What changes are needed?

The implementation of EU's rural development policy

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Contents

Acronyms/Glossary

AA	Appropriate Assessment under Article 6 (3, 4) of the Habitats Directive 92/43/EEC
BAP	Biomass Action Plan
BSPB	Bulgarian Society for the Protection of Birds/Birdlife Bulgaria
CAP	Common Agricultural Policy
DG	Directorate General
EAFRD	European Agricultural Fund for Rural Development
EC	European Commission
EEA	European Environment Agency
EERP	European Economic Recovery Plan
EIA	Environmental Impact Assessment
EU	European Union
FSC	Forest Stewardship Council
IACS	Integrated Administration and Control System
LIFE+	The new financial instrument for the Environment of the European Commission that will co-finance best practice or demonstration projects that contribute to the implementation of the Birds and Habitats Directives and the Natura 2000 network.[1]
METSO	The Forest Biodiversity Programme for Southern Finland 2008-2016
NFP	National Forestry Programme
NGO	non-governmental organisation
NSP	National Strategy Plan
PEFC	Programme for the Endorsement of Forest Certification schemes
RDP	Rural Development Programme
RDR	Rural Development Regulation
RES	renewable energy sources
SAC	Special Area of Conservation
SAPARD	Special Accession Programme for Agriculture and Rural Development
SCI	Site of Community Importance
SPA	Special Protection Area

1 http://ec.europa.eu/environment/life/about/index.htm

Introduction

In 2008, FERN produced a report entitled 'Funding forests into the future? How the European Fund for Rural Development affects Europe's forests'. The report examined which forestry measures were expected to be funded by rural development money, and asked whether the national Rural Development Programmes (RDPs) were in line with stated national and EU environmental policies. It looked at the situation in six countries: the Czech Republic, Bulgaria, Hungary, Portugal, Romania and Finland.

As stated in the 2008 report, the EU's rural development policy provides many opportunities to promote forest protection and biodiversity. It sets out a number of measures in support of sustainable forest management, such as forest-environment payments and support for non-productive investments in forests. However, it is for the individual Member States to decide whether or not they take advantage of the full benefit of these measures and how they divide up the budget. The 2008 report identified a number of concerns, the most important of which can be summarised as follows.

1. A large percentage of the funding was being allocated to the large-scale planting of alien and sometimes invasive species.
2. There was insufficient money to fund the Natura 2000 programme, designed to protect Europe's most threatened habitats and species.
3. There was a lack of congruence between the national forestry programmes and national biodiversity strategies and plans.
4. In most of the countries studied, the consultation process in the lead-up to implementation of the national RDP had been rushed and had ignored many of the EU's own guidelines for consultation.
5. Bioenergy was an important new area receiving funding in the programmes, but no criteria had been established for sustainable biomass production.

This current report follows up our earlier study, and focuses on how the national programmes – and more specifically their forestry measures – have been implemented in the same six countries. 2010 is the year that Member States need to prepare for their mid-term evaluation, looking at all aspects of the implementation of the rural development policy through the respective national and regional programmes. What, if anything, have the individual countries done to address the issues raised in 2008, and can implementation of the RDPs do anything to improve forestry management practices and encourage forest conservation? These are the key questions that will be looked at in this report.

Romania photo Camelia TWU flickr.com

1. Background

1.1 The Rural Development Regulation

More than half of the population in the EU lives in rural areas. Since 1999, the EU has had a rural development policy, which established a framework for the future of rural areas throughout the EU as an element of the Common Agriculture Policy (CAP).

The current Rural Development Regulation (for the programming period 2007-013) includes over 40 possible funding measures (see annex 1). These measures aim to contribute to the three objectives of the Rural Development Regulation (RDR), grouped in the following four axes:

1. Improving the competitiveness of agriculture and forestry by supporting restructuring, development and innovation;
2. Improving the environment and countryside by supporting land management;
3. Improving the quality of life in rural areas and encouraging diversification of economic activity;
4. Leader, providing funds contributing to the 3 objectives for local action groups.

The current regulation also provides opportunities for forest protection and sustainable forest management and the Rural Development Fund (also known as the European Agricultural Fund for Rural Development, or EARFD) linked to the regulation is the largest EU fund for forest practices.

All Member States have developed national strategy plans in which they have outlined the national priorities for rural development. In addition to this, Member States also developed Rural Development Programmes (RDP) which will implement the national strategies through a set of measures. It was up to the Member States to choose which measures to put forward to EU funding. The only mandatory elements were:

1. At least 10 per cent of requested funds needs to be spent under Axis 1 and 3; at least 20 per cent of requested funds under Axis 2 and at least 5 per cent under Axis 4.
2. Member States must consult relevant stakeholders (including NGOs) in the development of national programmes.
3. Member States must match the EU funds with their own funds.

On the basis of the adopted RDPs a total amount of about € 226 billion was made available over the period 2007-2013, including all public and private expenditure (and in advance of

any modifications resulting from the Health Check of the Common Agricultural Policy and the European Economic Recovery Plan, see below). EU co-financing for these programmes from the EAFRD amounts to € 90.8 billion.

1.2 Indicative budgets for forestry measures[2]

According to a recent report from the European Commission, and in advance of any modifications resulting from the Health Check of the Common Agricultural Policy (CAP) and the European Economic Recovery Plan (EERP, see below), a total of € 16 billion has been allocated for the forestry measures during the period 2007-2013.

The total funding for the eight forestry measures with separate budgets (the forest-specific measures in annex 2) amounts to € 12 billion. Slightly over half of this will come from the Rural Development Fund or EAFRD. This constitutes about 7 per cent of overall intended EAFRD spending. The total amount of projected spending for the forestry-specific measures under Axis 2 is around € 10 billion. Of this, the EAFRD will provide € 5,533 million, which constitutes 6.1 per cent of the total budget available for rural development.

It is estimated that the amount available from the EAFRD for forestry activities within the forestry-related measures (measures for which there is no separate budget for forests) will be in the range of € 1-2 billion, and total financial resources available to forestry activities under these measures would 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), means that around € 8 billion will be made available from the EC budget through the EAFRD, and the total sum could be as much as € 16 billion. These amounts correspond respectively to 9 per cent of the EAFRD funding and 7-8 per cent of the total amount of financial resources devoted to rural development policies during the programming period 2007-2013.

1.3 The Health Check and the European Economic Recovery Plan

In November 2008 the EU's agriculture ministers reached agreement over the "Health Check" designed to modernise, simplify and streamline the CAP. Under one of its measures, extra money will be shifted from direct aid (pillar 1) to rural development (pillar 2) through increased modulation.[3] The funding obtained this way may be used by Member States to respond to the new challenges and opportunities faced by European agriculture, including climate change adaptation and mitigation, better utilisation of natural and renewable energy, sustainable water management, and biodiversity.[4]

After the Health Check was adopted, the European Council approved the EERP in December 2008. It applies to all Member States, and its aim is to provide a coordinated response to the

2 European Commission (2009) Report on implementation of forestry measures under the Rural Development Regulation 1698/2005 for the period 2007-13.

3 Modulation refers to a reduction in direct payments for bigger farms financed under the first pillar of the Common Agricultural policy to finance the rural development measures contemplated in the second pillar.

4 See the EC's press release IP/09/1945, 16 December 2009, based on Council Regulation (EC) no. 74/2009 of 19 January 2009.

current global economic crisis. The priority is to treat the symptoms of the economic crisis and protect jobs and purchasing power in the short term, while also investing in Europe's long-term economic health and boosting the fight against climate change. The EERP is based on an effort equivalent in total to around 1.5 per cent of the EU's gross domestic product, or around € 200 billion. Of that amount, € 1,020 million has been made available to all Member States via the EAFRD with a view to (1) developing broadband internet in rural areas and (2) strengthening the operations related to the new challenges identified in the Health Check. In the amended version of the RDR of May 2009, Member States were asked to revise their strategies and programmes by mid-July 2009.

The Member States and regions have by now revised their national RDPs to demonstrate how they would make use of the extra funding provided by the Health Check and the EERP. The extra funding comes to about € 5 billion for the EU as a whole, and must be spent through the RDPs in the period 2009-13. Member States/regions choose the priorities on which to spend this extra funding from a list which includes climate change, water management, biodiversity and renewable energy.

According to an EC press release (IP/10/102, 29 January 2010) most of these funds will be concentrated on protecting biodiversity (31.2 per cent of all funds, or € 1.5 billion). Another 26.9 per cent (€ 1.3 billion) will be spent on water management, 14.2 per cent (€ 0.7 billion) on climate change measures, and 5.6 per cent (€ 0.3 billion) on renewable energy. The countries that have allocated more than 30 per cent of the budget to biodiversity are Cyprus, Ireland, the UK, Spain, France and Slovakia.

1.4 The mid-term review of the Rural Development Programmes

According to article 86 of the RDR, ongoing evaluation shall take the form of a separate mid-term evaluation report in 2010. That mid-term evaluation shall propose measures to improve the quality of programmes and their implementation. According to article 61 of the implementing regulation to the RDR (1974/2006), mid-term evaluation reports shall be submitted to the Commission by 31 December 2010 at the latest.

The synthesis of the mid-term evaluation reports by the Commission will be done during 2011.

Ugorelec, Bulgaria photo Jasab flickr.com

2. Implementation of the Rural Development Programmes

Based on the concerns that were raised in FERN's 2008 report "Funding forests into the future? How the European Fund for Rural Development affects European Forests", we looked into the implementation of the rural development programmes. More specifically, we considered:

- the impact of rural development policy on forestry practices
- allocation of funding made available through the Health Check and the European Economic Recovery Plan (EERP)
- general problems with implementation
- afforestation with alien and invasive species
- lack of clarity to ensure improved forest management and conservation
- Natura 2000
- consultation of NGOs in the implementation of national RDPs
- support for biomass production

2.1 Impact of rural development policy on forest practices

The overall impact of the EU's rural development policy on the forestry practices was assessed in the following countries.

Czech Republic

Most of the rural development funding has so far been used to finance projects that are either environmentally neutral or harmful, including the ill designed construction of forest roads and investments in heavy mechanisation. The new measures (such as measure 224, Natura 2000 payments to forest owners) have yet to be evaluated. Although the impact of the RDP has been small (partly because funding has been limited), it has also been largely negative.

Petr Dušek of the Czech Ministry of Agriculture is more optimistic; he believes that the new technologies and infrastructure funded through the RDP will ensure that the negative impact on forests will be lower than would otherwise have been the case. Nevertheless, there is little evidence that these RDP-financed roads are any more environmentally friendly than the roads built previously – and potentially less damaging ways of transporting timber (e.g. using wire ropeways) do not seem to have been considered.

Forestry practices in the past were disastrous, and changing this situation will be difficult. There is a rush to get hold of EU money, but there are no corresponding guidelines for good forestry practice for the beneficiaries. For example, there are no manuals on how to build a good road, how to prevent erosion and protect forest stands, what harvesting and transport technologies are best for the environment, or how forest owners can adopt more sensitive methods and give priority to natural regeneration of forest stands.

Hnuti Duha advocates introducing a proper set of standards, and is also calling for a system of economic analysis to determine what binding environmental standards the beneficiaries would be able to tolerate while still making a profit. Petr Dušek argues that, in the Czech Republic, financial support through the RDP is only available to small forest owners who would not be able to apply tougher standards. But if the RDP is supposed to help the environment, finding practical ways of doing this ought to be a priority. Unfortunately, since the composition of the monitoring committee is fairly uneven (with just one seat for the Ministry of Environment and one for an environmental NGO), it is unlikely that any consideration will be given to proposals to link the economy and the environment.

Bulgaria

Although it is too early to assess the impact of the RDP on forest practices in Bulgaria, it appears to have been generally positive though not very far-reaching. Despite the overall commercial bias of the RDP's forestry measures (improving the economic value of forests, adding value to forest products, and afforestation), in Bulgaria many of the measures have been designed not only to avoid any negative impact, but in some way to contribute to achieving the general objective of protecting and improving the environment and thus to sustainable forest management. The Bulgarian RDP requires a mandatory environmental impact assessment (EIA) for actions including support to investments (except where the Environmental Protection Act states otherwise). In addition, investment projects in Natura 2000 sites will be checked for compliance with the provisions of the national Biodiversity Act and the respective secondary legislation for its implementation, as well as the envisaged restrictions in site designation orders and management plans. Until recently the general policy of the Ministry of Environment and Water was to issue documents saying that no EIA or Appropriate Assessment (AA)[5] is needed for certain projects funded by the RDP (e.g. for afforestation and the production of biomass). Fortunately, with the election of a new government in 2009, this practice has now changed: but for a lot of investment projects (e.g. projects for the production of energy through solar panels) a mandatory EIA is still not explicitly required by the national legislation.

The RDP will guarantee funds for research and technological development in order to increase the competitiveness of the forest sector. It will also encourage cooperation between forest owners, branch organisations and associations in supporting education and gaining qualifications in silviculture.

The implementation of the RDP in 2008 and 2009 has not been smooth, with many measures still a long way from being properly launched and implemented. Due to the delay,

5 AA: Appropriate Assessment. Article 6 (3, 4) of the Habitats Directive requires that any plan or project not directly connected with or necessary to the management of a designated habitat site, but likely to have a significant effect thereon, either individually or in combination with other plans or projects, is to be subject to an Appropriate Assessment of its implications for the site in view of the site's conservation objectives.

particularly in the implementation of forestry measures, the RDP has not shown its full potential.

Hungary

In Hungary the RDP has had a range of impacts on forests. Measures such as those relating to the forest environment, Natura 2000 compensation and non-productive investments should improve the quality of private forests. The forest environment measure may help in the promotion of practices which are currently not popular among farmers.

On the other hand, making it financially rewarding to create plantations of species such as black locust and hybrid poplar is potentially damaging, especially if they replace already existing High Nature Value grasslands and wetlands that in most cases represent higher biological diversity.

Fortunately the most valuable forests in Hungary are protected and owned by the state, so the impact of the RDP in increasing the presence of alien species in Hungary's forests as a whole should not be overstated. The overall impact of the RDP on Hungarian forests and nature can therefore be seen as limited, but generally positive.

Portugal

A similar situation can be found in Portugal, where the impact of the RDP is regarded as limited but generally positive. In Portugal the RDP has supported investment in quality production for some strategic forest sectors, including the cork sector. Cork production is very important for the biodiversity associated with cork oak strands. These investments will be directed not just towards increasing the modernisation and efficiency of the operations, but also to certification (FSC and others). There are also measures to support biodiversity and the multiple uses of forests. In fact the main reason why the RDP in Portugal cannot be said to have had a significantly positive impact is because of the delay in implementing these measures. Although we are half way through the time period of the programme, most Axis 1 measures are only just beginning to be implemented, and many Axis 2 measures are still being assessed prior to implementation. Therefore the Portuguese RDP is likely to fail to deliver forest sustainability, mainly due to underimplementation.

Romania

Although the initial groundwork for Romania's RDP was good, with clear identification of the problems and objectives at a strategic level, in practice the impact of the national RDP has been limited and negative, particularly with regard to forestry.

Of the ten measures in the RDP relating to the forestry sector, three were launched during 2008, and three more were due to be launched in 2009. However, only one of the three measures adopted addresses the forestry sector directly. Without any project description being officially published, it is difficult to estimate the impact of projects and how they have contributed to the strategic objectives of the RDP. In particular, a number of problems regarding the implementation of the national RDP have been identified:

- There is no national body responsible for monitoring public investments funded by European funds.
- Requests for payment are not being processed smoothly, making it difficult for beneficiaries who depend on returns on investment to continue traditional practices which are good for nature conservation but which have lower economic viability than less environmentally friendly methods. The lack of a centralised database of these kinds of non-competitive measures also makes it more difficult for civil society to monitor the consequences, and ultimately to respond in an appropriate way.
- The administrative system for national protected areas and Natura 2000 sites is extremely congested, which is hindering the implementation of the Natura 2000 network and environmental measures in Axis 2. These delays are potentially damaging for the conservation status of Romanian forests and biodiversity in general.
- Despite the authorities' assurance that they are keen to engage in collaboration, there is a lack of continuous and focused dialogue between civil society and state authorities, and a lack of responsibility from the relevant ministries in initiating and maintaining the dialogue with civil society regarding those issues where environmental NGOs could provide expertise and practical help.
- Although annual progress reports have been published, implementation of the national RDP has not been evaluated strictly from the perspective of biodiversity, in such a way as to highlight to what extent implementation is in line with the environmental objectives. Had this been done, the perceived shortcomings of the programme would have been more obvious, e.g. the shortfall in funding for Natura 2000 sites.
- The high rate of personnel change, due partly to the current financial crisis, has led to a shortage of competent people who have a full understanding of the history of the national RDP, and who are therefore sympathetic to informed input from environmental groups who have followed the process right from the beginning.
- When the national RDP was first being implemented, stakeholder consultation was efficiently regulated under article 6 of Council Regulation (EC) no. 1698/2005. However, this kind of dialogue now appears to be discouraged; for the working groups created during 2009 there was no official call for participation; or at least there was no communication about the nature of the working groups.

Finland

In Finland, we have the least information as forestry has a rather marginal role in the RDP. The general impact of the Finnish RDP 2007-2013 on forests is therefore considered to be low, as few measures have been taken up. However, there is more money available for forestry than for forest conservation, so the overall impact – though limited – can only be seen as negative for the forest environment.

Conclusion

In none of the countries studied was the overall impact of the Rural Development Programme on forest practices considered to be high. However, we found differences in whether such impact was perceived to be positive or negative.

2.2 Allocation of funding made available through the Health Check and the EERP

In advance of any modifications resulting from the Health Check and the EERP, a total of € 226 billion was made available over the period 2007-2013 for all RDPs, including all public and private expenditure. EU cofinancing for these programmes from the EAFRD amounts to € 90.8 billion.

From the European Commission conducted analysis of the forestry measures in all RDPs that were submitted in 2007-2008, the total support for forestry measures is estimated to be around € 16 billion, of which around € 8 billion comes from the EAFRD budget. This amount corresponds to 7-8 per cent of the total amount of financial resources devoted to RDPs during 2007-2013.

Through the Health Check and the EERP, an additional € 5 billion was made available on top of the € 90.8 billion EU cofinancing from the EAFRD, to address amongst others new challenges such as climate change, water management, biodiversity and renewable energy. However, not all countries have taken the opportunity to use the extra resources available through the Health Check and the EERP to conserve biodiversity.

Portugal

In Portugal, almost all the money made available through the Health Check and the EERP has been allocated to dairy restructuring and broadband, and just 1 per cent from the new financial sources has been allocated to mitigating climate change and promoting biodiversity.

Hungary

In Hungary, all the money is being allocated to dairy restructuring, though it could have used the money for measures supporting climate change mitigation and adaptation, renewable energy, water management and biodiversity. This reflects the general attitude of the managing authority: to direct as many resources as possible to increasing competitiveness, and giving little attention to environmental and rural development considerations. Very little effort is being made to keep small farmers in business, or to make farmers undertake environmental constraints.

Bulgaria

In Bulgaria, the money from the EERP is intended to implement projects under Axis 1 and Axis 3 of the RDP, related to water management (56 per cent of the funds, mainly for building and rehabilitation of water treatment facilities), renewable energy (35 per cent for energy production from renewable energy sources, aimed at supporting the competitiveness of enterprises and holdings through energy efficiency and lower production expenses) and restructuring the dairy sector (9 per cent). Environmental NGOs in Bulgaria submitted a statement during the discussion process for the allocation of EERP funds, and emphasised several important points, but the authorities failed to take them into account. The main points were as follows:

- The additional EERP funds could be better assimilated if allocated to small investments in

renewable energy and, where necessary, development of broadband internet.

- The development of RES should be on a small scale and only in urban areas, avoiding conflict with nature conservation and restoration.
- A proportion of the available funds should be allocated to nature protection, particularly to biodiversity-related measures under Axis 2, and for the implementation of activities from the river basin management plans under the Water Framework Directive.

Finland

Member states are allowed to submit yearly modifications of their RDP to the Commission. In Finland, environmental NGOs have continued to argue for more funding for the forestry measures (especially for biodiversity), but the authorities have not taken the opportunity to do so. Instead, most of the money available through the Health Check and EERP has been allocated to water management and broadband, with only 2 per cent going towards measures to promote and protect biodiversity.

Also in Finland, most rural development funding will be directed to agriculture and not to forestry activities. The RDP referred to national funding for forest conservation, but national funds are inadequate for the amount of money needed to develop Natura 2000 management plans and other conservation programmes. However, the revised Rural Development strategy that was submitted to the European Commission in mid-2009 now contains a paragraph about forest biodiversity:

> 'The National Forest Plan (NFP) is developing ecologically sustainable forestry by safeguarding biological diversity of forests and maintaining good status of waters and soil in forestry. Special attention is put on water pollution prevention from forestry. The most important tool to safeguard biodiversity is Southern Finland Forests Conservation programme METSO (2008-16) which was prepared at the same time as the NFP. The METSO programme aims to halt the decline of forest habitats and species and continue positive development of biodiversity until 2016. The measures of METSO programme are based on voluntary actions. The Ministry of Agriculture and Forestry is financing totally national protection and management of especially important habitats by environmental subsidies for forestry. There are rules about especially important habitats in the Forestry Law (1093/1996). Besides this, national [state budget] money is put on forest biodiversity management projects. Both environmental subsidies for forestry and forest management projects are also for Natura 2000 areas. In the whole country, the state helps private forest owners to maintain and develop biodiversity by voluntary actions. Forest certification (PEFC) also has criteria for biodiversity and other environmental issues for forestry.'

In theory, the strategy says that 40 per cent of current public money from the RDP already supports the new challenges, e.g. in water management and biodiversity. It refers to education, information, innovations and awareness raising, and new products, processes and techniques. The paper says that environmental measures on soil, water and air will be developed as 'multi-functional measures' for biodiversity. Renewable energy production and use, it says, is creating more jobs and environmental benefits. But forest management, carbon sinks, climate change effects, biodiversity and the good ecological status of water will be developed 'mainly totally' (sic) by national money, according to the NFP. Biodiversity is receiving € 1,435,540 more, but

it appears that this is being directed towards meadowland. The majority of NFP and METSO measures – supporting new challenges – are made totally by national money outside the RDP.

From this it seems that forestry in Finland remains marginal to the strategy and programme. The Health Check of the CAP and the crisis in the forestry sector did not change this picture. The emphasis remains strongly on agriculture. The reason is simple: forestry is profitable in Finland without state money, while on the whole agriculture is not. Unfortunately forest conservation is not profitable, and it needs EU money. Yet getting hold of such money is difficult due to the national priorities of the RDP.

Conclusion

It is still unclear how the extra funding provided through the Health Check and the EERP is being used. Since the adoption of the national RDPs in 2007 and 2008, Member States have revised their strategies and programmes to make use of the extra funding provided by the Health Check and the EERP, and to use Rural Development policy to address new challenges such as loss of biodiversity, climate change adaptation and mitigation, renewable energy and water management. Even though most of these funds at EU level (for all Member States) are being used to halt biodiversity loss, the picture is very different in the different Member States, making general conclusions difficult. What can be said is that at least some of the countries – notably Bulgaria, Hungary, Finland and Portugal – have clearly not used these extra funding streams to conserve (forest) biodiversity.

2.3 General problems with implementation

Implementation in some of the Member States is behind schedule. In some cases, implementation of measures under Axis 1 is being given priority over the implementation of measures in Axis 2. Additionally in some countries it has not been easy to get proper information about projects, as indicated below.

Czech Republic

It is difficult to get concrete information about projects in the Czech Republic. As payments for measures 224 (Natura 2000 forests) and 225 (forest environment) became available only recently, details of the subsidies that have been granted have not yet been published. While Axis 1 and Axis 3 have a basic system for reporting on subsidised projects in place, Axis 2 has no such system. And even under Axis 1 and Axis 3 it is not easy to find information about specific projects. Although the Ministry of Agriculture is prepared to provide basic information about Axis 1 and 3 projects, more detailed information is not currently available. For projects financed under Axis 2, there is no information. This may be counterproductive for the Ministry of Agriculture, as such lack of transparency means that environmental NGOs have been unable to identify any examples of projects funded by the RDP that can be said with certainty to have made a definite contribution to protecting and improving the environment.

Bulgaria

Initially, in 2008, the implementation of Bulgaria's national RDP focused mainly on editing and refining basic working documents as well as creating the necessary legal basis. By the end of 2009, the total number of projects submitted was 10,750 (excluding measures 211, 212, 214, see annex 1 for how measures are coded), and 7,026 of these were reviewed. Priority was given to Axis 1 measures designed to restructure and modernise agricultural holdings to increase the competitiveness of this sector (measures 112 and 121). These measures were the ones which received the most project proposals. The implementation of the environmental measures under Axis 2 was postponed. The legal basis for these measures was created in late summer 2008 (measures 223 and 226) and the beginning of 2009 (measure 214). For the Natura 2000 measures (213, agriculture, and 224, forests), the process still lies ahead. In the meantime little is being done to enhance the conservation status of natural ecosystems and biodiversity by promoting sustainable land management, mitigating climate change and protecting biodiversity.

With many measures still a long way from being put into practice, implementation of the Bulgarian RDP has not been smooth. The problems fall broadly into three groups:

1. Administrative and technical issues, such as the complexity of the procedures for submitting proposals, and the delay in approval and implementation of projects.
2. Issues related to the capacity of the administration in charge of RDP implementation at the local level.
3. Uncertainty among potential beneficiaries about how to apply for grants.

In February 2009 a special working group to improve implementation of the RDP was established, consisting of different stakeholders including environmental NGOs. One general problem identified by many stakeholders was that the authorities in charge of implementation of the RDP have failed to learn from earlier pilot projects, assessments and analyses, and especially from the experience of implementing the Special Accession Programme for Agriculture and Rural Development (SAPARD). So mistakes are repeated, and solutions are sought for problems that have already been solved elsewhere.

In mid-October 2009, after a long delay, a handful of forestry projects under measure 223 (twenty projects) and measure 226 (eighteen projects) were approved and signed. According to the successful applicants, however, no payments have yet been made. There is now concern that this will jeopardise the planned activities, many of which are season-dependent, and thus undermine the RDP's implementation as a whole. Other potential applicants have been forced to withdraw from the application process, due to these delays and the resulting uncertainty.

With regard to the three forestry measures which were supposed to be launched in 2009 (measures 125 and 224) and in 2010 (measure 114), the situation is as follows.

- The regulation for measure 114 (use by farmers and forest holders of advisory services) is in preparation, and drafts have been discussed within working groups. Part of the delay has been due to disagreement between state authorities and environmental NGOs as to whether only the National Agriculture Advisory Service will be eligible to provide advice to farmers and forestry holders.

- Originally the development of measure 125 (improving and developing infrastructure related to the development and adaptation of agriculture and forestry) was planned for 2009, but in May 2009 the monitoring committee decided to postpone it to 2010, when a working group on the issue is due to be established.
- No work has been done on measure 224 (Natura 2000 forest payments). There is a chance that this measure will not start within the current programming period because of: (1) lack of adequate restrictions in the designation orders for Natura 2000 sites, which are the basis for the compensation for lost revenue; (2) lack of management plans for any Natura 2000 sites; and (3) lack of an Integrated Administration and Control System (IACS) for forests in Bulgaria, which is the basis for effective control of the measure's implementation. There is an opportunity to replace this measure with a forest-environmental measure during the RDP's mid-term evaluation but this would need to be investigated and negotiated in detail.

Portugal

Portugal also clearly has problems with implementation. Even though most of the measures under Axis I have begun to be implemented, many of the activities under Axis 2 are still under study.

Romania

In the first year of the programming period 2007-2013, the authorities in Romania concentrated on revising and refining the basic working documents and creating the legal framework necessary for their implementation. In December 2007 and January 2008 the consolidated version of the national RDP and the National Strategy Plan (NSP), respectively, were sent to the EC, while the Rural Development Committee approved the national RDP in February 2008, after dealing with the EC's final comments.

In 2008 it was decided that in the first two years priority would be given to the strategic objective of improving the skills of farmers and people working in the agri-food and forestry sectors, to allow better management of the agricultural and forestry holdings. Restructuring and modernisation in terms of processing, marketing and developing agricultural and forestry products were also considered of immediate importance in order to increase the commercial value of such products and so the competitiveness of the sectors. This meant implicitly that the strictly environmental strategic objective would have to wait till implementation of Axis 2 measures during the second and third years, which may have serious consequences for the conservation of Romania's forests. Delays in the further implementation of sustainable management practices of forest land areas will also hold back efforts to diminish soil erosion,[6] prevent floods, mitigate climate change and protect biodiversity.

Of the 27 measures in the Romanian RDP, a total of 13 have been launched. Of the ten measures addressing the forestry sector, just three have been launched so far: measures 111, 123 and 142 (see annex 1 for how measures are coded).

6 While soil erosion is a problem for Romania, and the national RDP recognised this with its measures (measure 214, package 4; measure 221), solving this problem is not part of its purpose.

It is hardly surprising that implementation of the national RDP in its first year has not been smooth or far-reaching, with many measures yet to be launched. In June 2009 a progress report identified a number of problems, many of which bear striking similarity to the problems encountered in Bulgaria (see above):

- All institutions involved in the implementation of the national RDP lacked sufficient personnel to do the necessary work.
- Much effort was expended on establishing demarcation between the measures, due to the lack of a national body responsible for monitoring all public investments realised using European funds.
- There is a need for strong national legislation regulating investments in water infrastructure and water use.
- The information technology systems developed for the payment agencies are inefficient.
- Project beneficiaries had trouble obtaining the credits necessary to ensure private co-financing.
- There were delays in the implementation of projects, due to the legislative and procedural modifications necessary for the implementation of technical assistance measures.

Some of these issues were addressed by the two proposals for modifications submitted to the EC by the Ministry of Agriculture in 2008, regarding (among other things) designating which authorities would be responsible for implementation of the programme, and introducing a system to enable beneficiaries to get credits for private co-financing of investment projects.

Implementation of Romania's programme continued during 2009. At the third official meeting of the monitoring committee on 27 March, the following measures (all referring directly to the forestry sector) were presented to be launched during 2009: measure 122 (improving the economic value of forests), measure 125 (improving and developing infrastructure related to the development and adaptation of agriculture and forestry), and measure 221 (first afforestation of agricultural land). The selection criteria and scoring system have yet to be discussed, but it is understood that government decision no. 224/2008 regarding the general conditions of programme implementation is to be amended to allow the implementation of measures 122 and 125.

Conclusion

In some countries, implementation of the national RDPs has barely started, and three years after the start of the programme period this is highly worrying. Additionally, in some countries priority has been given to Axis 1 measures, while Axis 2 has been postponed. There is an urgent need for biodiversity conservation, and opportunities have been lost because Axis 1 was given priority.

2.4 Funding for afforestation with alien and sometimes invasive species

The afforestation measures under the current regulation belong to the most important forestry measures. The EC's analysis on the forestry measures shows that a large proportion – roughly a third – of the money for forestry measures is being allocated to afforestation. The national and regional programmes aim to afforest more than 650,000 hectares of agricultural land (in twenty-two Member States), and 240,000 hectares of non-agricultural land (in thirteen Member States).[7]

As indicated in our previous report, however, a large proportion of this funding is being allocated to afforestation with alien and sometimes invasive species. The European Environment Agency (EEA) is very clear about the negative impact of alien species. Biological invasion by non-native or 'alien' species is one of the greatest threats to the ecological and economic well-being of the planet. Alien species can act as vectors for new diseases, alter ecosystem processes, change biodiversity, disrupt cultural landscapes, reduce the value of land and water for human activities and cause other socio-economic consequences for humans.[8] The latest assessment from the EEA-led project on streamlining European biodiversity indicators reveals that the number of invasive species in Europe continues to increase rapidly, with more and more negative economic and ecological consequences.[9]

If we look at the RDR, the implementation guidelines and the state aid guidelines, it is clear that protection of the environment is an important criterion for afforestation. Recital 38 of the RDR makes it clear that 'in order to *contribute to the protection of the environment,* the prevention of natural hazards and fires, as well as to mitigate climate change, forest resources should be extended and improved by first afforestation of agricultural land and any other than agricultural land'. The state aid guidelines stipulate that 'no aid should be accepted for commercially viable felling or restocking after felling or establishing and maintaining any plantation with no demonstrated environmental or recreational benefit'. Another reference can be found in the implementation guidelines: 'Care should be taken to avoid afforestation harmful to biodiversity or causing environmental damage.' The RDR does not, however, exclude support for fast-growing species.

Some people argue that preventing erosion and increasing carbon sink capacity are indeed environmental benefits, and that therefore planting alien species may not be in contradiction of these stipulations. However, there are clear indications that alien species can have a negative environmental impact and harm biodiversity.

The overall objectives on afforestation seem generally clear in the rural development policy. There is no comprehensive set of rules stipulating that support for forestry is conditional or not harming the environment.

7 Report on implementation of Forestry Measures under the Rural Development Regulation 1698/2005 for the period 2007-13. http://ec.europa.eu/agriculture/fore/publi/index_ en.htm
8 DAISIE European Invasive Alien Species Gateway www.europe-aliens.org
9 Ibid.

Czech Republic

Most of the Czech Republic's forests are conifer monocultures, and progress towards a better species mix has been slow. The National Forestry Programme calls for a gradual conversion of the present species composition using available forestry policy in favour of tree species that are characterised by higher tolerance to harmful factors, have ameliorating effects on the soil, and provide high wood-producing and non-wood-producing functional effects. The scientific evidence is also very clear – monoculture-like stands, especially of spruce, are ecologically unstable and degrade the forest soil – and therefore the government should halt subsidies for planting unsuitable tree species. Hnuti Duha (Friends of the Earth, Czech Republic) suggest that forest stands are planted with a composition mix close to that which is found naturally and that preference is given to natural regeneration. Subsidies for afforestation should be restricted to projects which have appropriate species composition. However, the RDP does not require land owners who receive afforestation subsidies to establish close to the nature forest stands with site specific broad-leaved species. As yet there are no specific environmental criteria in the preference criteria (for scoring applications) in the forestry measures in general.

A report on measures implemented under Axis 2 for 2007 is available. It mentions how many afforestation projects there are in the different regions, and their budgets, but it gives no specific details on company names, areas, species composition, or previous land use.

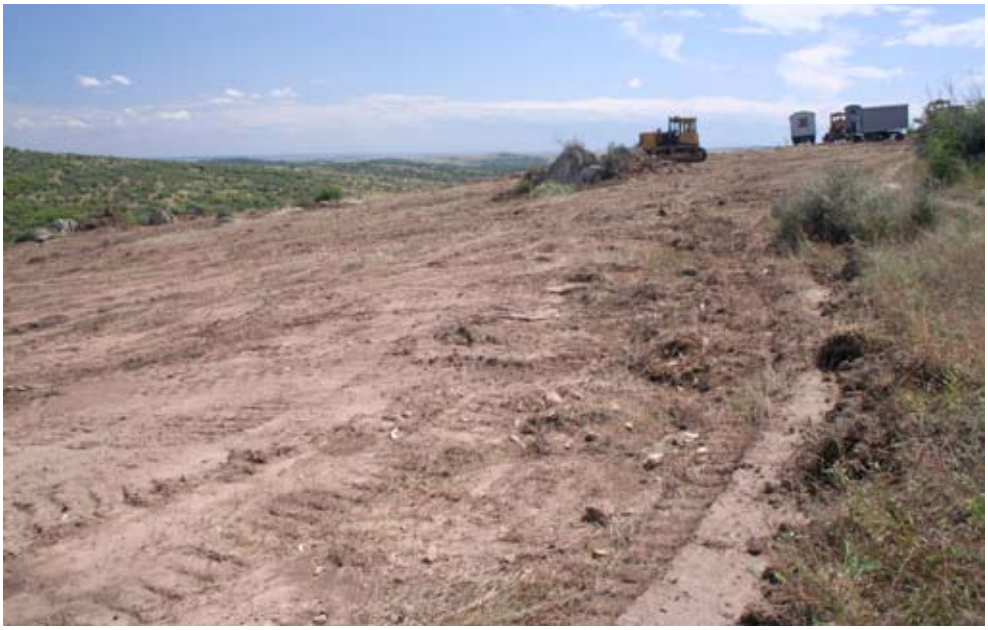
Hungary

In Hungary, even though extra points are given for afforestation with native species in the evaluation of the applications, it is disturbing that 45 per cent of all funds spent under this measure during 2007-2009 went to afforestation (of agricultural land) with mainly non-indigenous species. Foremost among these is black locust (*Robinia pseudoacacia*), which is classified by the European Environment Agency (EEA) as one of the hundred worst invasive species. This aggressively spreading species from North America makes it difficult to restore natural habitats after harvesting, due to its capacity for vigorous regeneration.

Bulgaria

In Bulgaria there is concern that European funds will go towards afforestation with non-native tree species, which could have a negative impact on the protection, maintenance and enhancement of local biodiversity, and violate the implementation of the objective of Axis 2 to protect natural resources and the environment of rural areas.
Measure 223, 'First afforestation of non-agricultural land', supports afforestation of non-agricultural land with the following objectives:

1. to transform low-quality abandoned land into forests, resulting in increased carbon sequestration in order to contribute to climate change mitigation and support natural biodiversity
2. to diminish soil erosion and prevent marginalisation of land
3. to improve water balance.



Soil preparation for afforestation of valuable semi-natural grasslands in Sakar Mountain. The soil preparation process has destroyed the habitat and has also caused disturbance to a globally endangered imperial eagle pair. Photo Svetoslav Spasov from BSPB.

The provisions state that afforestation should be for environmental purposes only. In designated Natura 2000 sites, afforestation can be supported only if such activity is explicitly written in the management plan/designation order of the specific site.

To try and ensure that the planned measures are suited to local conditions and compatible with environmental requirements, particularly biodiversity, a technological plan for afforestation has to be prepared for each project, based on the 1983 'Classification Scheme of the Types of Habitats in the Republic of Bulgaria', though this is hardly up to date, and does not reflect current ecological visions for forestry in Bulgaria. There are 135 types of habitat in Bulgaria, and for each type of habitat there is a list of tree species that can be used for afforestation. The list includes both local and non-native species. The RDP states that priority will be given to the local tree species which have proved their compatibility with the environment and have suitable provenience for restoring biodiversity, but there is no obligation to do this.[10]

Twenty afforestation projects have already been approved under measure 223.[11] Most of the projects aim at diminishing soil erosion, improving water balance and contributing to climate change mitigation, but not at supporting local biodiversity. More than a third of the projects[12] envisage afforestation with non-native species such as black locust (*Robinia pseudoacacia*), cedars (*Cedrus sp.*) and even hybrid poplars (*Populus sp.*). For example, a state forest holding enterprise from the Eastern Rhodope region proposed using black pine (*Pinus nigra*) for the afforestation of sites for which broad-leaved species are typical.

10 Bulgarian NGOs have submitted proposals for changes in the draft text of the measure 223 ordinance which were not taken into account. One of the proposed changes was that only native tree species, naturally occurring and typical for the local conditions, should be used for afforestation purposes under measure 223.

11 Only information on the type of beneficiary and allocated sum is publicly available, not any details of the actual projects.

12 According to information from an NGO forestry expert that has taken part at the expert committee for transparency and control for approving RDP forest projects and has reviewed proposed afforestation projects.

As to whether an EIA is needed, the responsible institution (normally the Regional Inspectorate on Environment and Water) is likely to say no, on the grounds that most of the plots to be afforested are relatively small (about 50 hectares or less) and that therefore 'the investment proposal is not likely to have a significant negative impact on the environment'. Similar reasons are given for decisions that an AA is not needed for afforestation within Natura 2000 sites. A further problem here is the lack of restrictions on the use of non-native species in the respective designation orders, or the lack of designation orders due to slow progress on the implementation of Natura 2000 in Bulgaria.

Yet afforestation with non-native species could have a negative impact on local biodiversity, with the destruction of habitats for native flora and fauna resulting in accelerated loss of biodiversity. An important prerequisite for afforestation to be successful is the use of native species adapted to local environmental conditions, which is not the case in many of the projects funded under measure 223 of the RDP. This could harm the implementation of the environmental requirements, particularly the RDP's objective of biodiversity protection.

The places chosen for afforestation are also sometimes controversial. Over the last few years, Birdlife Bulgaria (BSPB) has encountered several projects for afforestation of valuable natural and semi-natural grasslands within Natura 2000 sites. Most of them were funded by the former state fund called Bulgarian Forest. One afforestation project in the Sakar Mountain region was planned on valuable semi-natural grasslands near the nesting ground of the globally endangered imperial eagle. The soil preparation process destroyed the habitat and also caused disturbance to the eagle. Fortunately pressure from the Bulgarian Society for the Protection of Birds (BSPB) resulted in the process being stopped.

To sum up, there is a need for better and more careful planning of funding under measure 223 in order to prevent loss of biodiversity and minimise conflict with nature conservation legislation.

Conclusion

In general, insufficient attention is being paid to the objectives of the rural development policy. The policy seems clear when it comes to afforestation: the priority is to protect the environment, and care should be taken not to harm biodiversity. However, these objectives are not always respected.
There is also a need for clear guidelines to make sure that afforestation projects do not harm the environment, and are in line with RDP objectives. National and regional governments should introduce strong environmental selection criteria when scoring public applications, and no public money should be spent on planting alien (and definitely not invasive) species.

2.5 Lack of clear objectives to ensure improved forest management and conservation

The RDR is still lacking clarity with regard to its general objectives. The RDR states that 'forestry is an integral part of rural development and support for sustainable management

of forests and their multifunctional role', and that 'forestry measures should be adopted in the light of undertakings given by the Community and Member States at international level, and be based on Member States' national or sub-national forest programmes and equivalent instruments'. It also says: 'Forestry measures should contribute to the implementation of the Forestry Strategy.'

In a report on the forestry measures during the previous programming period, the Court of Auditors commented on the EU's Forestry Strategy and its implementation, saying that its concept of sustainable forest management was vague and that, being based on intentions and aims, it could be contradictory.[13] Unfortunately this criticism on the previous regulation appears to have been largely ignored when elaborating the current regulation.

On the National Forestry Programmes, the Court concluded that there is vagueness in their formulation and that their implementation is fragmented. The EU's mid-term evaluation says the following about the NFP: 'Rather than being one approach, the NFPs cover a wide range of approaches to develop, program and implement forest policies in a country or a region. NFPs can be formal or informal governmental processes, with the resulting documents formally adopted or not. Some countries identify their NFP as a set of policies or strategies addressing sustainable forest management.'[14]

From those reports, we can conclude that the RDR is not offering clarity on how to ensure that the forestry measures do support improved forestry management practices and forest conservation, or on how the impact of the projects needs to be monitored. The Forestry Strategy, as referred to in the RDR, assumes that its main objectives – economic, environmental and social – are complementary, but it is very difficult to find an appropriate balance between these objectives. Nor do the NFPs provide extra guidance.

Czech Republic

As a result of this vagueness, projects have sometimes had damaging effects. In the Czech Republic, a number of such projects have been identified:

- A project to create 3 kilometres of draining ditches in Horní Stropnice has led to increased run-off and the draining of wetlands. The afforestation of springs and wetlands, and the planting of dense monocultures in place of natural forests, has increased the risk of flooding. There is a similar project in the landscape protected area of Zdarske vrchy. These projects have had no EIA, as the work is considered to be maintenance of the drainage network built in the communist era. Similar projects are being planned in the Special Protected Area (SPA) Novohradske hory. It seems reasonable to assume that RDP financing opened the way and encouraged other projects of this type.
- In projects to reconstruct forest roads near the cities of Kelč and Nový Hrozenkov, the roads were excessively large. The excavated material has been dumped against trees, partly submerging them. In the Kelč project, a part of a forest stand has been destroyed

13 Court of Auditors (2005) Special report no. 9/2004 on Forestry measures within Rural Development Policy, together with the Commission's replies.

14 Pelli P, Tikkanen I, Van Brusselen J, Vilen,T, Weiss G, Tykkä S, Dominguez, G, Boglio D, Kenter M (2009) Mid-term evaluation of the implementation of the EU Forest Action Plan. Main Report. A study for DG Agriculture and Rural Development. AGRI-2008-EVAL-07.

Trees buried during a new road construction Photo Zdenek Postulka

to make way for the road. The forests in this area are very valuable (hornbeam oak, with birch, fir and occasionally spruce) and there is a danger of clearcutting once the road has been built. In the Nový Hrozenkov project, the forests consist mainly of spruce plantations, with scattered islands of valuable fir forests. Some of the spruce plantations are ready for felling, and are vulnerable to wind and pests. Here it would be beneficial to start by converting the spruce stands to mixed ones. Even though road construction can be considered necessary for transporting wood, in this case the road also seemed very large and dug too deep into the slope.

Bulgaria

In Bulgaria the measure on improving and developing infrastructure for agriculture and forestry (measure 125) is still undeveloped. It was planned for 2009, but in May 2009 the monitoring committee decided to postpone it to 2010, when a working group on the issue has to be established. The potential impact is negative, as forest road construction could have a detrimental impact on nature and biodiversity – for instance due to increased access to and destruction of old-growth forests and other important habitats, increased fire risk due to human activities, and forest fragmentation.

Conclusion

Despite the criticism of the Court of Auditors on the Rural Development spending in the previous budget period, the current regulation is still not offering clarity on how to ensure that the forestry measures do support improved forestry management practices and forest

conservation, or on the precise objectives which the impact of the projects must be judged on. In some countries, projects supporting draining or forest road building have already a negative impact on the ecosystem, which could clearly have been avoided.

2.6 Natura 2000

Natura 2000 is the EU-wide network of nature protection areas established under the 1992 Habitats Directive, which aims to safeguard the long-term survival of Europe's most valuable and threatened species and habitats. It is composed of Special Areas of Conservation (SAC) designated by Member States under the Habitats Directive, and also incorporates Special Protection Areas (SPA) designated under the 1979 Birds Directive.

There are three stages in the selection of SACs under the Habitats Directive. (1) Member States propose sites after making comprehensive assessments of each of the habitat type and species on their territory. (2) On the basis of the proposed national lists, the Commission, in agreement with the Member States, adopts Sites of Community Importance (SCIs). (3) Once the lists of SCIs have been adopted, it is then for the Member States to designate all sites as SACs as soon as possible, and within six years at most. During this period, Member States should establish the necessary management or restoration measures for the sites to ensure their favourable conservation status.

Forest habitat types designated as Natura 2000 sites cover over 14 million hectares, constituting almost 20 per cent of the whole terrestrial Natura 2000 network.[15] Of the forest habitats that have so far been integrated into the Natura 2000 network, 35 per cent have the 'unfavourable to bad' conservation status, and 28 per cent 'unfavourable to inadequate'.[16]

The mid-term evaluation of the biodiversity action plan[17] states that in order to safeguard the EU's most important habitats and species, the challenge is increasingly becoming one of the effective management and restoration of sites within the Natura 2000 network. The action plan further states that for many countries, Axis 2 of the Rural Development Policy appears to be the most important EU funding source for Natura 2000 and biodiversity (agriculture and forests). But the report also admits that in many policy areas it is difficult to obtain reliable figures for the amount of money actually spent on biodiversity. One of the recommendations is to develop better mechanisms to determine how much EU funding has been used by Member States for nature, and whether this is sufficient to support the management and restoration of Natura 2000 and wider biodiversity needs.[18]

The EC's analysis of the forestry measures shows that the Natura 2000 measure (for forests) has the lowest uptake in the programmes from all the forest-specific measures (i.e. those measures that have their own separate budget). It has been taken up in only fifteen national or regional

15 Green paper on forest protection and information in the EU: preparing forests for climate change. COM(2010)66 Final
16 Report from the Commission to the European Parliament: composite report on the conservation status of habitat types and species as required under article 17 of the Habitats Directive, COM (2009) 358.
17 Communication on the mid-term assessment of implementing the EC biodiversity action plan. COM (2008) 864.
18 Ibid.

RDPs,[19] and only with very low budgets. The budget available will provide support for more than 60,000 private forest owners, with 400,000 hectares of forest land and an average area of 6.8 hectares per beneficiary.

Some Member States included support for Natura 2000 in other forestry measures such as the forest-environment payments. In Hungary, where originally no money was allocated to the Natura 2000 forest payments measure, the Ministry is now planning to launch the measure later this year and to allocate funds for that.

Bulgaria

In Bulgaria, the protection status of the majority of Natura 2000 sites is unclear, due to the lack of management plans and the absence of clear, rigorous and adequate restrictions in their designation orders. Therefore the protection and sustainable use of forests within Natura 2000 remains an issue of concern.

Unfortunately in Bulgaria the funds (and measures) for securing and preserving the forests and their biological diversity envisaged in the RDP are insufficient; no forest environmental payments are foreseen, and funds for conservation and upgrading of the rural heritage are also not available. Forests outside the Natura 2000 network are left without any funding for protection from the RDP. This is explained partly by the assumption that funds for such activities will come mainly from other EU structural funds.

Only the Natura 2000 payments for forests can be described as being purely for forest protection. The latter consists of € 15.5 million indicative public expenditure, which is around 0.48 per cent of Bulgaria's total public expenditure. 80 per cent of the public expenditure will be secured through the EAFRD. As already stated, Natura 2000 measures for agricultural lands and forests depend on the formal designation of Natura 2000 sites and on the preparation of their management plans. Therefore the measures will be implemented after the establishment and enforcement of clear restrictions on the agricultural and forestry activities, either in the designation orders of the sites or in their management plans. In the meantime, the budget for measures 213 and 224 is provisionally allocated to measure 214 (agri-environmental payments), and farmers in potential Natura 2000 sites can apply for support under this measure. The total budget for the latter (including the one for measures 213 and 224) is around € 435.4 million. Private forest owners will not benefit from it. The launch of the Natura 2000 compensation payments for forest owners will probably not happen within this programming period (due to the reasons explained above), which could prevent the RDP from making a direct contribution to forest species and habitat conservation.

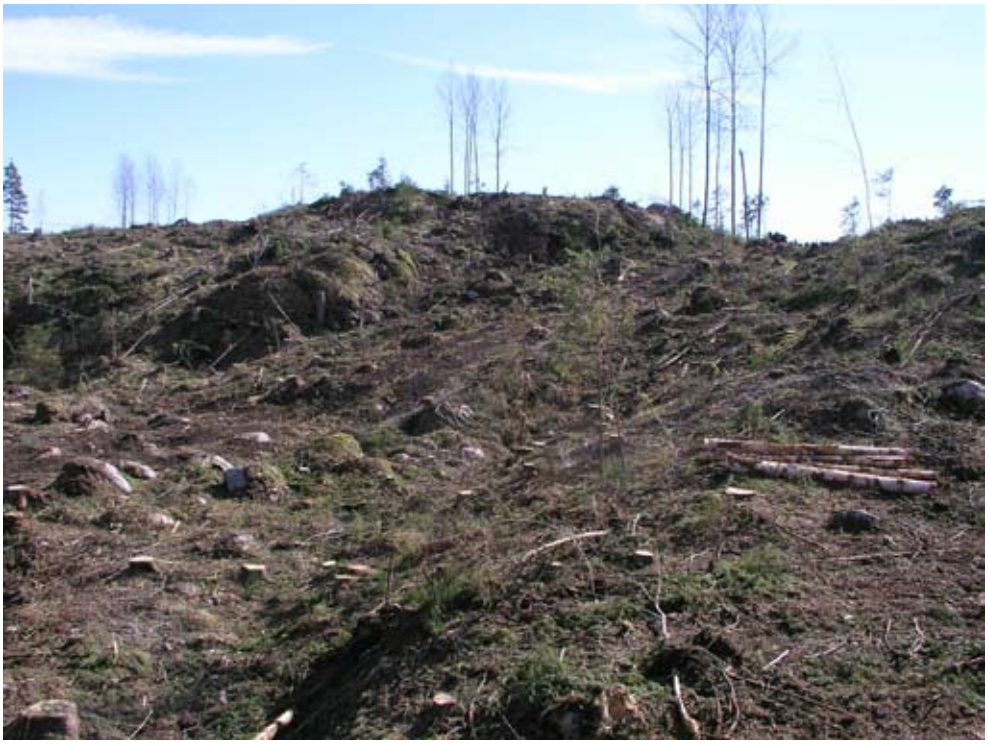
Other provisions of the RDP are designed to secure better protection of nature within Natura 2000 sites. For all investment projects falling within Natura 2000 sites a mandatory appropriate assessment for compliance with the provisions of the national Biodiversity Act and the respective secondary legislation, as well as the envisaged restrictions in the designation orders and management plans, will be mandatory (with the exception of cases where such assessment is

19 European Commission (2009) Report on implementation of forestry measures under the rural development regulation 1698/2005 for the period 2007-2013.

not required by the national legislation). Unfortunately the responsible authority in Bulgaria, the Ministry of Environment and Water, has been issuing documents stating that no AA is needed, because it does not want to restrict the development of rural areas. This practice is slowly changing under the new government.

Finland

In Finland, about 1,077,000 hectares of forest land or bog woodland fall into Natura 2000 areas. This land is not strictly protected, however, and in some areas companies are even permitted to undertake commercial logging. Finland did not adopt special EAFRD articles for Natura 2000, in meadows or in forests, and therefore measures 224, 225 and 227 do not apply there. The RDP refers to national funding for forest conservation, but EU funds (except LIFE+) will not be used for this. National funding sources are inadequate for the amount of money needed to develop Natura 2000 management plans and other conservation purposes. About 100,000 hectares of Natura 2000 forest areas (of which 30,000 hectares are privately owned) are not protected strictly by the Nature Conservation Act, but come under the weaker Forest Act, the Land Use Building Act or the Extractable Land Resources Act. These forests need management plans, because without proper inventories of habitats and species, guidance and restrictions, any logging threatens the biodiversity and conservation value of these areas. National funding is not enough, because under the Sustainable Forestry Financing Act, managed by the Ministry of Agriculture and Forestry, only 8,000-10,000 hectares of the total amount of 26.3 million hectares of Finnish forests can be supported by tools of greener forestry practices. Natura 2000 management plans are not even mentioned in this chapter of the Finnish national budget.



Logging in the forest of Kytäjä-Usmi, Natura 2000 site Photo FANC archives

There are some environmental possibilities in the Leader programme.[20] For meadowland not belonging to professional farmers, NGOs can now ask for Leader money, as well for wetlands; and in theory environmental NGOs can make Natura 2000 management plans for privately owned Natura 2000 forests, too, by promoting them as ecotourism sites and so on. The possible measure for Natura 2000 is 323 (conservation and upgrading of the natural heritage, RDP, p. 72.) which has a total of € 6 million for the whole programming period. Leader can be co-financed partly by the EAFRD. The first applications were made in spring 2008, but there are still no statistics about the results of these new Leader opportunities.

Czech Republic

In the Czech Republic, measure 224 (Natura 2000 forest payments) has a proposed budget of € 12,238,490 (potential scope for 200,000 hectares), and just one submeasure has been proposed: 'conservation of a forest management set of a stand from previous production cycle'. The keynote of this measure is to conserve natural habitats protected by European legislation (Natura 2000) by supporting the conservation of the current optimum structure of basic tree species or current silvicultural system in selected areas. About 37,000 hectares come into the scope of this submeasure. The measure may be implemented according to the delimitation of Natura 2000 areas (SPAs and SACs). The submeasure allows private forest landowners or associations of private forest landowners with legal status to obtain support for conservation of traditional forest management. The support takes the form of a fixed payment € 60 per hectare per year. The support will be provided annually for a period of twenty years as compensation for income foregone due to the reduced economic use of forests.

Within measure 225 (forest environment payments, with a proposed budget of € 13,235,994), similarly, a submeasure has been proposed: 'improving the species composition of forests'. Implementing this submeasure will increase the representation of soil-improving and reinforcing species. Such species are characterised by a higher tolerance to harmful factors of the environment and by ameliorative effects on soil as well. The highest representation of soil-improving and reinforcing species leads to optimised use of a stand's production potential. The growing of stands of appropriate species and spatial structure will ensure the maintenance and development of forest biodiversity. In the budget, however, the measure has less money than previously proposed. This measure is also being offered to landowners within the Natura 2000 network where the management plan requires changes in forest species. However, the linkage is not obligatory and it is not possible to figure out what proportion of the measure is going to finance Natura 2000.

The previous government proposed adding an additional payment to encourage veteran trees and deadwood being left in the forests from 2010, but unfortunately this has now been dropped from the RDP of the Czech Republic. It was considered to be too difficult to identify the areas where leaving the dead wood should be a priority, and there was no adequate monitoring system. The people pressing for the measure have now left the Ministry of Envi-

20 Axis 4, or the Leader approach to rural development, involves highly individual projects designed and executed by local partnerships to address specific local problems. It is designed to enable 'bottom-up' community involvement in rural development. It will encourage new and experimental approaches to rural development and support will be aimed primarily at small-scale, community-driven projects and pilot schemes that are innovative in nature.

ronment. Now it appears that leaving logging residues, at least, will be part of the Ministry of Environment's strategy for wood as energy biomass.

Hungary

In Hungary there is currently no official site designation for Natura 2000 on the basis of which EAFRD payments could be made for forests. There are three different systems: the list in the Hungarian ministerial decree on the basis of topographic lot numbers, the plots on a map (which was the actual basis for the designation of the sites with the European Commission) and the Land Parcel Identification System (which is the only one that can serve as a basis for payments). For most of the sites it will not make a difference, but an estimated 20 per cent of the areas may be problematic in this regard, due to where they are geographically.

Using money from the EAFRD, a total of 200 management plans will be drawn up for Hungary's Natura 2000 network sites (including forest and non-forest sites). In Hungary there are 55 SPAs and 467 SACs, so the plans will cover 38 per cent of the total.

The new Act on Forests and the Protection of Forests was adopted by the Hungarian Parliament last spring. The new act introduces the concept of 'naturalness', according to which forest areas are classified into six categories, from plantations to natural forests. Regarding forests in protected natural areas, the regulations of the Act on Nature Conservation still apply. The Act on Forests includes and recommends management systems aimed at providing continuous forest cover. Forests are also classified according to their protective, social and economic functions. The new act includes 'Natura 2000 function' among the protection function, which is especially important for forests outside protected natural areas.

Estimates on how much funding is going to Natura 2000 from the EAFRD can only be very approximate. However, measures 224, 225 and 227 ought to make a significant contribution to the preservation of habitats and species of European importance. If we simply add up these figures, it shows that around € 117,000 (i.e. 2.3 per cent of the Rural Development budget) will be allocated to Natura 2000 and its goals.

Romania

When the national RDP was launched in Romania in 2008, the process of developing the Natura 2000 network was at a very early stage, with the inevitable result that institutional capacity to accede and absorb the funds meant for biodiversity conservation in designated sites would be adversely affected. September 2009 was supposed to be the deadline for submitting a revised list of SCIs according to the terms of the Habitats Directive for conservation of natural habitats and wild fauna and flora.[21]

The Ministry of the Environment's Directorate for the Protection of Nature maintained that the designation of further sites would be done through a specific project, although by June 2009 no source of funding had been identified.[22] At a WWF seminar in October 2009, a representa-

21 European Council Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora (Habitats Directive).
22 Ministry of Environment, Directorate for nature protection, Official letter no. 105493/SM/01.07.2009.

tive from the Ministry of the Environment said that an official tender had now been launched to gather the necessary data for further SCI designation, so complying with the obligations of the European legislation. The infringement procedure against Romanian authorities to respect their obligations and to provide adequate protection for wild birds under the Birds Directive[23],[24] seems to have been put aside, since the above-mentioned project is supposed to collect the necessary remaining data for the completion of the list of SPAs.

According to proposals, the list of SCIs will be officially approved during 2010, and the SCIs will become SACs by 2016, thus leading to a functional system of Natura 2000 protected areas being integrated in the network.[25] In this period, conservation measures will have to be put into practice by implementing the management plans for the protected areas or the management contracts with landowners.[26]

However, another critical issue is that only three management plans have been approved so far. Of the approximately 200 draft plans, some have been analysed and commented on, but lack of personnel is hindering the process from being finalised.[27]

Management of protected areas and Natura 2000 sites is another a critical issue affecting the correct implementation of a Natura 2000 network in Romania, for two main reasons.

1. The administration system is currently very congested. Legally, protected areas are administered by whoever has obtained the custody or the administration of the area. In cases where nobody had done this, it was proposed that a National Agency for Protected Areas should take on the role; however, the proposal was rejected. At a recent meeting between the Coalition Natura 2000 and the Ministry of Environment, aimed at promoting cooperation between public institutions and the civil sector, the Ministry assumed responsibility for the creation of a DG within the ministerial structure with the role to administer the protected areas and to approve the management plans.
2. It is not clear who is going to administer those Natura 2000 sites which include more than one protected area.

Finally, because stakeholders are required to respect and implement site-specific protection measures, it is crucial that direct compensatory payments are available, to maintain public understanding and trust with respect to the Natura 2000 system. In this regard, there is an urgent need to design proper management measures and to produce detailed site maps: but since it would take around two years for the former, and six or seven years for the latter, the possibility of allowing payments in the absence of these should be considered.

The Romanian national RPD addresses Natura 2000 sites through measures 213 (Natura 2000 payments on agricultural land) and 224 (Natura 2000 payments on forestry land). According to official forecasts, both will start being implemented from 2010. The expected financial allocations and specifications about measures will be finalised later, but they will use funds from Axis 2. However, as already mentioned, one of the reasons for the delay is that management

23 http://www.europa.eu
24 European Council Directive 79/409/EEC on the conservation of wild birds (Birds Directive).
25 Cit.24.
26 According to Art. 6 of the Habitats Directive, necessary conservation measures are established and either lead to the definition of site-specific management plans or are integrated in other management plans.
27 'Meeting of the main stakeholders', Natura 2000 Network in Romania, 28 October 2009 (discussion session).

plans for Nature 2000 sites are not yet ready, meaning that there is much uncertainty about what sort of conservation measures are to be respected by farmers and forest landowners. Most importantly, the Ministry of Agriculture, Forests and Rural Development has not yet calculated the proportions of agricultural land and forest land in these sites, nor can such figures be found in official reports.[28]

Financial estimates are very approximate, since there is insufficient information about the level of payments per hectare, the degree of restrictions for the requirements (compensatory measures), and the surface area. As a consequence, monetary allocations are included under other measures until the situation can be properly defined.[29]

So the situation is problematic, and there is serious concern that the overall financial allocation for Natura 2000 sites will be insufficient. With around 53 per cent of Natura 2000 sites covered by forests, there is also a costs-needs imbalance between the two measures (measure 224 and measure 213, Natura 2000 payments on agricultural land), accentuating the pressure for biodiversity conservation on forest land. Considering that Natura 2000 forest-related payments are for private beneficiaries, meaning that state-owned forests are not covered, there ought to be a cost analysis to gain an official estimate whether or not national RDP financial allocation is adequate. The mid-term review of the RDP may offer Romania a good opportunity for modifying or adding measures that could contribute to further biodiversity conservation.

Conclusion

The EC's analysis on the forestry measures under the RDR gave rise to concern with regard to the Natura 2000 forest payments. Only in 15 of the 88 national and regional programmes were funds allocated to this specific measure. Some countries have allocated funds for Natura 2000 using other measures, while others have reconsidered their position. It is still to be seen what the reality will be on the ground. Not only is the implementation of this measure seriously lagging behind in some countries: case studies also show that some practices are having a destructive impact on Natura 2000 sites.

28 Cit. 3.

29 The national RDP Axis yearly allocation is divided among measures that, according to the plan, are going to be launched. Financial allocation for delayed measures is kept within the allocation of other measures, and eventually transferred to following years until the measures are actually launched.

Case study 1
Possible fragmentation of Natura 2000 habitats in Bulgaria

In spring 2009, a series of measures (311, 312 and 313) gave opportunities for the funding of non-agricultural activities in agricultural areas, such as a project to manufacture solar panels in Natura 2000 zones in southern and south-eastern Bulgaria. However, investors may be abusing this opportunity, and this project could lead to the fragmentation of the habitats of endangered bird species, and loss of natural habitat types and their biodiversity.

In the past few months, BSPB has noticed an increase in investors' interest in these measures. The investors buy agricultural land and split it into smaller parcels,[30] to avoid having to comply with EIA procedures. These procedures are obligatory for all actions funded by the RDR which include support to investments, with the exception of cases where an EIA is not required under the Environmental Protection Act.[31] As a result, the investors find it easy to get decisions from the responsible authorities that there is no need for an EIA or (if the parcel is situated within the Natura 2000 zone) an AA. This enables them to make a permanent change to land use, and at the same time to apply for funding under measures 311-313. Technically they have followed and fulfilled all the necessary legal procedures, but in practice no assessments have been made on the possible effects, the cumulative effect of multiple proposals in close proximity to each other, or the consequences for Natura 2000 species and habitats.

In most cases the purchased lands (pastures and meadows) have low fertility for agriculture, but have special protection significance and status at the European level. These lands are of high nature value, and in most cases are important habitats for protected Natura 2000 species.

Between June and October 2009, for instance, construction permits without EIAs were issued for more than thirty projects within the Sakar protected zone (containing SCIs and SPAs) situated on large areas of pasture and meadow land. Similar trends have been observed within Natura 2000 protected zones in the Burgas region in eastern Bulgaria, as well as in parts of western Bulgaria.

The construction of solar panels on pastures and meadows causes permanent loss of these agricultural habitats, in contravention of the CAP and the objectives of the RDP. In addition, the construction of solar panels within Natura 2000 zones causes the fragmentation or destruction of endangered species habitats and natural habitat types, undermining the fundamental objectives of Natura 2000. EU funding is being used, in other words, to violate EU legislation.

BSPB has already submitted an official letter to the Ministry of Agriculture and Food, Ministry of Environment and Water and DG Agriculture, calling on them to undertake the necessary actions to guarantee that no projects for the construction of solar panels on high nature value farmlands will be funded through the RDP. They have also been asked to ensure that funding allocated under measures 311-313 will go explicitly to local farmers (including those acting within Natura 2000 zones) to enable them to improve the overall performance and competitiveness of their agricultural holdings through the introduction of new processes and technologies, and to meet their own energy needs for their agricultural activities. BSPB has also insisted on the legal enforcement of the EIA and AA procedures.

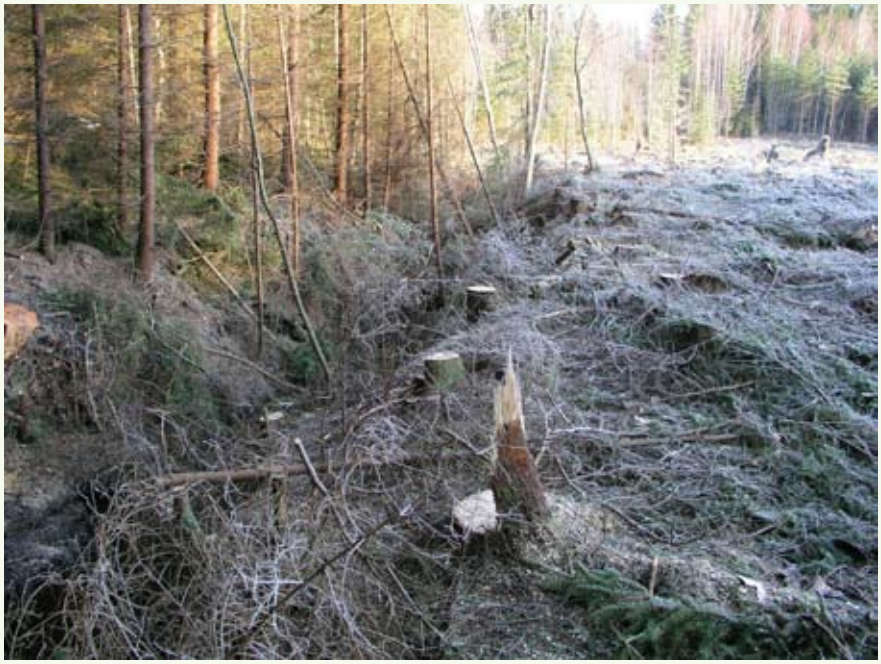
30 So-called 'salami slicing'.
31 EIA is generally not required for small investments in solar panels, according to the Environmental Protection Act.

Case study 2
Logging in Natura 2000 areas in Finland

The forest of Kytäjä-Usmin is recognised as a Natura 2000 site, and covers 2,266 hectares. It was a large unfragmented forest area in southern Finland, some 60 kilometres north from Helsinki. Unfortunately the national conservation tool that was used for this site was not the Nature Conservation Act but the Land Use and Building Act, which is aimed at regulating building of houses but is not an efficient tool against logging.

The vast majority of the area was owned by Kytäjä manor, which planned major clearcuts. When logging started in 2006 the company failed to provide a proper inventory, nor was the logging plan adequate. This resulted in the logging of important areas for western taiga and flying squirrels (Pteromys volans, strictly protected species in annex IV of the Habitats Directive). After FANC filed a complaint to the Uusimaa regional environmental centre, the forest and environment authorities conducted more fieldwork in 2007-2008. FANC also made more inventories in the area.

This resulted in a new management plan, and the state bought 300 hectares of the area. Even though the Uusimaa environment centre celebrated this as the biggest private nature conservation area of the whole county,[32] currently only 15 per cent of the whole Natura 2000 area is strictly protected and 85 per cent can still be logged. The integrity of this large forest is now lost. If there was more Rural Development money allocated for forest biodiversity, it is likely that the authorities could have financed better inventories and management plans or even bought the whole area before FANC filed the complaint.



Logging in the forest of Kytäjä-Usmi, Natura 2000 site Photo FANC archives

32 http://www.ymparisto.fi/default.asp?contentid=273137&lan=fi&clan=fi

Case study 3
New forestry act shapes measures for Natura 2000 in Hungary

The total area of private Natura 2000 forests in Hungary is around 207,000 hectares. The Natura 2000 compensation measure for forests was not part of Hungary's RDP when it was adopted, as the economic interest groups and the environmental NGOs could not agree on this. The economic interest groups argued that forest management plans had been sufficient in the past to maintain the good ecological status of the forests, and that compensation should be paid to all applicants who complied with their obligations and met some minimum requirements such as leaving a certain amount of deadwood in the forest after harvest.

The new Forest Act came into effect in spring 2009. It prescribes the revision of current forest management plans in order to bring them in line with Natura 2000 requirements. This revision must be conducted by 10 July 2010, and new management plans are being designed accordingly.

To ensure that the environmental aims of Natura 2000 are fulfilled, these new plans should state that instead of clearcutting, there should be a cutting method where smaller areas are felled at any one time (shelterwood regeneration). There could also be strict guidelines on what should be left in the forest, such as:

- **in the case of cleaning, thinning, maintenance management and selection cutting: certain tree species, individual trees with special characteristics (particularly trees with hollows in them and snag trees), standing and lying deadwood**
- **in the case of pest control: harvesting standing and lying deadwood up to 5m3/ha**
- **in the case of final harvesting: trees with hollows or other value for the protection of biodiversity and tree groups up to 5 per cent of the stand.**

Additional restrictions could deal with place and/or time of harvesting. The forest authorities are entitled to lay down the specific restrictions to be applied in each management unit, but only in the light of available compensatory payments. Pilot projects are already under way to define the restrictions in such a way as to maintain the ecosystems and also to address the financial constraints. The supervision of the management plans is running in parallel with the elaboration of the compensatory measure.

2.7 Consultation of environmental NGOs in the implementation of national RDPs

This section considers whether and to what extent environmental NGOs are involved in the implementation of the RDPs through participation in the monitoring committees or working groups.

Article 77 of the RDR deals with the monitoring committee and its composition:

> 'For each rural development programme, a monitoring committee shall be set up within a maximum of three months following the decision approving the programme. … Its composition shall be decided by the Member State and shall include the partners referred to in Article 6 (1).'

Article 6 (1) states:

> 'EAFRD assistance shall be implemented through close consultations (hereinafter partnership) between the Commission and the Member State and with the authorities and bodies designated by the Member State under the national rules and practices, including: the competent regional, local authorities and other public authorities, the economic and social partners, any other appropriate body representing civil society, non-governmental organisations, and bodies responsible for promoting equality between men and women. The member state shall designate the most representative partners at national, regional and local level and in the economic, social, environmental or other sphere (hereinafter partners). It shall create the conditions for a broad and effective involvement of all appropriate bodies, in accordance with national rules and practices, taking into account the need to promote equality between men and women and sustainable development through integration of environmental protection and improvement requirements.'

In general, 'the Monitoring Committee shall satisfy itself as to the effectiveness of the implementation of the rural development programme', says article 78.

With regard to involvement of NGOs in the monitoring committees, the situation varies across countries. In addition to the monitoring committees, working groups have been set up (sometimes with a separate working group for each axis), to give input to the monitoring committees. While the situation is satisfactory in some countries, the NGOs are insufficiently consulted in others, or the monitoring committee is working ineffectively and is not truly participatory.

Hungary

In Hungary the monitoring committee has 67 members. Two environmental NGOs were invited to work on the monitoring committee. From the 64 members that are listed in the RDP, only twelve come from NGOs, most of them from economic interest groups (mainly farmers' groups). The rest represent ministries, state offices and regional development councils. The composition of the monitoring committee was already an issue during the RDP of 2004-06,

but no changes have been made. The monitoring committee is not properly qualified to influence the way the RDP is run. This is due to not just its imbalanced composition but also to its operational procedures. In most cases decisions are made by written procedures, usually at very short notice. Votes can be cast by email, and anyone not voting is considered to be giving approval to the managing authority's proposal. Usually 90-95 per cent of members do not vote at all. Real work on the different axes could be conducted in working groups, and the setting up of these working groups was announced at the beginning of 2009, but little has been heard since then.

Bulgaria

In Bulgaria the monitoring committee includes 46 members, two of whom are representatives of environmental NGOs. Originally the committee included just one environmental NGO, but later the head of the permanent working group on Axis 2 – who also belongs to an environmental NGO – joined it. Permanent working groups were established on the four axes of the programme. The main aim of these working groups is to assist the work of the monitoring committee by providing technical input for the monitoring committee's decisions. Each working group includes several NGO representatives. The working groups have until now concentrated mainly on the development of detailed rules for the implementation of the RDP measures. In general, the procedures are effective and transparent. The working groups have developed and proposed decisions to the monitoring committee that have significantly improved the quality of the programme's implementation. Even though the monitoring committee is not obliged to take into consideration all proposals from the working groups, current practices show that in more than 80 per cent of the cases they are considered and approved. The work of the monitoring committee can also be seen as effective, both in terms of examining the results of implementation and monitoring the quality of the programme implementation. The monitoring committee also established additional working groups on concrete problems (e.g. to improve the RDP's general implementation), and provided recommendations to the managing authority on how to improve implementation of the RDP.

Finland

In Finland there are about fifty members on the monitoring committee, and two of these are environmental NGOs. In addition to the monitoring committee there are several national working groups, and NGOs have at least one seat in five of them, but not in all. There has been continuing participation of NGOs in the working groups. The working groups have provided an effective way of making complaints and practical proposals for improvements. There is a strategy working group, an evaluation working group, an agri-environmental working group and a structural funds working group. Steering groups have been set up at the regional level, but not all of these have NGOs as members or observers. Criticism during the last programme period and at the beginning of this one resulted in positive changes, and the NGOs gained more seats. They are now represented in most of the important working groups. There are still large gaps in NGO representation, but the situation is better than in the last programming period. It is remarkable that there is no special working group for forestry and forest biodiversity.

Czech Republic

In the Czech Republic, environmental NGOs have only one seat of 38 on the monitoring committee. This means that environmental issues cannot be handled properly, as there is insufficient representation of environmental interests. Working groups have been set up to deal with the forestry-based measures, agriculture measures, municipality-aimed measures and the measures on Rural Development networking. There is also a special working group on payments linked to the Water Framework Directive. Participation in the working groups is voluntary (any of the 38 members of the monitoring committee can participate, along with invited experts). The working groups set out preference criteria and make recommendations on public expenditure and total spending per measure.

Romania

In Romania there are 36 members in the monitoring committee, including five organisations specialising in environmental issues and biodiversity conservation. Official consultation has been satisfactory, but actual partnership and communication has been weak since early 2009. Overall, political instability and administrative restructuring has led to a high rate of personnel change, and the expertise of NGOs is seldom drawn on. Once the RDP was adopted, according to the public administration working groups have been established to elaborate working procedures and applicant guidelines for several measures. However, no official information has been given on the composition of the working groups.

Portugal

In Portugal the monitoring committee has only one NGO. The work of the monitoring committee is not effective and it is difficult to obtain information.

Conclusion

The situation has changed from the previous programming period, but further improvement is needed. In all cases, environmental NGOs are underrepresented on the monitoring committee.

In some countries the setting up of working groups has helped to involve NGOs in the implementation and follow-up of the RDP, even though they are not always directly involved in the monitoring committee. But there are also examples of where the participation of NGOs in the monitoring committees is very poor, and in some countries the work of the monitoring committees is ineffective.

2.8 How to guarantee sustainable biomass production

The Rural Development Regulation has several measures through which it can support bioenergy production:

The Renewable Energy Directive,[33] adopted in 2009, includes two important targets. It states that 20 per cent of the EU's energy consumption should come from renewable energy sources by 2020. The text also sets a specific target for energy used for transport to be achieved by all EU Member States. The original legislative proposal included a mandatory target of 10 per cent of transport fuels to come from agrofuels. The final text allows the 10 per cent target to be met by all renewables, not just agrofuels, but environmental NGOs fear that most of the transport target will be met by agrofuels. The directive also includes a set of sustainability criteria for agrofuels and bioliquids, but environmental NGOs consider them too weak.[34]

The Renewable Energy Directive also asked the EC to report on requirements for a sustainability scheme for energy uses of biomass (other than biofuels and bioliquids, for electricity and heating). But the recommendations of the resulting report, adopted by the EC in February 2010, are only voluntary, and there is no ambitious set of binding criteria to assess the environmental and social impacts of biomass production.

Biomass will be given an enormous boost by this directive. The projections in the Renewable Energy Roadmap[35] suggest that the use of biomass will more than double, to contribute to about half of the 20 per cent renewable energy target in 2020.

The RDR is one of the key EU instruments supporting bioenergy production, but there is little to guarantee that bioenergy production is 'sustainable'. The amended strategic guidelines of January 2009 stipulate only that 'agriculture and forestry will be called upon to make a greater contribution to curbing greenhouse gas emissions and increasing carbon sequestration. Increasing production of renewable energy from agriculture and forestry biomass should also help to meet the new EU targets for total fuel and energy consumption by 2020.'

The state aid guidelines for environmental production do however specify some criteria on the production of energy from renewable energy sources. Paragraph 49 says:

> 'State Aid may be an appropriate instrument only for those uses of renewable energy sources where the environmental benefit and sustainability is evident. More particularly, biofuels not fulfilling the sustainability criteria set out in article 15 [since changed to article 17] of the proposal for a Directive of the European Parliament and the Council on the promotion of the use of energy from renewable sources will not be considered eligible for state aid. When designing their support systems, Member States may encourage the use of biofuels which give additional benefits – including the benefits of diversification offered by biofuels made from wastes, residues, cellulosic and lingo-cellulosic material – by taking due account of the different costs of producing energy from traditional biofuels on the one hand, and of those biofuels which give additional benefits on the other.'

So through the state aid guidelines, guidance is given on the production of biofuels – through the sustainability criteria in article 17 of the Renewable Energy Directive – but NGOs consider

33 Directive 2009/28/EC.
34 The Renewable Energy Directive defines bioliquids as: liquid fuel for energy purposes other than for transport, including electricity and heating and cooling, produced from biomass.
35 COM (2006) 848.

these criteria as too weak. In the case of biomass for electricity and heating, there are even no binding criteria defined at EU level.

The state aid guidelines in the agriculture and forestry sector also allow aid to be given for afforestation that satisfy the conditions laid down in the RDR, so state aid for the establishment costs of fast-growing species is permitted in certain conditions.

Experience on bioenergy in the different countries is very different, and it is clear that currently there is a lack of specific criteria for sustainable biomass production.

Portugal

In Portugal, production of woody biomass is currently flourishing, but the scale of development under the current RDP is very small. There are plans for fifteen new biomass power plants, and future programmes should emphasise the need for sustainability. Portugal is currently the sixth highest per capita producer of energy on the basis of solid biomass.[36]

Czech Republic

Support for biomass is included in measure 121 (modernisation of agricultural holdings, including support for short-rotation coppice), measure 311 (diversification into non-agricultural activities) and measure 312 (business creation and development). There is a discussion between the Ministry of Agriculture and the Ministry of Environment as to what stands are to be supported in different areas. Hnuti Duha supports flood-plain forest establishment in the form of traditional coppice and coppice with standards.

36 EurObserv'ER (2009) Solid biomass barometer. http://www.eurobserv-er.org/pdf/baro194.pdf

Creating coppice on flood-plain forests: benefits for the environment and the production of bioenergy

On large parts of Europe's flood plains, up until the end of the 19th century, the prevailing system of woodland management was 'coppice with standards'. This system combines tall trees with coppiced ones, and creates high diversity of biotopes. The lower layer is created by a coppice stand (ash, hornbeam, lime, alnus, oak), and the upper layer usually consists of oak and elm. The coppice is cut at intervals ranging from seven to forty years, and the larger trees at intervals of 120-140 years. Large quantities of firewood can be produced, and also very valuable assortments of large oak trunks. The associated biodiversity is very high, as there is a broad range of different biotopes. The soil in these forests is also good at retaining its nutrients.

With the industrial revolution, as coal replaced wood as a fuel, this system was abandoned, and forests were left to grow tall. Nowadays foresters use clearcutting to harvest these forests, which results in the loss of species and local varieties, as well as the depletion of soil carbon. Many biologists and scientists are now calling for a return to coppice with standards, instead of the system of clearcutting and total replanting.

The reestablishment of coppice, and coppice with standards, on arable land in flood-plains and areas at risk of erosion, would have a positive effect on flood alleviation, water retention, soil protection and carbon sequestration – and also for the production of energy biomass. In the Czech Republic, where they plant rape for biofuels on about 400,000 hectares of land, causing much damage to the soil and water, using this land for coppice with standards instead would bring greater energy efficiency, soil protection, biodiversity and flood-risk management.

Currently no money has been allocated to measure 121 in the Czech Republic, though it appears that the measure will be open in the future. Environmental and agricultural groups are trying to agree on species composition, with environmental NGOs pressing for traditional coppice and coppice with standards. The latter is much better for biodiversity than short-rotation coppice. The amended national policy for nature protection aims to re-establish 10,000 hectares of flood-plain forests, and in the new national climate policy there is target of 16,000 hectares of new forests, preferably flood-plain forests too. The national climate policy also recognises carbon sequestration as an important mitigation factor and claims that, due to afforestation of arable land, 16.5 tonnes of CO2 is sequestered annually in wood and soil.

Depending on the introduction of new combustion and cogeneration technologies, biomass and biogas will make up 70-80 per cent of renewable Czech energy in 2010. But the estimate is only approximate, as it is difficult to calculate the heat energy produced in individual houses. The question is whether small-scale regional-based production is supported, or whether it will be just a case of large power plants 'improving' their performance by burning biomass. The financing of small-scale cogeneration biomass units can be promoted under the RDP, but the production systems should be subject to strict regulations; for example, short-rotation willow and poplar monoculture stands should be subsidised less than coppice with standards and traditional coppice.

Currently the only source of woody biomass is the residue from timber processing, harvest remainders and wood logged for energy. As there are no general rules for woody biomass harvesting, there is a threat of overharvesting certain forest stands with shallow soil, poor soil, stands on the slopes, stands near wetlands and streams, or acidified stands with nutrient imbalance. Until now the extent of woody biomass extraction appears to have been modest and to have avoided sensitive areas, but the risk remains. There is an urgent need for agreement on adequate regulations for wood extraction for energy, as a number of studies have demonstrated the negative impact of increased harvesting of biomass.

The previous Czech government proposed adding additional payments to encourage practices such as leaving deadwood in forests, but that was eventually dropped from the RDP. It now appears that leaving logging residues will be part of the Ministry of Environment's strategy for wood as energy biomass. Under that proposal, varying proportions of logging residues would be harvested or left behind: in about 33 per cent of forest land, 80 per cent of all logging residues would be subjected to harvesting; in another 33 per cent of the forests, 40 per cent of logging residues would be left; and in the last 33 per cent, all logging residues would be left, along with different amounts of veteran material and logs. A pilot scheme will look at the effects on biodiversity and soil protection, to determine in which areas it is most advantageous to leave the largest amount of logging residues. But the debate on energy biomass is currently very heated, and some groups want all logging residues to be extracted together with the stumps.

Bulgaria

In Bulgaria, the total sum for measures supporting biomass production is €1,493 million (about 46 per cent of the total public expenditure). Subsidies going directly to biomass are about €53 million. No projects for biomass production or use have so far been approved and funded under the RDP.

In general the RDP is very positive to the production and use of biomass, because of the assumption that it will help combat climate change and create job opportunities for rural regions through the use of renewable energy sources. The goal regarding climate change is pursued through two main activities.

1. Increased carbon sequestration through afforestation of land. The relevant measures here are 223 (first afforestation of non-agricultural land) and 126 (restoring agricultural production potential damaged by natural disasters). The estimated quantity of total equivalent of CO2 to be fixed by new or reafforested land supported under the RDP is 1.4 million tonnes.
2. Decreased production of CO2. Measure 121 (modernisation of agricultural holdings) will support the provision of new machinery with better performance and lower fuel consumption. Together with measures 123, 311, 312 and 321 it will also support the use of renewable natural resources and improved effectiveness of resources (e.g. production of electricity and/or heat using biomass), leading to a reduction in fossil fuel consumption.

No criteria for the sustainable use of biomass are included in the RDP, nor is there any mention of safeguards such as protecting biodiversity and the careful collection of felling residues.

With regard to monitoring and evaluation of support for renewable energy, the national monitoring system ought to contain better indicators of the effects of RDP support on renewable energy production and consumption.

Finland

Bioenergy is a special item in the Finnish RDP. In the preparation phase the Ministry of Agriculture and Forestry produced a special paper, and in spring 2009 the Strategy Working Group produced a memorandum on renewable energy measures, describing which budget lines may be used from the state budget or the RDP. Promoting bioenergy is one of the priorities of the programme. The Finnish target is to raise renewables from 28.5 per cent to 38 per cent.[37] The most important tool for reaching this target is wood energy, with use increasing from 3.6 million m^3 in 2006 to 4.6 million m^3 in 2008, and to a projected 12 million m^3 by 2020. (In fact the Finnish budget proposal for 2010 mentioned bringing this date forward to 2015.) This means very rapid growth. There is also a need to develop bioenergy from agriculture, e.g. biogas from manure. In addition, Finland is committed to the 10 per cent renewable transport target by 2020, which among other things entails the development of fuel from wood and waste. However, the RDP contains no new special targets for wood energy.

Finland is using all the possible measures (111, 121, 123, 124, 211, 212, 311, 312 and 321) to fund bioenergy production. The amount of funding for bioenergy and woody biomass is not yet known, but it appears to be low compared with basic agricultural funding in Axis 2 and national financing of woody bioenergy from the national budget. Even in this market situation, woody biomass is not good business and needs support from the state.

Voluntary criteria for woody biomass were developed some time ago by the Forestry Development Centre Tapio. A new working group (including the largest environmental NGOs, FANC and WWF) is now developing more up-to-date criteria for wood energy, to address issues relating to climate change and new industrial techniques such as stump uprooting.

There may be new opportunities for woody biomass because of the current crisis in Finnish forestry. It seems that the fight for cubic metres is over: there is now enough wood for industry, woody biomass, conservation and multiple use. On the other hand, changes in forestry can happen very rapidly. It is only recently that basic precautionary principles were forgotten, and there were no ex-ante evaluations when Finland started taking stumps. Monitoring can provide information later about the damage that was caused; it was not able to prevent the damage from happening.

Hungary

Hungary aims to cover 13-15 per cent of its total energy demand from renewables by 2020, and around 70-75 per cent of this will come from biomass. Some large power plants (in Pécs, Kazincbarcika, Ajka and Oroszlány) have fully biomass-fuelled blocks, though their efficiency is still less than 30 per cent. Other power plants use wood as fuel in biomass/coal-fired cogeneration blocks. The Pecs-based PannonPower plant is planning to plant

37 This is agreed in the framework of the Renewable Energy Directive, Directive 2009/28/EC.

energy crops on 15-20,000 hectares of land, amounting to 2 per cent of total arable land in the counties in its vicinity. According to estimates by the Ministry of Agriculture and Rural Development (MARD), 880,000-930,000 hectares of arable land could be used for biomass production.

Biofuels (biodiesel and bioethanol) are not subsidised directly by the RDP. When the RDP was formulated, there was an expectation that the EU would significantly increase the ratio of biofuels – to 8 per cent by 2015 – so MARD expected the area of biodiesel crops (mainly rapeseed) to grow to 230,000 hectares by 2010 and 300,000 hectares by 2015. Though there is no data on how much of Hungary's annual rapeseed production ends up in the energy sector, the production area is growing year on year, and reached 250,000 hectares in 2009. There are also plans to build a new bioethanol plant which would double the demand for maize as an energy crop in Hungary.

Support for bioenergy in the Hungary's new RDP is mainly provided for by measure 121 (modernisation of agricultural holdings), which has several submeasures related to biomass production and use. One of these submeasures concerns the establishment of woody and non-woody energy crop plantations. Farmers need to prove that they have a five-year contract for the use of the harvested biomass, or declare that it will be used on-farm.

The measure's overall targeted area is 49,000 hectares for the seven-year period, and the target group consists of approximately 25,000 farms. Calls were open from 2007 to 2009. Altogether 144 applications were received by the paying agency, and ninety of these were given financial assistance, amounting to about € 2 million for an area of 4,278 hectares.

Most subsidies were paid in regions where large biomass power plants operate, indicating that most aid is being given to farmers who transport their harvest to these plants, sometimes from 40-50 kilometres away. The large quantities involved make it viable financially, though less sustainable environmentally. There are no incentives under the RDP to establish decentralised heating systems for local municipalities, schools or kindergartens etc., but under the Environment and Energy Operational Programme those institutions can apply for aid for such investments.

Romania

Romania has a high biomass energy potential, and biomass is the only renewable energy source that has a high potential for exploitation across the nation. Until 2006, however, the level of biofuel consumption for the transport sector was very low.[38] No biofuel production has so far taken place in Romania, and although five biofuel plants are now under construction, the prospects of reaching the national renewables/biomass targets set by the EU 2020 are still uncertain.

For the period 2007-2013 Romania has developed an integrated national strategy for bioenergy promotion. Also, in 2009 it has drafted a Biomass Action Plan (BAP). Open debates

38 European Best Practice Report, Towards National Biomass Action Plans, European project BAP DRIVER, Intelligent energy for Europe (IEE) programme, January 2009.

will be organised, involving interested parties such as farmers, processors, end users, local and regional administration, researchers and academics.[39]

Within the financial framework of the national RDP, production of bioenergy is supported through measures 121 (modernisation of agricultural holdings) and 123 (adding value to agricultural and forestry products). Through measures 312 (support for micro-enterprise creation and development) and 322 (village renewal and development, improving basic services for the rural economy and population and upgrading of rural heritage), the EERP introduced further investment opportunities and funding for bioenergy production.

Conclusion

In none of the countries studied are the criteria for sustainable biomass production available. The European Commission recently launched a biomass report which had no binding rules, but only recommendations for Member States that wish to come up with their own sustainability scheme for biomass for electricity and heating. Several countries are preparing for increased biomass production in the coming decade. An ambitious set of criteria for biomass is urgently needed.

Portugal Photo FXP flickr.com

39 Cit.38.

3. Conclusions and recommendations for change

Conclusions

For this report, six representatives from environmental NGOs looked at the implementation of the Rural Development Programmes in their countries: Bulgaria, Romania, the Czech Republic, Hungary, Portugal and Finland. The following conclusions can be drawn from what we have reported here.

1. **It is unclear how extra funds for new challenges such as biodiversity loss have been used.** Since the adoption of the Rural Development strategies and programmes in 2007 and 2008, Member States have revised their strategies and programmes in order to make use of the extra funding provided by the Health Check and the European Economic Recovery Plan to address challenges such as biodiversity loss, climate change, renewable energy and water management. At the EU level, most of these funds are concentrated on biodiversity, but the picture is very different if we look at the situation in individual Member States, which makes general conclusions difficult. Some countries, like Hungary, Bulgaria and Portugal, have clearly not used these extra funding streams to conserve biodiversity.

2. **The impact so far has been limited, but the effects have sometimes been negative.** In none of the countries studied was the overall impact of the national RDPs on forest practices considered to be high.

3. **Implementation has not always been on time.** In some countries, implementation of the Rural Development Programmes has barely started, three years after the start of this programming period. Priority tends to have been given to implementation of measures in Axis 1, while those in Axis 2 (i.e. environmental measures) have been postponed. There is an urgent need for biodiversity conservation, and opportunities have been lost because Axis 1 was given priority.

4. **There is a lack of respect for the Rural Development policy objectives.** The context of the Rural Development Regulation is clear when it comes to afforestation: to protect the environment and not to harm biodiversity. Yet these objectives are not being respected.

5. **Lack of clear guidelines.** There is a lack of clear guidelines to make sure that afforestation and other forest-related projects do not harm the environment, in line with the Rural Development policy objectives. Despite the criticism of the Court of Auditors on the previous regulation, the current regulation is still not offering clarity on how to make sure that the forestry measures genuinely support improved forestry management practices and forest conservation.

6. **Improved consultation is paramount.** The situation with regard to consultation and input of NGOs is better than in the last programming period, but further improvements are needed. In the monitoring committees, environmental NGOs are universally underrepresented. In some countries, the setting up of working groups has helped to involve NGOs in the implementation and follow-up of the RDP, even though they were not always directly involved in the monitoring committee; but the work of the monitoring committees is not effective in all countries.

7. **In almost none of the countries are criteria for sustainable biomass production available.** The European Commission recently launched a biomass report with recommendations for Member States wishing to come up with their own sustainability scheme for biomass for electricity and heating. Several countries are preparing for increased biomass production in the coming decade, and there is an urgent need for an ambitious set of criteria for biomass.

8. **Support for Natura 2000 is there, but it is not being used.** Even though some Member States have been using other measures to support Natura 2000, it is worrying that only in fifteen of the 88 national and regional programmes were funds allocated to the Natura 2000 forest measure. In addition to this, the implementation of this measure is seriously lagging behind in some countries; and case studies show that some practices are having a destructive impact on Natura 2000 sites.

Recommendations

Discussions about a new Rural Development Regulation may start imminently. While Member States are looking into the mid-term evaluation of their programmes, whenever discussions start, it would be a good time for the EC to consider the fundamental changes it wishes to incorporate in the new regulation.

Recommendations for the EU

For the following programming period, we recommend the following:

1. The European Commission should oblige Member States to specify in their strategy and programme how they will ensure coherence with other national programmes such as those for biodiversity, forestry and renewable energy.

2. Even though there are improvements in terms of participation of environmental NGOs in the elaboration and implementation of the Rural Development strategy and

programme, this trend should be continued and participation criteria should be further strengthened to create a better balance in participation of stakeholders.

3. Member States should be obliged to integrate the forest environment and the Natura 2000 forest payment measure into their strategy and programme. There should be clearer minimum criteria in terms of budget allocated and selection criteria: they should budget it according to their Natura 2000 area and establish a baseline that has to be achieved to be eligible for support.

4. A standard for good forestry practices should be established and form the baseline for support under all forest measures.

5. There should be clear guidelines to ensure that afforestation protects the environment and does not harm biodiversity. Subsidies for planting alien and invasive species should be stopped.

6. An ambitious common standard for biomass production at EU level should be developed through a fully inclusive consultation process to ensure that biomass production reduces greenhouse gas emissions and does not have a negative impact, socially or environmentally.

Recommendations for Member States for the current programming period

1. An ambitious common standard for biomass production at EU level should be developed through a fully inclusive consultation process to ensure that biomass production reduces greenhouse gas emissions and does not have a negative impact, socially or environmentally.

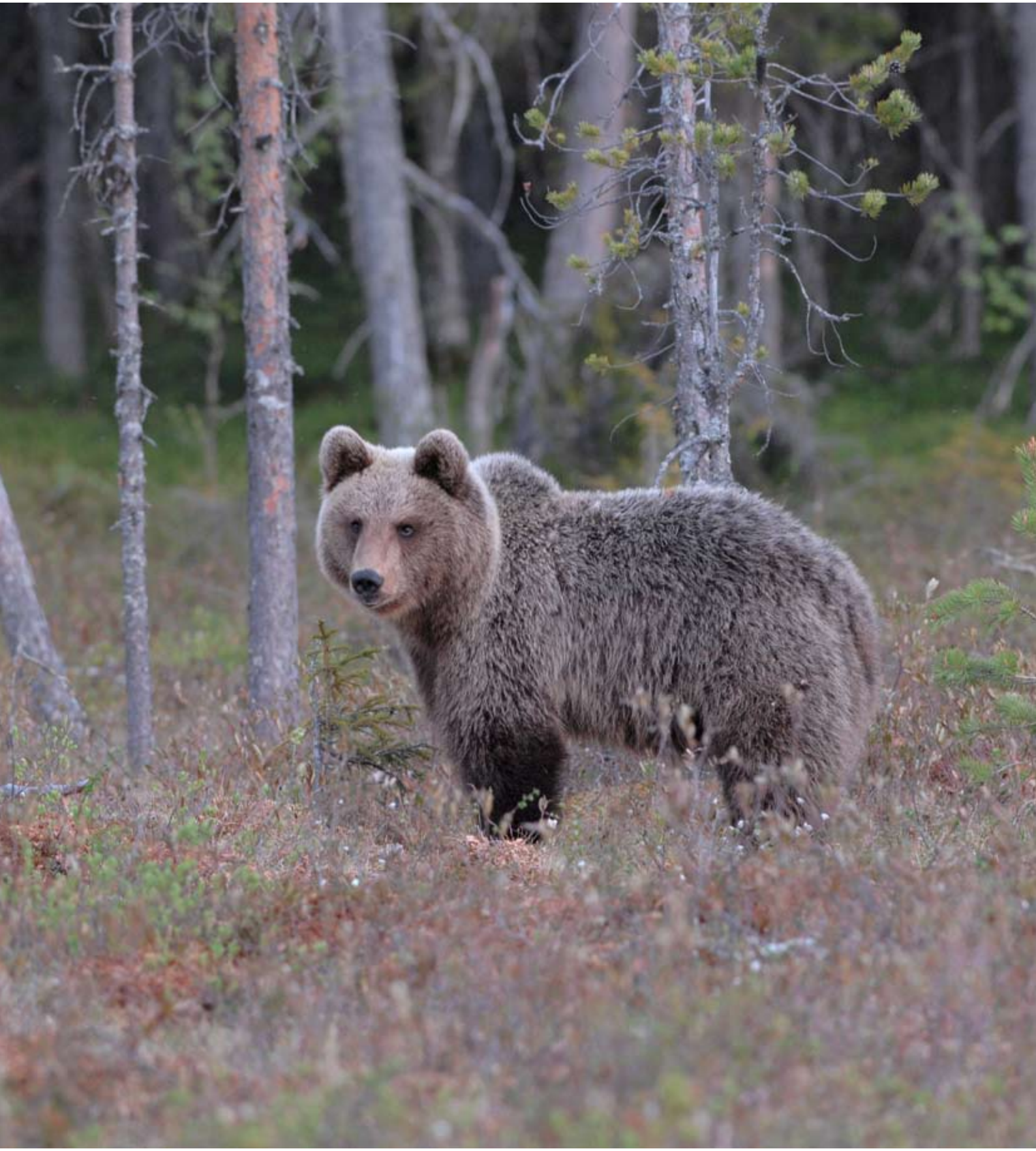
2. Member States should ensure that monitoring committees, working groups and steering committees should be genuinely representative of the population, and social and environmental NGOs should be included.

3. Where Member States have not made plans to support Natura 2000, they should reconsider this. All possible steps should be taken to implement the Natura 2000 forest payment measures.

4. Member States should develop clearer guidelines for afforestation to ensure that afforestation does not have a negative environmental impact. Member States should stop providing support for plantations with alien species.

5. National and regional governments should introduce strong environmental criteria when scoring applications.

6. Member States should set up a fully inclusive consultation process to develop a national scheme to ensure that biomass production reduces greenhouse gas emissions and does not have a negative impact, socially or environmentally.



Finland, the brown bear Photo Bernard Van Elegem

Annexes

Annex 1

Measures Rural development regulation

The different measures are codified as follows:

Axis 1 (improving competitiveness of agricultural and forestry sectors)

(111) vocational training, information actions, including diffusion of scientific knowledge and innovative practices for persons engaged in the agricultural, food and forestry sectors.
(112) setting up of young farmers.
(113) early retirement of farmers and farm workers.
(114) use by farmers and forest holders of advisory services.
(115) setting up of farm management, farm relief and farm advisory services, as well as forestry advisory services.
(121) farm modernisation.
(122) improving the economic value of the forest.
(123) adding value to agricultural and forestry products.
(124) cooperation for development of new products, processes and technologies in the agricultural and food sector.
(125) improving and developing infrastructure related to the development and adaptation of agriculture and forestry.
(126) restoring agricultural production potential damaged by natural disasters and introducing appropriate prevention actions.
(131) helping farmers to adapt to demanding standards based on Community legislation.
(132) supporting farmers who participate in food quality schemes.
(133) supporting producer groups for information and promotion activities for products under food quality schemes.
(141) supporting semi-subsistence farms undergoing restructuring.
(142) setting up of producer groups.

Axis 2 (improving the environment and the countryside)

(211) natural handicap payments to farmers in mountain areas.

(212) payments to farmers in areas with handicaps, other than mountain areas.
(213) Natura 2000 payments and payments linked to Directive 2000/60/EC.
(214) agri-environmental payments.
(215) animal welfare payments.
(216) support for non-productive investments.
(221) first afforestation of agricultural land.
(222) first establishment of agroforestry systems on agricultural land.
(223) first afforestation of non-agricultural land.
(224) Natura 2000 payments.
(225) forest environment payments.
(226) restoring forestry potential and introducing prevention actions.
(227) support for non-productive investments.

Axis 3 (quality of life in rural areas and diversification of the rural economy)

(311) diversification into non-agricultural activities.
(312) support for the creation and development of micro-enterprises.
(313) encouragement of tourism activities.
(321) basic services for the economy and rural population.
(322) village renewal and development.
(323) conservation and upgrading of the rural heritage.
(331) training and information for economic actors operating in the fields covered by Axis 3.
(341) skills acquisition and animation with a view to preparing and implementing a local development strategy.

Axis 4 (Leader)

(41) local development strategies.
(411) competitiveness.
(412) environment/land management.
(413) quality of life/diversification.
(421) transnational and inter-regional cooperation.
(431) running the local action group, skills acquisition, animation.

Annex 2

Forestry measures in the Rural Development Programme

Forestry-specific measures (forest measures that have a separate budget)

Axis 1 (improving competitiveness of agricultural and forestry sectors)

(122) improving the economic value of the forest.

Axis 2 (improving the environment and the countryside)

(221) first afforestation of agricultural land.
(222) first establishment of agroforestry systems on agricultural land.
(223) first afforestation of non-agricultural land.
(224) Natura 2000 payments.
(225) forest environment payments.
(226) restoring forestry potential and introducing prevention actions.
(227) support for non-productive investments.

Forestry-related measures (measures for which there is no separate budget for forests)

Axis 1 (improving competitiveness of agricultural and forestry sector)

(111) vocational training, information actions, including diffusion of scientific knowledge and innovative practices for persons engaged in the agricultural, food and forestry sectors.
(114) use by farmers and forest holders of advisory services.
(115) setting up of farm management, farm relief and farm advisory services, as well as forestry advisory services.
(121) farm modernisation.
(123) adding value to agricultural and forestry products.
(124) cooperation for development of new products, processes and technologies in the agricultural and food sector.
(125) improving and developing infrastructure related to the development and adaptation of agriculture and forestry.

Axis 3 (quality of life in rural areas and diversification of the rural economy)

(311) diversification into non-agricultural activities.
(312) support for the creation and development of micro-enterprises.
(313) encouragement of tourism activities.
(321) basic services for the economy and rural population.
(323) conservation and upgrading of the rural heritage.

Annex 3

Measures that can support bioenergy production

(121) farm modernisation.
(123) adding value to agricultural and forestry products.
(124) cooperation for development of new products, processes and technologies in the agricultural and food sector.
(311) diversification into non-agricultural activities.
(312) support for the creation and development of micro-enterprises.
(321) basic services for the economy and rural population.

FERN works to achieve greater environmental and social justice, focusing on forests and forest peoples' rights in the policies and practices of the European Union.

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