td>
<td>&gt; 2,3 Mm³</td>
<td></td>
</tr>
</tbody>
</table>

Source: SFC database

- **Expected long term effects on production**
- **Positive effect on climate and the environment**, but highly dependant on choice of site, species, management and longevity of the new woodland.
Effects of M8.2 (EQ2-6)

- M8.2 programmed on a limited scale: <1/4 of 2014-20 RDPs, 2% of planned public expenditure on the FM
- Little effect on land use or creation of additional Ecological Focus Areas, due to the limited area
- Criticised for not supporting the restoration or maintenance of existing agroforestry systems (e.g. dehesas, montados, etc.)
- Appears to be an important tool for the implementation of new management practices, providing economic opportunities in marginal areas and delivering significant ecosystems services (EQ6)
- Expected to have a growing importance, i.e. in the adaptation of farming systems to climate change.

<table>
<thead>
<tr>
<th>EU 28</th>
<th>Area of agroforestry established with M222 support (output 2007-2013) (ha)</th>
<th>Area of agroforestry to be established with M8.2 support (target 2014-2020) (ha)</th>
<th>Total agroforestry (2012) (excluding Croatia)</th>
<th>Target 14-20 / Total agroforestry</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2 900</td>
<td>71 906</td>
<td>15 421 000</td>
<td>0.47%</td>
</tr>
</tbody>
</table>

Source: SFC database
Effects of M8.3 & 8.4 (EQ2-6)

- Programmed in two thirds of RDPs, representing 31% of planned public expenditure on FM
- Enabled large scale implementation of surveillance systems and restoration campaigns (557 000 ha restored in 2007-13).
- Ensured continuity of forest ecosystem services, and the maintenance of the production capacity, with effects on the competitiveness of the sector
- Fostered the use of specific species (e.g. in UK-Scot), improved seedlings (i.e. FR-Aq.) with an effect on the production and on the potential of C sequestration.

Share of budget allocated to M8.3 and 8.4 in the 2014-20 RDPs

Source: SFC databases, targets 2014-2020 (extracted in January 2017)
Effects of M8.6 (EQ2-6)

- Programmed in two thirds of RDPs and 11% of the planned public expenditure on the FM
- **Key measure for the sector**: direct effect on the competitiveness of forest companies, through the support to buy machinery (harvesting and silviculture)
- **Important in terms of rural development**: support to SMEs in rural and disadvantaged areas, contributing to maintaining willingness of forest companies to invest
- **Direct effect on harvesting capacities**, and expected long term effect on the quality of wood (through thinning, pruning, etc.)
- Contributed to **introduce new silvicultural practices** (e.g. with less impact on soils), even if M8.6 is more oriented to production than to conservation
- **But only 11% of the FM** budget which is low in comparison to the economic role of the EU forest sector

<table>
<thead>
<tr>
<th>Type of action implemented</th>
<th>Number of occurrences under M8.6</th>
<th>Main benefits in competitiveness for the forestry sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business plan</td>
<td>1</td>
<td>Reduction of costs &amp; increase in market opportunities.</td>
</tr>
<tr>
<td>Wood supply</td>
<td>1</td>
<td>Investment in logistics and wood mobilisation.</td>
</tr>
<tr>
<td>Sylvicultural machinery</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Primary processing machinery</td>
<td>10</td>
<td>Direct support to investment, reduced costs.</td>
</tr>
<tr>
<td>Secondary processing machinery</td>
<td>1</td>
<td>Adding value to forest products.</td>
</tr>
<tr>
<td>Commercialisation</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Non-timber machinery</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Monitoring systems</td>
<td>1</td>
<td>Reduced costs &amp; improved of market opportunities.</td>
</tr>
</tbody>
</table>

Source: Alliance Environnement, based on Rural Development Programmes
Effects of M8.5 and 15.1 (EQ2-6)

- Key source of EU funding to deliver EU biodiversity and carbon policies and targets, safeguard/improve forest biodiversity generally and support SFM
- MS have EU legal obligations BUT only 15% Natura 2000 forest habitats are in favourable conservation status and trends are poor
- 2014-20 targets and budgets, especially for M15.1, fall far short of what is needed to restore Natura 2000 habitats on 40% of EU forest land
- Lack of synergy with M12.2, due to “competition” for the same budgets at local level (e.g. DE-MV) and difficulties with establishing baseline for payments
- Needs more €, awareness raising and technical support (M1 and M2) to improve implementation
- Unclear to what extent FM are supporting long-term C sequestration/sinks and synergies with climate adaptation.

Status and trends of Natura 2000 forest habitats

Notes: The total number of assessments is 642 and 229 for species and habitats, respectively.
Source: EEA, Article 17 reports and assessments
Effects of M15.2 (EQ2-6)

- **Little implementation** so far:
  - new measure introduced for 2014
  - programmed in only 16 RDPs
  - priority given to “old” measures, even if M15.2 could have match already existing needs

- **Growing needs** related to genetics resources, in relation to forest adaptation to climate change and improved productivity

- **The importance of M15.2 should increase in the following years**

Planned public expenditure for genetic resources actions (15.2)

Source: SFC databases, targets 2014-2020 (extracted in January 2017)
Effectiveness of the forest measures as a coherent set supporting EU forests: Conclusion on EQ2-6

- Very positive effects of the whole set, delivering economic, and social benefits in rural areas
- FM have delivered environmental and climate benefits but full potential not yet used for EU biodiversity or climate adaptation priorities
- Cover the three pillars of sustainability
- Allow managing authorities and beneficiaries to set up activities or operations for multifunctional forests and sustainable forest management

<table>
<thead>
<tr>
<th>Type of benefit</th>
<th>Main FM involved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land protection</td>
<td>8.1, 8.2, 8.3, 8.4, 8.5, 8.6, 15.1</td>
</tr>
<tr>
<td>Water regulation</td>
<td>8.1, 8.2, 8.5, 15.1</td>
</tr>
<tr>
<td>Improvement of the countryside</td>
<td>8.1, 8.2, 8.3, 8.5, 15.1</td>
</tr>
<tr>
<td>Environmental protection</td>
<td>8.1, 8.2, 8.3, 8.4, 8.5, 8.6, 15.1, 15.2</td>
</tr>
<tr>
<td>Species conservation</td>
<td>8.5, 15.1, 15.2</td>
</tr>
<tr>
<td>Improvement of the quality of air and climate</td>
<td>8.1, 8.4, 8.6, 15.1, 15.2</td>
</tr>
<tr>
<td>Increased production of wood, cork or other products</td>
<td>8.1, 8.2, 8.4, 8.6</td>
</tr>
<tr>
<td>Increased tourism-recreational activities</td>
<td>8.5, 15.1</td>
</tr>
<tr>
<td>Improvement in the local economy</td>
<td>8.1, 8.2, 8.3, 8.4, 8.5, 8.6, 15.1</td>
</tr>
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</table>
Changes in the administrative burden (EQ7)

- The AB evolved in different ways for each level of stakeholders:
  - EU level: little change
  - MS level: substantial evolution, positive (use of open calls, the SCOs, digitalization) and less positive (i.e. reinforced control, systematic double-checks)
  - Beneficiaries: increase in the workload, time-to-grant and to-pay, increased the complexity of the implementation process
- EC reinforced requirements on transparency and traceability resulted in additional workload that was mostly transferred to the beneficiaries
- High AB for small forest holders with little financial and/or technical capacity to handle very complex files and procedures, resulting in low cost/benefit ratio for small holdings

Main evolutions in the implementation rules & management practices

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<thead>
<tr>
<th></th>
<th>At administration level</th>
<th>At the level of beneficiaries</th>
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</thead>
<tbody>
<tr>
<td><strong>Implementation</strong></td>
<td>• New strategic programming framework</td>
<td>• Complexification of the application process, increasing use of calls for projects</td>
</tr>
<tr>
<td></td>
<td>• Switch from continuous application systems to open calls</td>
<td>• Increase in the time-to-grant and time-to-pay</td>
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<tr>
<td></td>
<td>• Introduction of the simplified cost options</td>
<td>• Online application systems opened</td>
</tr>
<tr>
<td></td>
<td>• Dematerialization / Digitalization of the applications and payments</td>
<td></td>
</tr>
<tr>
<td><strong>Control</strong></td>
<td>• Reinforced control / systematic double-check</td>
<td></td>
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<tr>
<td><strong>Monitoring</strong></td>
<td>• Obligation to report via common indicators of results in 2017</td>
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Efficiency of the FM in achieving their objectives (EQ8)

- Operations are paid for at market prices, ensured through mechanisms such as public procurement and justification of the standard scale of unit costs.
- Low deadweight effect on all sub-measures: the measures supported operations that would not have taken place without public support.
- Premiums are generally not sufficient incentive to motivate significant changes in land use and management practices (M8.1, 8.2, 15.1)

<table>
<thead>
<tr>
<th>Biogeographic regions</th>
<th>Test case</th>
<th>MS/Region</th>
<th>Total premium per ha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atlantic</td>
<td>Pine, private owners, afforestation of 10 ha, in standard area</td>
<td>ES-Gal.</td>
<td>&gt; 1 853 €</td>
</tr>
<tr>
<td></td>
<td></td>
<td>UK-Scot.</td>
<td>3 200 L (3 646 €)</td>
</tr>
<tr>
<td>Boreal</td>
<td>Pine</td>
<td>LT</td>
<td>5 453 €</td>
</tr>
<tr>
<td>Continental</td>
<td>Hard broadleaves, bare roots</td>
<td>AT</td>
<td>?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>BG</td>
<td>4 047 €</td>
</tr>
<tr>
<td></td>
<td></td>
<td>HU</td>
<td>5 623 €</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SK</td>
<td>8 368 €</td>
</tr>
<tr>
<td>Mediterranean</td>
<td>All species, on former soft wheat, on marginal areas</td>
<td>GR**</td>
<td>17 511 €</td>
</tr>
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<td></td>
<td></td>
<td>ES-CIM</td>
<td>&gt; 2 820 €</td>
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<tr>
<td></td>
<td></td>
<td>IT-Campania</td>
<td>&gt; 9 050 €</td>
</tr>
</tbody>
</table>

Total premium granted for the establishment of agroforestry system on 1ha of agricultural land (8.2)

<table>
<thead>
<tr>
<th>Test case</th>
<th>MS/Region</th>
<th>Total cost/ha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case n°1: 250-200 trees/ha, on former pasture</td>
<td>GR</td>
<td>8 090 €</td>
</tr>
<tr>
<td></td>
<td>HU</td>
<td>1 838-2 335 €</td>
</tr>
<tr>
<td></td>
<td>UK - Scotland</td>
<td>Ca. 2 380 €</td>
</tr>
<tr>
<td>Case n°2: 100 trees/ha, on former arable land, with grafted plants</td>
<td>ES-Galicia</td>
<td>3 400 €</td>
</tr>
<tr>
<td></td>
<td>GR</td>
<td>4 230 €</td>
</tr>
<tr>
<td></td>
<td>HU</td>
<td>1 028-1 525 €</td>
</tr>
</tbody>
</table>

Source: Alliance environment, calculation based on the RDPs
Proportionality between the costs/burdens and the benefits achieved (EQ9)

- Very low cost/benefit ratio for small holder: important to take account of the scale effect
- Two main factors influenced the cost-benefit ratios of the forest measures:
  - the administrative burden related to the administration and control of the supported projects to achieve their objectives
  - the potential of projects to bring multiple benefits, by taking into account the multifunctionality of forests, and also potential conflict between different objectives.
- Some selection criteria (target area, specific management practices) may have a positive impact on the cost/benefit ratio but could reduce AB of environmental projects where there is no impact on competitive advantage
- Cooperation in the sector, sustainability of the support over time and digitalization have a positive impact on the cost/benefit ratio, reducing the AB both at beneficiaries’ and MA level.
Coherence (EQ10-12) – Key findings

• FM broadly coherent at EU legislation level
• BUT limited data to support evaluation of coherent implementation

Internal CAP
• Opportunities for synergies, but flexibility can lead to incoherence of implementation e.g. Pillar 1 rules and support for FOWL (e.g. dehesas, montados)

External
• Decisions of MS and landowners is crucial.
• Long-term view is essential, but risks are not being realised
• Balance of environmental and other priorities is important
Relevance to the needs of the sector and EU/local priorities level (EQ13) - Results

- FM highly relevant to the priorities set up at national or regional level
- Strong focus on the environmental priorities of the RD policy, but capacity to address also the economic and social needs of the sector
- Importance of the collaboration of the MA with representatives of the sector in design of the FM
- Importance of the other RD measures in complementing the FM to provide a wider set of instruments available to address the needs of the sector. In particular, technical advisory and knowledge transfer (M1&2)

Source: Review of the 100 RDPs concerned by the evaluation study
Relevance to the future needs (EQ14) - Results

- Future needs of the sector: production higher than consumption, good coverage of sector needs, except for some products (i.e. coniferous products, non-wood products)

- Climate: forests are and will remain the EU’s most significant terrestrial carbon sink, but the sink will decrease slightly over coming decades (due to higher demand, changing age classes)

- Biodiversity: possible increase in area of protected forest in the EU over next decades to meet restoration/management needs

- Emergence of new roles for forests: bioeconomy (e.g. biochemicals, biomaterials, biotextiles), promotion of timber as construction material, etc.

⇒ present RD measures are in line and sufficiently opened to match with these future needs

⇒ but it is not certain that the available budgets will be able to cover all the needs that will increase over the period, particularly in terms of carbon sequestration/sinks and protection of biodiversity

⇒ Changes in forest objectives and management at EU level (continent and biggest producer of the G20) will have consequences elsewhere on earth.
Creation of EU added value (EQ 15-16) - Results

- Quality and quantity of funding for FM would decrease without EU support

- General consensus among national authorities and representative organisations that the current framework of the RD Regulation (2013-2020) generates significant added value, also as compared to the preceding programming period (2007-2013)

- More could be done to improve networking and exchange of best practices, across and within Member States. MS often do not utilise the options of the existing M1.

Do Member State believe that the EU RDP-related forestry measures are important in terms of bringing in additional effectiveness, efficiency or synergies for:

- Achieving the international objectives on climate change mitigation and adaptation, and carbon sequestration (such as Paris Agreement, LULUCF...)
- The sustainable management of forests
- The development of forest areas

<table>
<thead>
<tr>
<th>Importance</th>
<th>Very important</th>
<th>Important</th>
<th>Moderately important</th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
<td>4</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>17</td>
<td>4</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>16</td>
<td>4</td>
<td>5</td>
<td>3</td>
</tr>
</tbody>
</table>

- Alliance Environnement - European Economic Interest Grouping
Recommendations for future policy design

- **Maintain the support to the FM**

- **Design support to forest on a time scale adapted to forest by**
  - limiting changes in the measures and in their implementation procedures

- **Ensure a coherent budget is allocated to forest measures in the RDPs**
  - in comparison to agriculture and rural development measures in the RDPs
  - in coherence with the present and the future needs of the forest sector and the environmental and climate commitments of the EU and Member States and with the role of forests in comparison to agriculture and RD

- **Increase the uptake of FM that jointly deliver private and significant public goods**
  - Increase the incentive on M8.1, 8.2 and 15.1
  - Ensure that the afforestation targets for 2014-2020, representing 30 to 55% of the increase in forest area at EU level, will be achieved (by 2025)

- **Improve contribution to EU biodiversity**
  - In the EU CAP implementing regulations and EC guidance for both Pillars, establish a clearer link between the objectives for the FM as a whole and Member States’ PAF to meet their obligations under the Habitats and Birds Directives, in FOWL.
  - Where RDPs programme M8.5 and M15.1, require these measures to prioritise identified needs of N 2000 habitats and species both inside designated N 2000 sites and elsewhere.
  - Improve the uptake of the FM for establishing agroforestry.

- **Improve the resilience of forests to climate change, and their contribution to the EU’s long-term climate commitments by:**
  - revising RD regulations/guidance to ensure that all FM implementation supports climate adaptation and long-term carbon sinks
  - require MS to report on contribution of their FM to climate commitments
Recommendations for implementation of the Forest

Improve FM at RDP level by

- Reducing the risks and initial cost for beneficiaries in applying for support, in particular by fostering the use of digitalisation and centralised databases, and the provision of technical support in the application phase.

- Ensuring the inclusion of small holders and private holders in RD schemes, through better support from advisers and/or a bonus in premiums for small holdings (e.g. by extending the availability of transaction costs for M15 from 20% to 30% for group applications, limiting the administrative documentation for them). For all beneficiaries, develop at Member States/Regions level on line applications.

- At RDP level, restricting the use of calls for proposals/projects and competitive procedures to significant projects (e.g. above a financial threshold),

- Making it easier to apply for projects with clearly defined environmental objectives, to be targeted and implemented in the most appropriate locations.

- Reviewing/revising payment control and verification procedures for forest stands, to remove irrelevant annual controls and replace them with requirements and procedures designed to ensure the durability of the afforested or restored stands.

- Improving the geographical identification of plots afforested or converted to agroforestry with FM support, to enable monitoring of the impact of the FM on land use change and the effect on wood production and on environmental and climate priorities.

- Improving monitoring/evaluation systems to provide better information a) on the use of RDP horizontal measures in forests and b) the impact of the implementation of the FM on EU RD priorities

- Requiring Member States to demonstrate the coherence of their definition of Pillar 1 rules for direct payments with their programming of RDP measures to foster the establishment and long-term maintenance of forests and agroforestry systems.
Recommendations for EU Added Value

– Improve networking and exchange of best practices, across and within Member States, by making more use of the options under M1
– Address the impact from other sectors where the EU has competence, and the direct and indirect effects these are having on forests.

Recommendation for global effect

– Design measures and their implementation rules at EU level, taking into account that the EU is a major wood producer whose forest management have a direct impact at global level, and that the EU policies may have an indirect impact in other regions of the world, producing food and wood which is then imported by the EU.
Thank you for your attention