

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

11 DECEMBER 2008¹

¹ Explanations of eligibility questions and often specific issues for different measures are based on in internal discussions and coherence meetings communicated to the interested regions and MSs in the bilateral meetings or through the geographical units.

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1. EXECUTIVE SUMMARY

Scope and structure of the report

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

Rural development programmes and their indicative budgets

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

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

Connection to the EU Forestry Strategy

The Rural Development Regulation is the main instrument at Community level for the implementation of the EU Forestry Strategy. The EU Forest Action Plan indicates the specific actions that can be supported by the Rural Development Regulation.

Rural development measures

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

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

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

Presence of forestry and forestry-related actions

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

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

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

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

Indicative budgets for forestry measures

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

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

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

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

The measures "adding value to agricultural and forestry products" and "support to infrastructure related to the development and adaptation of agriculture and forestry" have the largest budgets among these **forestry-related measures**. The expected contribution to forestry under these measures can be estimated to be significant as in

total 69 and 64 programmes respectively referred to forestry activities as part of the scope of these measures.

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

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

Targets of forestry-related activities

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

Human capital

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

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

Investments

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

The introduction of new products and techniques is a result indicator for several investment support measures under axis 1. New products and techniques will be introduced in 45 000 forest holdings and in 17 000 enterprises processing agricultural and/or forestry products. In addition, 60 000 enterprises will be helped to add value to agricultural and/or forestry products.

As for support for the improvement of infrastructure, 42 000 projects related to the development and adaptation of agriculture and forestry will be funded during the

financing period. Information on the planned share of forestry of this measure is available from 20 programmes. Based on these 20 programmes, it may be estimated that at least 16 000 km of forest roads will be built or improved under the scope of this measure.

Sustainable use of forestry land

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

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

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

Forestry measures in the light of the Health Check

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

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

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

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

2. INTRODUCTION

2.1. The scope and structure of the report

The main objective of this report is to provide an overview of "forestry measures"² included in the rural development programmes of the Member States for the period 2007–2013. The report is prepared within the framework of the work programme for implementation of the EU Forest Action Plan (2007-2011)³ and relates to several activities outlined in the work programme, in particular key actions 4 and 5⁴.

In the programme for implementation of the EU Forest Action Plan, the Commission and the Standing Forestry Committee (SFC) agreed that a SFC opinion on implementation of forestry activities within Rural Development Programmes (RDPS) will be prepared. This report serves as background information for the preparation of this opinion.

A first draft report on forestry measures in Rural Development Programmes (RDP) for the period 2007–2013 was already presented to the SFC at the 105th meeting, on 8-9 July 2008. However, the work at that point in time was still in progress as only 46 out of a total of 94 RDPS could be fully incorporated into the analysis. The results presented in the draft report were only preliminary. It was concluded that the final report would be presented to the Committee by the end of 2008.

After an overview of rural areas and of the key elements of EU's rural development policy, the report presents the approved RDPS and the indicative distribution of financial resources between different parts of the programmes ("axes"). This part of the report is largely based on the publication "The EU Rural Development Policy: Facing the challenges".

The main part of the report provides a description of forestry measures present in the rural development policy and analyses the presence of forestry measures in RDPS for the period 2007-2013. It presents indicative budgets, highlighting the amounts of financial resources intended to be spent on individual measures on the basis of indicators used in the RDPS. An overview is provided of what is to be accomplished by implementation of the forestry measures. The report also contains a brief section on the role of state-aid policy in implementation of forestry measures in rural development. It concludes with a section outlining the possible implications

² For the purposes of this report the term "forestry measures" covers both "forestry-specific" and other forestry-measures. "Forestry-specific" measures are those where forestry is the exclusive target area of the measure with a separate budget and indicators. Other forestry measures are those of axis 1 where foresters, forest workers, private and municipal forest owners and their associations, or owners of public forests can be considered as beneficiaries but where the budget is shared with activities also targeted to farmers. In addition, in axis 3 there are some measures where "forestry-related actions" implemented by rural actors can have effect on forests or forestry activities, e.g. processing of wood or other forest products, or services connected to forests.

³ COM(2006) 302 final.

⁴ Activity 4.4 report on the contribution of rural development programmes to the development of wood energy and activity 5.1. To survey MS activities on support for: vocational training and education of forest owners and forest workers; development of advisory services for forest owners and their associations; and environmental awareness of forest owners and workers.

of these issues for the implementation of forestry measures under the rural development policy in the future.

2.2. Diversity of rural areas

EU's rural areas are characterized by significant diversity in terms of their socio-economic situations and natural and cultural heritage.

The importance of the primary sector (agriculture and forestry) for employment varies considerably between rural areas, depending on the extent to which the primary sector has been modernized and the availability of alternative income options. In most rural areas the primary sector accounts for less than 10% of total employment. In about one third of rural areas its share is less than 5% (around the EU-25 average). However, in some rural areas – particularly in the east and south of the EU – its share is over 25%.

Part-time farming is an increasingly important feature of rural areas, as agricultural production on family farms is combined with other economic activities including forestry and small-scale wood and non-wood product processing.

Concerning forestry, around 60 % of the EU's forests are in private hands, with about 16 million private forest owners. Private forest holdings have an average size of 13 hectares, but the majority of privately-owned forests are smaller than five hectares. Nevertheless, the sector is changing. Alongside alterations in the structure of forest ownership in the EU, changes are also taking place in the occupations and lifestyles of private forest owners like part-time farmers, also forest owners are becoming less dependent on forestry as a main source of income.

However, forests and forest-based products, even from small forest holdings, are important for the economy because, the EU is one of the world's largest producers, traders and consumers of forest products. Forestry and related industries cover several sectors of the economy, for example: manufacture of products of wood and cork; production of pulp, paper and paperboard; printing. In 2005, forestry and forest-based industries in the EU employed about 3.5 million people in some 350 000 enterprises, with a turnover of about €380 billion, producing added value of around €116 billion⁵.

The economic value of non-wood goods and services (NWGS) provided by forests is increasing, but often they do not have a commercial value (though in some European regions NWGS provide more revenue than wood sales). NWGS include hosting biodiversity and helping to mitigate climate change, mushroom and truffle gathering, fruit and berry collection, game products, honey, medicinal products, and the seeds of forest tree species. Cork is an important forest product in the EU, with approximately 1.7 million hectares of cork oak forests – the majority in Iberia – accounting for 80 % of world production.

Rural areas are vital to the EU's economic and societal needs. Agricultural and forestry activities make rural areas the most important providers of food and renewable raw materials such as fibres and construction materials. Furthermore,

⁵ Source: Eurostat, Statistics in focus 74/2008.

rural areas are increasingly important as centres of energy production from biomass and other renewable sources.

Rural areas are also significant in that they contain the largest share of the EU's water resources, notably freshwater reservoirs and their catchment basins. Forests and forest management have an important role in the protection of water resources. The Fifth Ministerial Conference on the Protection of Forest in Europe (MCPFE)⁶ stressed the role of forests and forest management in protecting water quality, managing water resources for the quantity of all waters, flood alleviation, combating desertification and soil protection as well as the importance of mountain forests in the reduction of land slides, erosion and effects of avalanches.

Biodiversity is also closely linked to rural areas because of their relatively unspoilt and highly varied natural environments. The EU has taken a major step to preserve biodiversity through the creation of the Natura 2000 network (an EU-wide network of nature protection areas established under the 1992 Habitats Directive). Almost 30 % of designated Natura 2000 sites comprise forest habitats and another 30 % partly contain woodland elements and related species.

New economic sectors are now developing in rural areas, such as the expanding sector of rural tourism and other activities linked to their natural and cultural assets. Forests and forestry can significantly contribute to the diversification of rural economies including tourism or renewable energy production.

3. KEY ELEMENTS OF THE EU'S RURAL DEVELOPMENT POLICY

The aim of EU rural development policy is to contribute to the sustainable development of EU's rural areas, responding to the diversity of situations and the scale of challenges facing them.

To ensure targeted use of resources, a strategic approach was adopted for the period 2007-2013. The Council Regulation⁷ and Community strategic guidelines⁸ set priorities for rural development which reflect EU policy priorities, particularly the Lisbon and Göteborg strategies for growth and jobs and sustainable development. Each Member State submits a national strategy plan ensuring that its proposals for using Community aid for rural development is consistent with the Community strategic guidelines and that Community, national and regional priorities are coherent. Member States programme proposals are based on these strategies. Finally, both Member States and the Commission will closely monitor and evaluate the results of strategies and programmes.

Second, a thematic approach is used, meaning that measures are grouped around objectives. Programmes are built around thematic "axes": economic concerns (competitiveness and employment creation), the environment and the countryside

⁶ Fifth Ministerial Conference on the Protection of Forest in Europe 5-7 November, 2007, Warsaw, Poland, "Warsaw Resolution 2 Forests and water"

⁷ Council Regulation (EC) No 1698/2005, OJ L 277, 21 October 2005

⁸ Council Decision 2006/144/EC, OJ L 55, 25 February 2006

(biodiversity, climate change, sustainable resource use in agriculture and forests) and social aspects (quality of life). These are complemented by a horizontal axis, the 'Leader approach', which acts as a way of implementing rural development policy.

Box 1. The four axes of rural development policy

Axis 1: Improving the competitiveness of the agricultural and forestry sector

Axis 2: Improving the environment and the countryside

Axis 3: The quality of life in rural areas and diversification of the rural economy

Axis 4: Leader

EU rural development policy offers a flexible approach, based on the principles of subsidiarity and partnership. As building blocks for each thematic axis, a menu of approximately 40 measures is available from which the Member States can select those best suited to address the specific strengths and weaknesses of individual programming areas.

Rural development policy is also based on an integrated approach. This is demonstrated in its objectives, which reflect economic, environmental and social concerns for agriculture, forestry and the wider rural economy. Although each individual measure is attributed to the thematic axis to which it is expected to contribute most, the same measure may contribute to several objectives.

4. OVERVIEW OF PROGRAMMES APPROVED AND INDICATIVE BUDGET

4.1. Rural development programmes

The 94 programmes submitted by Member States can be grouped into three types: national or regional RDPs; National Frameworks; and national Rural Development Networks.

A total of 88 national or regional RDPs have been approved by the Commission. Most Member States have chosen to submit a single national RDP. Some Member States (Belgium, Germany, Spain, Italy and the United Kingdom) submitted regional RDPs (2, 14, 17, 21 and 4 respectively). A third category of Member States (France, Finland, Portugal) presented sub-national programmes to be implemented in regions with territorial specificities - mostly islands – as a complement to national programmes (e.g. France: Ile de la Reunion, Martinique, Guadeloupe, Guyane, Corse; Finland: Aland islands; Portugal: Madeira, Azores). All new Member States opted for one national RDP.

Two Member States (Germany and Spain) submitted National Framework Programmes designating a range of measures which can be implemented through regional programmes.

Four Member States (Germany, Italy, Portugal and Spain) opted to submit separate programmes for National Rural Development Networks. All other Member States will set up a network under the umbrella of their national or regional programmes.

Box 2. Rural development programmes in 2007-13.

Total of 94 programmes

- 2 National Frameworks (Germany, Spain)
- 4 Programmes for National Rural Development Networks (Germany, Italy, Portugal, Spain)

- 88 Rural Development Programmes (RDPs), of which:
 - Regional: 2 for Belgium, 5 for France, 14 for Germany, 21 for Italy, 3 for Portugal, 17 for Spain, 4 for the United Kingdom.
 - National: all other RDPs are implemented at MS level.

4.2. Indicative budget

A total amount of about €226 billion will be made available over the period 2007–2013 for the 94 programmes, including all public and private expenditure. This indicative budget is based on information provided in the already adopted programmes.

The EU's co-financing for these programmes, financed from the European Agricultural Fund for Rural Development (EAFRD), amounts to €90.8 billion, corresponding to 61% of the public expenditure. €12.7 billion of this amount comes from compulsory and voluntary modulation (i.e. the transfer of funds to rural development from the direct payments of Common Agricultural Policy to bigger farms. EU funding is supplemented by €57.7 billion of national co-financing. The co-financing rate varies significantly across Member States, especially between convergence and non-convergence regions.

Rural development projects also attract significant amounts of private investment. Furthermore, Member States have the possibility to top up specific aid schemes with national financial resources.

Concerning Community co-financing rates (EAFRD contribution), the regulation establishes the following levels as the maximum share of total eligible public expenditure:

- Axes 1 and 3: maximum co-financing rate 50% (75% in Convergence regions)
- Axes 2 and 4: maximum co-financing rate 55% (80% in Convergence regions)
- All axes: maximum 85% in outermost regions.

Box 3. EU indicative rural development budget 2007-13, all sources

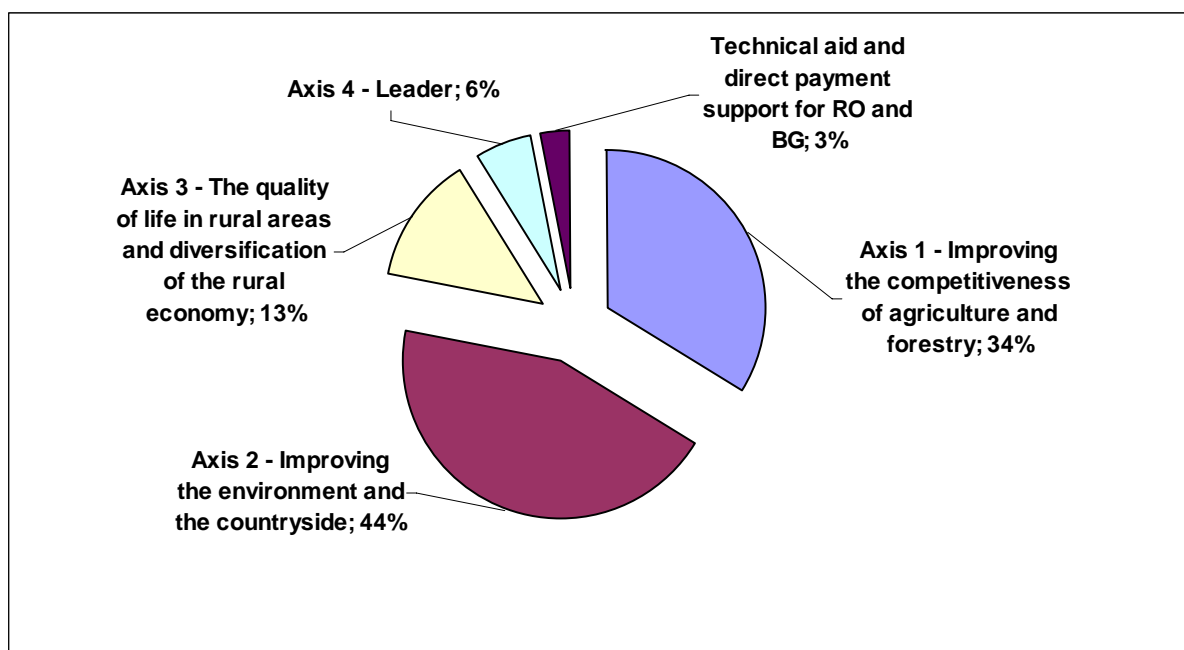
EU contribution (EAFRD)	€90.8 billion
National co-financing	€57.7 billion

Private expenditure	€64.8 billion
National top-ups	€12.4 billion
Total	€225.7 billion

The EU's rural development regulation calls for an appropriate balance between the axes corresponding to the core objectives defined in the Community Strategic Guidelines on rural development. At least 10% of the total EAFRD contribution to RDPs shall be devoted to axes 1 and 3 respectively, and at least 25% to axis 2. At least 5% shall be reserved for axis 4. Derogations from this rule apply to recently acceded Member States which had not implemented Leader-type measures prior to accession and need to phase them in.

As regards the distribution of funding between the four axes, Member States have made different choices in response to the specific situations and needs identified in their analyses. The chart below (Figure 1) shows the overall allocation of EAFRD resources by axis (all Member States combined).

Figure 1. Total EAFRD expenditure 2007-13 by axis



Source: EU Commission, Directorate General for Agriculture and Rural Development, based on indicative approved budgets

Axis 1: Improving the competitiveness of the agricultural and forestry sector

To enhance efficiency and competitiveness while promoting growth and jobs in rural areas, farmers, foresters and other land users can profit from a wide range of support measures to meet the challenges of structural change and increased competition in more open and globalized food markets. Overall, Member States plan to invest €98.2 billion, of which €30.9 billion from the EAFRD, on support under this objective (axis 1). For this axis, 14 Member States have committed an above-average (i.e. over 34%) level of EAFRD resources. These include eight new

Member States. The Member States allocating the highest percentage to axis 1 are Belgium (48.1%), Latvia (46.8%) and Portugal (45.5%). The Member States with the smallest percentage of resources in axis 1 (i.e. below 30%) are Ireland (10.3%), Finland (11.1%) and the United Kingdom (11.9%).

Axis 2: Improving the environment and the countryside

To improve the environment and the countryside, rural development programmes focus on priority areas such as the preservation of biodiversity and valuable landscapes, sustainable forest management, the mitigation of climate change and renewable energy. Rural development resources allocated to these priority areas contribute to achieving EU environmental objectives, such as the Göteborg commitment to reverse biodiversity decline by 2010, achieving good water quality by 2015 and the Kyoto targets for mitigating climate change.

Farmers, forest managers and other rural area actors can benefit from a wide range of measures provided by EU rural development policy for these purposes. In total, Member States have planned an EAFRD amount of € 39.6 billion for axis 2 measures. This represents 43.6% of total EAFRD resources over the programming period 2007-2013.

The Member States allocating the highest percentage of resources (more than 60%) to this axis: Ireland (79.6%), Finland (73.3%) and the United Kingdom (72.8%); which are the same those that allocated less for axis 1. The Member States allocating the lowest percentage (below 35%) to this axis are Romania (23.4%), Bulgaria (24.4%) and Malta (26.1%). To some extent, these are also the Member States with a stronger emphasis on axis 1.

Axis 3: The quality of life in rural areas and diversification of the rural economy

The main aim of axis 3 is to ensure a 'living countryside' and to help maintain and improve the social and economic basis of rural areas.. Supporting investment and innovation in the rural economy and rural communities is vital to raise quality of life in rural areas through improved access to basic services and infrastructure and a better environment.

Overall, Member States plan to invest €27.6 billion, of which €12.2 billion from the EAFRD, under this objective (axis 3), which is 13% of total EAFRD resources. For the current period Member States have on average attributed 13% of EAFRD funding to this objective. This is increased by the funding for axis 4 (Leader), where axis 3 measures are also implemented through local action groups in financial terms.

Member States allocating the highest percentage of funding to this axis include highly urbanized countries such as Malta (32.2%) and the Netherlands (29.8%), but also Bulgaria (26.9%). Although twelve Member States are below the minimum requirement of 10% when looking at the figure below, they in fact respect this requirement when taking into account the implementation of axis 3 measures via the Leader method. For some of those Member States (Ireland, Portugal and Spain), the low percentage is closely linked to the fact that they implement measures of axis 3 exclusively or almost exclusively via the Leader method.

Axis 4: Leader

At EU level, the Leader method is a prominent policy instrument to enhance local rural governance and structures, thereby enhancing the effectiveness and efficiency of RD policies. Leader is based on a bottom-up approach and strongly advocates the creation of new public-private partnerships in rural areas. Leader encourages socio-economic players (e.g. including land and forest owners or micro entrepreneurs) to work together to produce goods and services that generate maximum added value in their local area.

In total, Member States have allocated an EAFRD amount of €5.5 billion to axis 4 measures. This represents 6% of total EAFRD resources over the programming period 2007-2013. €3.7 billion of the EAFRD funding foreseen for Leader will be used for actions implementing measures for diversification and quality of life, while €522 million and €165 million respectively is programmed for actions in the areas of competitiveness and environmental protection. Leader has also a territorial co-operation component, which supports joint actions implemented by several rural territories.

5. DESCRIPTION OF FORESTRY MEASURES

5.1. Connection to the EU Forestry Strategy

The Rural Development Regulation is the main instrument at Community level for the implementation of the EU Forestry Strategy. The Regulation acknowledges the important role of the forest sector in the sustainable development of rural areas, and for the period 2007-2013 forestry measures have been re-grouped and streamlined in order to promote a better integration of forestry in rural development, in line with the EU Forestry Strategy. In defining their national rural development strategies, Member States have to take into account the EU Forestry Strategy and Action Plan. The EU Forest Action Plan indicates the specific actions that can be supported by the Rural Development Regulation. However, rural development is based on subsidiarity and the Member States decide the measures to be included in their rural development programmes, according to the priorities and needs identified in their national strategies.

5.2. Rural development measures focussed on forestry

The rural development regulation includes in total over 40 measures designed to achieve the objectives of the rural development policy. A total of twenty of these measures have direct or indirect relevance to forestry. Forestry measures are integrated in axes 1 and 2 of the Rural Development Regulation. These measures address the economic, social and environmental dimensions of forestry and are aimed at promoting sustainable forest management and the multifunctional role of forests. Eight of these deal directly with various aspects of forest management. Under the remaining twelve measures, both agriculture and forestry-related activities can be supported, depending on the needs and circumstances of a given Member State or a region. Forestry-related activities which can play a role in the diversification of the rural economy can also be supported through some measures under the axis 3.

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

Table 1 contains a list of all rural development measures highlighting the specific forestry measures.

In the following sections forestry measures and other measures with activities which can have effects on forestry are presented, explaining what types of activities can be eligible under each. The numbering of measures used in this section as well as in the remaining parts of the report is based on Annex II of Commission Regulation (EC) No 1974/2006. Along with the title and number of the measure a reference to the relevant articles of the Rural Development Regulation (CR 1698/2005) is also provided.

Table 1. Rural development measures (**forestry** measures are marked in **bold**, and *measures which may have forestry-related activities - in Italics*)

Axis 1	Axis 2	Axis 3	Leader Axis
Vocational training and information actions, 111	Natural handicap payments to farmers in mountain areas	<i>Diversification into non-agricultural activities, 311</i>	Implementing local development strategies, competitiveness
Setting up of young farmers	Payments to farmers in areas with handicaps, other than mountain areas	<i>Business creation and development, 312</i>	Implementing local development strategies, environment/land management
Early retirement	Natura 2000 payments and payments linked to Directive 2000/60/EC	<i>Encouragement of tourism activities, 313</i>	Implementing local development strategies, quality of life/diversification
Use of advisory services, 114	Agri-environmental payments	<i>Basic services for the economy and rural population, 321</i>	Implementing cooperation projects
Setting up of management, relief and advisory services, 115	Animal welfare payments	Village renewal and development	Running the local action groups, skills acquisition, animation
<i>Modernisation of agricultural holdings, 121</i>	Non-productive investments	<i>Conservation and upgrading of the rural heritage, 323</i>	
Improvement of economic value of forests, 122	First afforestation of agricultural land, 221	Training and information	
Adding value to agricultural and forestry products, 123	First establishment of agroforestry systems on agricultural land, 222	Skills acquisition and animation with a view to preparing and implementing a local development strategy	
Cooperation for development of new products, 124	First afforestation of non-agricultural land, 223		
Infrastructure related to the development and adaptation of agriculture and forestry, 125	Natura 2000 payments, 224		
Restoring agricultural potential	Forest-environment payments, 225		
Meeting standards based on Community legislation	Restoring forestry potential and introducing prevention actions, 226		

Participation of farmers in food quality schemes	Non-productive investments, 227		
Information and promotion activities			
Semi-subsistence farming			
Producer groups			
Direct payment (Bulgaria and Romania)			

5.3. Measures addressing forestry issues under the axis 1

This axis contains one specific measure which has been designed for –improving the economic value of forests (122), and other measures aimed at that improving human potential (111, 114 and 115) as well as those aimed at developing or restructuring physical potential of forests.

5.3.1. Measures aimed at improving human potential

- **Vocational training and information actions (Measure 111, Article, 21)**

The purpose of this measure is to increase the competitiveness of the primary sector by providing educational activities, information and diffusion of knowledge to all the adults involved in the sectors of agriculture, food industry and forests, focusing on environment. Within the scope of this measure support may be provided to vocational training and information actions, including diffusion of scientific knowledge and innovative practices. However, courses of instruction or training which form part of normal programmes or systems of agricultural and forestry education at secondary or higher levels may not be supported. There is no limit set in the regulation for the aid intensity.

- **Use of advisory services (Measure 114, Article 24)**

Within the scope of this measure, support may be granted in order to help forest holders to meet costs arising from the use of advisory services for the improvement of the overall performance of their holding. Support for the use of advisory services is limited to the maximum of 80% of the cost up to €1 500 per advisory service.

- **Setting up of management, relief and advisory services as well as forestry advisory services (Measure 115, Article 25)**

Under this measure the support may be granted in order to cover costs arising from the setting up of forestry advisory services. A digressive rate of support for setting-up of management, relief and advisory services has been established in the rural development programmes, providing for a reduction of support in equal amounts from the first year of support, in such a way that support is completely phased out in the sixth year at the latest from the setting up of those services.

5.3.2. Measures aimed at restructuring physical potential

- **Modernisation of agricultural holdings (Measure 121, Article 26)**

This measure mainly aims to support agricultural holdings and is not meant to apply for forestry-related actions. However, it can also include support for the establishment of *short rotation coppice*⁹ (SRC). In principle, this could also be included under axis 2, in measure 221 (first afforestation of agricultural land), but during the programming phase all interested Member States or regions were asked to move the support of SRC from measure 221 to this measure because SRC is considered as an activity more similar to agricultural activity than forestry, that provides higher and more immediate economic return compared to forestry. Supporting SRC under this measure results in treating SRC like other multiannual energy crops such as miscanthus and has the advantage to maintain lands eligible for CAP first pillar payments.

Through this measure there is also a possibility to provide support for on site bioenergy production for own consumption.

Aid intensity goes up from 40% to 50% of the eligible costs, however a higher amount of up to 60% could be provided for young farmers in handicapped areas and 75% in outermost region.

- **Improving the economic value of forests (Measure 122, Article 27)**

This measure can provide support for investments for the improvement of economic value of forests, which may cover actions such as thinning, pruning and improving the species composition or structure of the forest stand and it may include investments for harvesting equipment. However, activities related to regeneration after final felling (restocking) are excluded from the support.

Under this measure, the support may be granted for forests owned by private owners or their associations or by municipalities or their associations. This limitation does not apply to the tropical or subtropical forests and to the wooded areas of some offshore territories. If the forest owner is a private person or a municipality having leased this forest then the leaser could also be the beneficiary.

The regulation indicates that investments shall be based on forest management plans for forest holdings above a certain size to be defined by the Member States in their programmes. This size limit varies according to regional characteristics, type of forests and forestry practices. In most cases this value varies between 50 and 100 ha.

Support is limited to the maximum rate laid down in the Annex: 60 % in natural handicap or Natura 2000 areas, 85 % in outermost areas and 50% in other areas.

Eligibility of forestry operations e.g. thinning and pruning. These operations "improve the economic value of forests" and are not considered as "maintenance

⁹ SRC (short rotation coppice) consists of densely planted, high-yielding varieties of either willow, poplar or other fast growing species, harvested on a 2 – 5 year cycle, although commonly every 3 years.

operations". The purchase of equipment to carry out these operations can be considered as an investment. If the forest owner/holder does not carry out these operations itself and the work is done by a specialised enterprise (providing these services), the related cost would be eligible for support. It is up to the Member States to define the specific conditions and limits for such operations (for example, only the first thinning operation or only until a certain number of years after plantation would be eligible).

Reforestation. Taking into account article 18.2 of Reg. 1974/2006 ("regeneration after final felling shall be excluded from support"), restocking (simply replacing the harvested trees) is not eligible. Nevertheless, a forest conversion aiming at changing the forest structure or species composition, with a demonstrated improvement of the economic value, can be acceptable and eligible.

Forest nurseries. Taking into account the purpose of the measure and its eligibility criteria, small forest nurseries can be eligible for support in the case of investments, if they are a well established part of the forest holding e.g. "part of the forest" and consequently their owner is a forest owner.

Forest management plans. The cost of preparation of the management plan might be supported as a part of "general costs" (Article 55 of Reg. 1974/2006) only within a wider investment project, but not separately. However, if it is an economic investment, it will be under measure 122 or, if it is an environment/public amenity investment, it will be under measure 227. However, all conditions under the two measures have to be respected.

Forest certification. The administrative/operating costs for certification schemes could also be considered as eligible, but only so far as these costs are clearly linked to the investment as referred to operations, which are preparatory to the eligible investment. For example, this could be the case of the costs for a study carried out in order to verify the feasibility of the application of new forest management techniques when the final purpose of this operation is to meet the standard for a specific certification scheme. These costs can be considered as covered by Article 55, paragraph 1, letter c), of Regulation No 1974/2006 which refers to the general costs linked to expenditure for certain investment (those under points a) and b) of the same article), such as fees of architects and engineers and consultation fees, feasibility studies, the acquisition of patent rights and licences. Only forest owners can be the beneficiaries of the aid. The aid cannot be paid to the certification body.

Studies, inventories, maps, and other. There is no support for general studies, mapping or research activities under this measure. Only activities, which are strongly linked to a real investment, can be supported, for example an initial study, which can improve the implementation of an investment, can be financed.

- **Adding value to agricultural and forestry products (Measure 123, Article 28)**

The objective of the measure is to improve the processing and marketing of primary agricultural and forestry products through investment in improved efficiency, renewable energy, new technologies and new market opportunities, and to improve the overall performance of the enterprise. Support may be granted for tangible and/or intangible investments which improve the overall performance of the

enterprise and concern: the processing and/or marketing of products covered by Annex I to the Treaty, except fishery products, and of forestry products; and/or the development of new products, processes and technologies linked to those products.

In case of forestry, support can be provided only for micro-enterprises (<10 employees, max., €2 million turnover). Aid intensity is up to 50 % in convergence, 75/65 % in outermost/Aegean and 40 % in other areas.

The measure can also include bioenergy production of up to 1 MW capacity for the own consumption of the holding.

Support for machinery. This measure is designed to provide support for investments connected to forest products. Harvesting of living trees is not within the scope of this measure, because the measure is designed to increase the added value of agricultural or forestry products and not the raw material (e.g. timber) production. The purchase of harvesting machinery, which is eligible for support through measure 122 for forest owners, could not be supported through this measure. However, in well-justified cases when the technology is determined by the construction, e.g. special harvesting equipment for wood chip production, the purchase of machinery could be supported.

Support for investments in processing equipments. Based on Article 28 of CR 1698/2005 and 19 of Reg. 1974/2006 investments related to the use of wood, as a raw material are limited to all working operations prior to industrial processing and only micro-enterprises may be supported.

The part on eligible activities to be supported of the article 19 of Reg. 1974/2006 originated from an expired Regulation (article 2 of CR 867/1990), which stated that: "*development and rationalization of the marketing and processing of wood shall mean investments relating to the operations of felling, dismembering, stripping, cutting up, storage, protective treatment and drying of indigenous woods and to all working operations prior to the industrial sawing of wood at a sawing mill*". Now, under the new regulation, this interpretation could be valid, however, with the exclusion of felling.

Woodchip and pellet production can be supported, provided that the beneficiary is a micro-enterprise and the condition of article 19 of Reg. 1974/2006 - "investments related to the use of wood as a raw material shall be limited to all working operations prior to industrial processing" - is respected. However, it has to be checked and ensured that the support will concern only small-scale, non-industrial pellet production.

Sawing mills. All activities on processing wood before the industrial scale processing are eligible, for example support for small-scale sawing activity carried out by a micro-enterprise is possible. Small scale sawing carried out by micro-enterprise (in particular with mobile sawmills) is not qualified as industrial processing.

- **Cooperation for development of new products, processes and technologies in the agriculture and food sector and in the forestry sector (Measure 124, Article 29)**

Cooperation between primary producers in agriculture and forestry, the processing industry and/or third parties can be supported through this measure including: preparatory operations, such as design, product, process or technology development and tests and tangible and/or intangible investments related to the cooperation, before the use of the newly developed products, processes and technologies for commercial purposes. No limit provided concerning aid intensity.

- **Infrastructure related to the development and adaptation of agriculture and forestry (Measure 125, Article 30)**

Support under this measure may cover operations related to improving access to farm and forest land, land consolidation and improvement, energy supply (e.g. electricity or heat) and water management. No ownership or aid intensity restriction is provided.

5.4. Forestry measures under axis 2

There are seven forestry measures under axis 2 targeting the sustainable use of land through forestry activities. These measures contribute to increase forest resources with a view to contribute to the protection of the environment and the mitigation of climate change, notably in areas with low forest cover, preserve and enhance biodiversity and high value forest ecosystems, help to restore and prevent forests against natural disasters and fires and encourage investments to improve the public amenity value of forests. For the purpose of measures related to forests or forest land ¹⁰ Article 30 of Commission Regulation 1974/2006 provides a definition of "forest" and of "wooded areas". Member States are requested to present information on the use of these definitions. Five Member States (HU, PT, RO, SP and SE) informed that they use different definitions taking into account their special conditions for "forests" or their traditions.

- **First afforestation of agricultural land (Measure 221, Article 43)**

The measure intends to promote the expansion of the tree cover to increase the environmental benefits that forests provide. According to the current rules (CR 1698: recital 38, and art. 50.6; Reg. 1974: art. 34.2 and point 5.3.2.2.1 of Annex II), the afforestation measures have environmental objectives. Each afforestation project should therefore contribute to environmental objectives such as biodiversity, climate change mitigation, protection against soil erosion and floods or protection of water resources. Areas apt for afforestation have to be selected by Member States on the basis of environmental objectives, using appropriate and consistent criteria.

Support under this measure may cover one or more of the following: establishment costs, an annual premium afforested per hectare to contribute to covering maintenance costs for a maximum of five years, an annual premium per hectare to contribute to covering loss of income resulting from afforestation for a maximum of 15 years for farmers, their associations who worked the land before its afforestation or for any other natural person or private law body. Support for the afforestation of agricultural land owned by public authorities may cover only the cost of establishment. If the agricultural land to be afforested is rented by a natural person

¹⁰ Articles 42 and 49 of Regulation (EC) No 1698/2005

or private law body, the above mentioned annual premiums may be granted. Support for the afforestation of agricultural land can not be granted for farmers benefiting from early retirement support or for the planting of Christmas trees.

In the case of fast-growing species for short-term cultivation, support for afforestation can be granted for establishment costs only. Support to farmers or other natural persons and private law bodies are limited to the maxima laid down in the Annex of the Regulation:

- Aid intensity for establishment costs - 70% outside handicap areas; 80% in handicap areas and 85% in the outermost regions.
- Annual premium per hectare to contribute to maintenance costs for a maximum of five years.
- Annual premiums to cover loss of income to farmers (or associations thereof) maximum € 700 per ha, or other natural persons or private-law corporations maximum €150 per ha, up to 15 years.

Definition of farmer. The definition of farmer and definition of agricultural land shall be provided in the programme. According to article 31 of Reg. 1974/2006 "farmer" means persons who devote an essential part of their working time to agricultural activities and derive from them a significant part of their income, according to criteria set by the Member State.

- **First establishment of agro-forestry systems on agricultural land (Measure 222, Article 44)**

Under this measure, support may be granted to farmers to create agro-forestry systems combining extensive agriculture and forestry systems. Support can cover the establishment costs.

Agro-forestry systems refer to land use systems in which trees are grown in combination with agriculture on the same land. The land remains under agricultural classification, and the land owner continues agricultural production. For example, arable land can be combined with high quality timber production (wheat and walnut trees), or grazing can be combined with timber or nut production.

Christmas trees and fast-growing species for short-term cultivation are excluded from support. Beneficiaries are farmers. Member States, taking account of local conditions, forestry species and the need to ensure continuation of the agricultural use of the land, determine the maximum number of trees planted per hectare.

Support can be provided for establishment costs only up to 70% outside handicap areas, 80% in handicap areas and 85% in the outermost regions.

- **First afforestation of non-agricultural land (Measure 223, Article 45)**

This measure provides support for afforestation of land not eligible under article 43 (measure 221) by covering the establishment costs. In the case of abandoned farmland, support can also cover maintenance costs up to 5 years.

- **NATURA 2000 payments (Measure 224, Article 46)**

The purpose of this measure is to provide support for the successful implementation of the Natura 2000 related directives. The support may be granted annually and per hectare of forest, to private forest owners or their associations to compensate costs incurred and income foregone resulting from the restrictions of the use of the forest land due to the implementation of Directives 79/409/EEC and 92/43/EEC in the area concerned. Support is fixed between minimum €40 per ha and maximum €200 per ha annually.

- **Forest-environment payments (Measure 225, Article 47)**

Support under this measure is granted for forest-environment commitments going beyond relevant mandatory requirements (set by the Member States or Regions) and running for 5-7 years (or another period where justified). Support covers additional costs and income foregone. Beneficiaries can be private or municipal owners or their associations. Aid intensity can be fixed between a minimum of €40 per ha and maximum €200 per ha annually.

- **Restoring forestry production potential and introducing prevention actions (Measure 226, Article 48)**

Support under this measure is granted for restoring forestry potential in forests damaged by natural disasters and fire and for introducing appropriate prevention actions. Preventive actions against fires shall concern forests under high or medium forest-fire risk according to the MS forest protection plans. No limit established concerning ownership or aid intensity. Commission Regulation 1974/2006 provides a non-exhaustive list of eligible activities in Article 33. Where support covers the creation of forest firebreaks, eligible costs may comprise, beyond the cost of establishment, subsequent maintenance cost on the area concerned. Support for maintaining forest firebreaks through agricultural activities shall not be granted for areas benefiting from agri-environment support.

Preventive actions against fire, may cover the following: establishment of protective infrastructures such as forest paths, tracks, water supply points, firebreaks, cleared and felled areas, launching of operations to maintain firebreaks and cleared and felled areas; preventive forestry practices such as vegetation control, thinning, diversification of vegetation structure; setting-up or improvement of fixed forest fire monitoring facilities and communication equipment.

Pest control/Plant diseases in forestry. Insect/pests or diseases as such are not considered as "natural disasters". Nevertheless, actions related to pest management can be considered eligible under this measure, if linked to a natural disaster, e.g. windfall, floods or forest fires. Other possibilities are under measures 225 (art. 47) or 227 (art. 49), if the support is for "environmentally friendly pest control" in forests: the support would pay for the additional costs compared to "standard" pest control (by analogy with organic or integrated pest control in agriculture).

Drought. According to Article 48, support can be granted for restoring forestry potential in forests damaged by natural disasters and fire and for introducing appropriate prevention actions. However, neither CR 1698/2005 nor Reg. 1974/2006 mention drought as a natural disaster. Nevertheless, when legal declaration is provided at national level that a particular drought period has been as a natural disaster, prevention and restoration actions may be supported.

- **Support for non-productive investments (Measure 227, Article 49)**

The purpose of this measure is to provide support for investments which do not lead to any significant increase in the value or profitability of forestry holding. Support for non-productive investments is linked to commitments undertaken to achieve environmental objectives (under measure 225 or otherwise) or in order to enhance the public amenity value of the area concerned. The maintenance or running costs are not supported through this measure.

Thinning and pruning may be eligible if the main purpose of the investment is to improve the ecological value of forests, e.g. improving the species composition for environmental interests. This can also be applied to recreational interests.

Regeneration of forests is not eligible as such. However, if the purpose of the measure is to change the structure of the forests primarily for ecological interest, and it is duly justified, it can be supported.

No limit concerning ownership and aid intensity has been provided.

5.5. Actions under axis 3: Quality of life in rural areas and diversification of the rural economy

Measures in axis 3 are aimed at promoting the quality of life and the diversification of activities in rural areas. This axis is horizontal in nature and the different measures may include actions relevant to the forest sector. This reflects the relevance of forestry in many rural areas and its growing importance in the diversification of economic activities (energy, tourism, etc). In particular, the following measures are of interest for the forest sector:

5.5.1. Diversification of the rural economy

- **Diversification to non-agricultural activities (Measure 311, Article 53)**

Under this measure support for farmers can be provided for diversification towards non-agricultural activities. Among other types of activities, this may also include producing bio-energy from agriculture or forestry biomass, or development of forest nursery run by a farmer.

The beneficiary of this measure can be a member of the farm household.

- **Support for micro-enterprises (Measure 312, Article 54)**

This measure also aims to support the diversification of rural activities. However, this is done specifically through providing support for the establishment and further development of small businesses. The support under this measure relates only to micro-enterprises. Among other activities, these micro-enterprises may also process biomass for energy production and may produce energy not only for own consumption, but also for selling. Eligible activities may include processing local wood or non-wood products for the local market. Forest nursery may also receive support if its owner is not a member of a farm household, but is a micro-entrepreneur.

- **Encouragement of tourism activities (Measure 313, Article 55)**

Support under this measure can be provided for development of small-scale infrastructure such as information centres, signposting of tourist sites in forestry areas, for recreational infrastructure such as the offering access to natural areas including in forestry areas, and the development and/or marketing of tourism services relating to rural tourism (e.g. hiking and other ecotourism services related to forestry).

5.5.2. Improvement of quality of life

- **Basic services for the economy and rural population (Measure 321, Article 56)**

Support under this measure is possible for investments in small-scale infrastructure (roads, sewerage systems, broadband, renewable energy and energy supply, energy networks etc.) as well as investments in the development of services (social, economic, medical, etc.) and the buildings where they are located. Development of bio-energy related services in this context may relate to forestry, providing market possibility for woody biomass.

Support under this measure covers also the setting up of other basic services, including cultural and leisure activities, concerning a village or group of villages, and related small-scale infrastructure.

- **Conservation and upgrading of the rural heritage (Measure 323, Article 57)**

Under this measure the support covers: (a) the drawing-up of protection and management plans relating to Natura 2000 sites and other places of high natural value, environmental awareness actions and investments associated with maintenance, restoration and upgrading of the natural heritage and with the development of high natural value sites; and (b) studies and investments associated with maintenance, restoration and upgrading of the cultural heritage such as the cultural features of villages and the rural landscape.

5.5.3. Training, skills acquisition and animation

- **Skills acquisition and animation in view to implement a local development strategy (measure 341, Article 59)**

Under this measure there is a possibility to elaborate and implement local development strategies for the forestry and wood sector by local public private partnerships (e.g. Programme for the Hexagon (France)).

5.6. Axis 4: Leader

One key priority in the Leader framework is boosting regional governance capacity. Leader actions can activate and mobilize local actors by supporting pre-development projects (such as diagnostic and feasibility studies or local capacity building) which will improve these areas' capacity to access and use not only Leader funds but also other sources of support. The population at large is involved, including economic and social interest groups and representatives of public and private institutions. Leader also has a strong focus on capacity building for all actors involved in its implementation. Local actors are enabled to participate in decision-

making about the most suitable development strategy and in the selection of the priorities to be pursued in their local area.

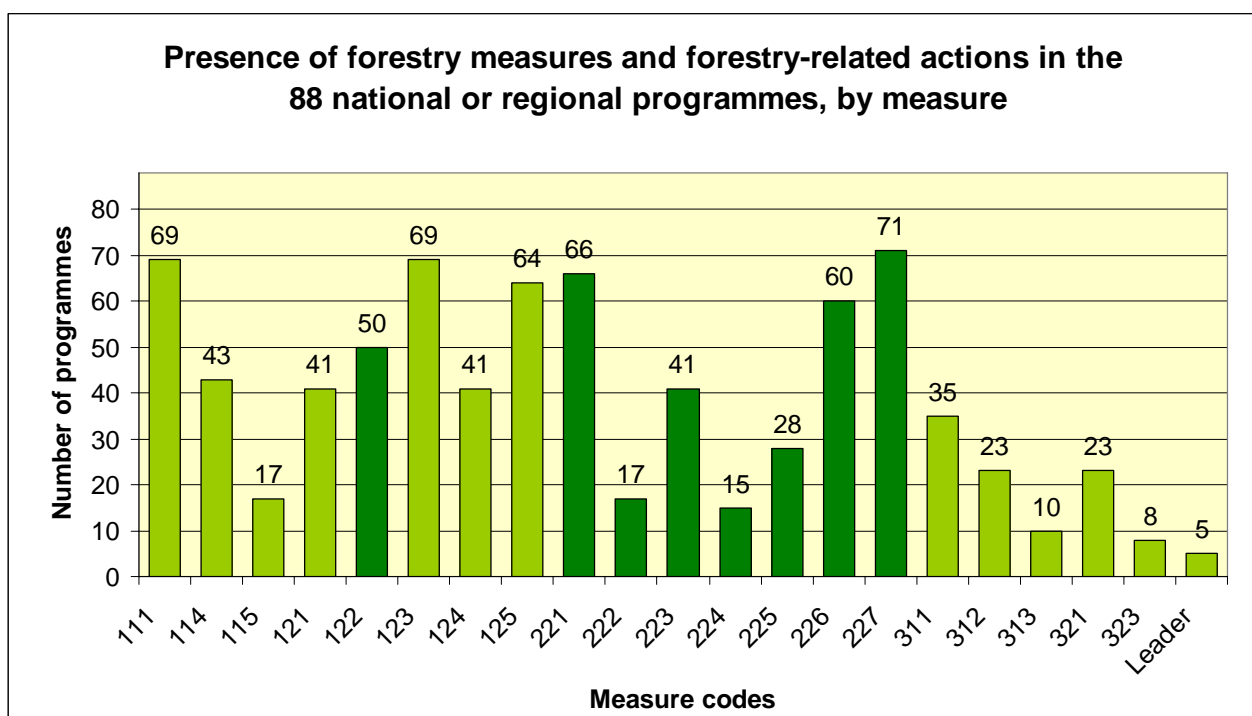
Each local action group is given an opportunity to opt either for a thematic focus or for a strategy based on broader-based activities, depending on their local needs and priorities, the budgetary resources available and the capacity of local partnerships to involve new categories of partners, including especially farmers, foresters and environmental groups.

6. GENERAL OVERVIEW OF FORESTRY MEASURES IN RDPs 2007-2013

6.1. Presence of forestry actions

All programmes except those of Ireland and Malta include forestry measures. Ireland supports forestry-related activities only by the means of national resources. The figure below (Figure 2) shows how many programmes foresee to use each measure to support forestry actions.

Figure 2. Presence of forestry measures and forestry-related actions in the 88 national or regional programmes, by measure.



The analysis of Rural Development Programmes shows that in the context of **improving the competitiveness of the agricultural and forestry sector** (axis 1) emphasis has been placed on the one hand on support for training (measure 111) and on the other hand on investments to improve the economic value of forests (122), adding value to forestry products (123), and developing forest infrastructure (125). The support for use of advisory services (114) is envisaged in about half of the programmes. The measure for setting-up of advisory services (115) does not have a wide uptake. The new measure for the cooperation for development of new products (124) has been taken-up in approximately half of the programmes, in many cases in the context of renewable energy production. Support for production of

Short Rotation Coppice within the measure of modernisation of agricultural holdings (121) is included in 21 programmes and other 19 programmes include bioenergy production. One programme under this measure will provide support for forest nurseries.

In the context of **improving the environment and the countryside** (axis 2), emphasis has been placed on first afforestation of agricultural land (221), restoring forestry potential (226), and on non-productive investments (227). Altogether 20 Member States (66 national or regional programmes) intend to carry out first afforestation on agricultural land (221)¹¹. Most Member States have included support for restoring forestry potential, prevention actions (226) and non-productive investments (227) in their programmes. In particular, all Mediterranean MS (EL, FR, IT, PT, SP) include forest fire prevention and restoration activities. Apart from addressing forest fires, this measure is also used for flood prevention and storm damage restoration. Establishment of agro-forestry systems (222) and Natura 2000 payments (224) have been taken up to a lesser extent.

The measures covered by axis 3 aim at **improving quality of life in rural areas and diversification of the rural economy**. This is a horizontal objective, and the measures under this axis are not targeted to any specific sector. Nevertheless, some forestry-related actions are financed also under axis 3. Forestry-related actions are most commonly included under the measure providing support for diversification into non-agricultural activities (311). Some programmes also include forestry actions within the scope of measures to support business creation and diversification (312) and provision of basic services for the economy and rural population (321). In most cases these are related to the production of renewable energy.

6.2. Indicative budgets

This section analyses the total intended financial resources to be allocated to forestry and measures which can involve forestry-related actions.

Table 2 below presents the allocation of funds for forestry measures under axes 1 and 2. It should be noted that under axis I only measure 122 (improvement of the economic value of forests) has a specific budget for forestry activities. In the other forestry measures of axis 1 the funding for forestry cannot be separated from agriculture related actions.

¹¹ In addition to these Ireland carries out an afforestation programme financed with State aid.

Table 2. Allocation of funds for forestry measures

Measures	Foreseen expenditure, €million			
	National co-financing	EU contribution (EAFRD)	Private	Total
Improvement of the economic value of forests (122)	348.8	651.8	1 010.0	2 010.7
Axis 1 forestry measure	348.8	651.8	1 010.0	2 010.7
First afforestation of agricultural land (221)	1 248.7	2 410.7	576.0	4 235.3
First establishment of agroforestry systems (222)	9.7	22.7	14.4	46.8
First afforestation of non-agricultural land (223)	235.4	360.8	181.8	778.0
Natura 2000 payments (224)	48.0	110.6	0.0	158.6
Forest-environment payments (225)	173.5	265.3	6.4	445.2
Restoring forestry potential and introducing prevention actions (226)	920.9	1 553.3	307.0	2781.2
Non-productive investments (227)	570.6	809.2	216.9	1596.7
Axis 2 forestry measures	3206.7	5 532.7	1 302.4	10 041.8
Total for the eight forestry-specific measures	3 555.5	6 184.5	2 312.4	12 052.4

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

Concerning the measure "Improvement of the economic value of forests", 122) under axis 1, the intended total expenditure is € 2 billion. Planned EAFRD expenditure on this measure is €651.8 million, which constitutes 2.1 % of EAFRD funding for axis 1 or 0.7 % of the total EAFRD funding.

The total amount of intended spending for forestry measures under axis 2 is around €10 billion. The amount to be allocated to these measures in EAFRD is €5 532.7 million, which constitutes 14 % of the total planned EAFRD budget for axis 2 (6.1 % of the total budget available for rural development).

Among these eight forestry measures, first afforestation of agricultural land (measure 221) will benefit from by far the largest amount of financial resources. This measure receives over 6% of EAFRD financial resources allocated to axis 2, which makes 2.7 % of total Community contribution to rural development (€2 410 million). This is followed by activities for restoring forestry potential and introducing prevention actions (226). In total €1 553 million are to be spent from

the Community budget for restoring of forestry potential and introducing preventive actions, which constitutes about 1.7 % of the total EAFRD funding (almost 4% available for axis 2). From the point of view of expenditure, first afforestation of agricultural land and restoring forestry potential and introducing prevention actions are the most important forestry measures, receiving in total 10 % of all axis 2 EAFRD financial resources.

Another type of activity receiving a significant amount of financial resources is support for non-productive investments (227). Almost 1 % of the total EAFRD budget is allocated to this measure, equivalent with 2% of the total Axis 2 budget.

Relatively small amounts are intended to be allocated for the first establishment of agroforestry systems (222) and Natura 2000 payments (224), corresponding with the relatively low uptake of these new measures.

Forestry actions under the other measures of axis 1 have no specific budgetary allocation. This makes the assessment of planned expenditure difficult and less precise. Table 3 below presents the total intended expenditure under the other forestry measures of axis 1. The indicated amounts cover all activities, only parts of which are related to forestry.

Table 3. Allocation of total intended spending on forestry-related measures.

Measures	Foreseen expenditure, €million			
	National co-financing	EU contribution (EAFRD)	Private	Total
Axis 1				
Vocational training and information actions (111)	668.1	987.4	212.1	1 867.6
Use of advisory services (114)	409.6	662.5	362.7	1 434.8
Setting up of management, relief and advisory services (115)	91.3	137.3	174.1	402.7
Modernisation of agricultural holdings (121)	6 029.2	9 639.5	24 067.2	39 735.9
Adding value to agricultural and forestry products (123)	3 416.2	5 520.3	19 272.8	28 209.3
Cooperation for development of new products (124)	253.8	336.5	257.4	847.7
Infrastructure related to the development and adaptation ... (125)	2 843.9	4 867.7	126.2	7 837.8

The planned financial resources available for the measure supporting modernisation of agricultural holdings (121) exceed by far the intended expenditure for other measures. However, only a relatively small share of this concerns forestry-related operations, in a form of support for establishment of Short Rotation Coppice.

The measure under which support is made available for activities to add value to agricultural and forestry products (123) has the second largest budget among the forestry-related measures. The expected contribution to forestry under this measure can be estimated to be significant as in total 69 programmes referred to forestry activities as part of the scope of this measure. If a 10 % of share of the funding was to be spent on forestry activities, this would mean a €550 million contribution from EAFRD.

Support to infrastructure related to the development and adaptation of agriculture and forestry (125) has the third largest budget. Forestry activities are part of this measure in at least in 64 programmes. Taking into account the cost level of forestry roads and other forest infrastructure the share of forestry can be estimated to be 20 %, which would mean €970 million support from EAFRD.

Forestry-related actions are also included within the scope of some measures under the axis 3. Table 4 presents the total allocations to measures which may include forestry-related actions. However, at this stage the share of financing to be allocated to forestry activities cannot be estimated.

Table 4. Allocation of total intended spending on measures in Axis 3 where forestry-related actions may be supported.

Measures	Foreseen expenditure, €million			
	National co-financing	EU contribution (EAFRD)	Private	Total
Axis 3				
Diversification into non-agricultural activities (311)	909.0	1 442.1	2 676.7	5 027.8
Business creation and development (312)	909.8	2 185.8	3 093.5	6 189.1
Encouragement of tourism activities (313)	655.8	1 300.3	1 192.0	3 148.0
Basic services for the economy and rural population (321)	1 212.2	2 685.9	1 164.4	5 062.5
Conservation and upgrading of the rural heritage (323)	867.8	1 265.5	453.8	2 587.1

Based on the available indications in the programmes and experience gained from the previous programming period it can be estimated that the financial resources made available to forestry activities within forestry measures and forest actions included in axis 3 measures from the EAFRD will be in a range of EUR 1-2 billion during the financing period 2007-2013. This would make the total financial resources made available to forestry activities to be in a range of EUR 2-4 billion.

Adding together the financial resources intended to be made available for forestry-specific (€ 6.2 billion – measure 122 and axis 2 measures) and forestry-related measures (€ 1-2 billion – other axis 1 measures and axis 3 actions)) it may be

concluded that during the programming period 2007-2013 **around €8 billion will be made available from the Community budget (EAFRD)** and up to €16 billion in total. These amounts correspond respectively to 9 % of the EAFRD funding (the total EAFRD budget is €90.8 billion.) and 7-8 % of the total amount of financial resources made available for implementation of forestry-related measures in the context of implementation of rural development programmes.

A more accurate estimation can be provided when annual implementation reports become available and the actual uptake of the measures and spending has been analysed.

7. TARGETS OF FORESTRY-RELATED ACTIVITIES¹²

In order to get a picture of the targets set for and potential impacts of the forestry measures and forestry-related actions, the quantified indicators provided by Member States in their rural development programmes were examined. The scope for comparability is, however, limited as some sets of indicators have not yet been provided by Member States and the quality of data is not always compatible with the requirements set in the Common Monitoring and Evaluation Framework. Further improvement will be needed, particularly for impact indicators, and, to a lesser extent, for result indicators. Datasets are almost complete for output indicators, where data also show a significant degree of standardization in terms of units of measurements.

The expected outputs to be delivered after foreseen implementation of the forestry related measures are presented below on the basis of quantified targets and result indicators.

7.1. Human capital

Several measures under both axes 1 and 3 will enhance human capital in rural areas. According to current target figures, MS expect that a total of 2.25 million persons engaged in the agriculture, food and forestry sectors will successfully attend a training activity funded under axis 1 during the programming period. In addition, 0.44 million economic actors who are active in rural areas will be involved in training and information actions under axis 3.

Another relevant measure in this area is the support granted to the use of advisory services, covering statutory requirements in terms of environment, good agricultural practices and work safety. According to the figures provided by the MS, about 1.16 million farmers and 82 000 forest owners (through 43 programmes concerning forestry) will be supported in meeting the costs arising from the use of advisory services. 17 programmes provide support to the establishment of forest advisory services.

¹² Table of available forestry target indicators is provided in Annex I.

7.2. Investments

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

The introduction of new products and techniques is a result indicator for several investment support measures under axis 1. New products and techniques will be introduced in 216 000 farms, 45 000 forest holdings, 17 000 enterprises processing agricultural and forestry products and in 9 000 holdings through cooperation initiatives. In addition, 60 000 enterprises will be helped to add value to agricultural and forestry products.

As under the axis 1 financial support is also available for the improvement of infrastructure, 42 000 infrastructure projects related to the development and adaptation of agriculture and forestry will be funded during the financing period. The information on potential forestry share of this measure is available from 20 programmes. Based on the provided estimations within these 20 programmes, it may be indicated that at least 16 000 km of forest roads will be built or improved under the scope of this measure.

7.3. Sustainable use of forestry land

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

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

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

8. APPLICATION OF INDIVIDUAL FORESTRY MEASURES IN RDPs 2007-2013

This section provides an overview on the proposed application of individual forestry measures in the rural development programmes. Examples of applications are presented in order to give a more concrete picture of the possible contents the measures. (A summary table by programmes and measures is provided in Annex II.).

8.1. Forestry measures under axis 1

8.1.1. Measures aimed at improving human potential

Vocational training and information actions (measure 111, article 21)

Forestry-related information or target audience are explicitly mentioned in the context of a training action in 69 programmes (AT, BE(1), BG, CY, CZ, DK, EE, EL, SP(9), FI(2), FR(6), DE(9), HU, IT(19), LV, LT, LX, NL, PL, PT(3), RO, SK, SL, SE, UK(3)). Forestry-related information may also be present in other training or information transfer actions, but the examined programme documentation does not provide information about this. This measure has a wide geographical coverage, which means that forestry-related training and information actions will improve the forestry-related knowledge of beneficiaries in 25 Member States.

Austria

- **The main objective** of the measure is among others to the improvement of the qualifications of foresters and forestry workers, optimization of production technologies, exploitation of renewable energies, qualifications related to environmental obligations and nature protection, etc.
- To be **eligible** for support it is required that organizers of vocational training and information actions proof of a minimum qualification and evidence of an operating plan.
- **Beneficiaries** of this measure can be foresters and people working in forestry sector, organisations and institutions acting in forestry sector (they must have an authorised licence).
- **Targets:** Number of training days for forestry: 3,500

Use of advisory services (measure 114, article 24)

In total 43 programmes (in CY, CZ, EE, EL, ES(8), DE(3 regions), HU, IT(16), LV, LT, LX, PL, PT(2), RO, SK, SE, UK(2)) have a clear indication that the use of forestry related advisory services will be supported. It is estimated that 1.16 million farmers and 82 000 forest owners will be supported in meeting the costs arising from the use of advisory services.

Italy, Basilicata

- **Objectives:** The measure aims at promoting the participation of farmers and foresters in the advisory system, covering at least Cross compliance issues

(GAEC and Compulsory conditions) and work safety.

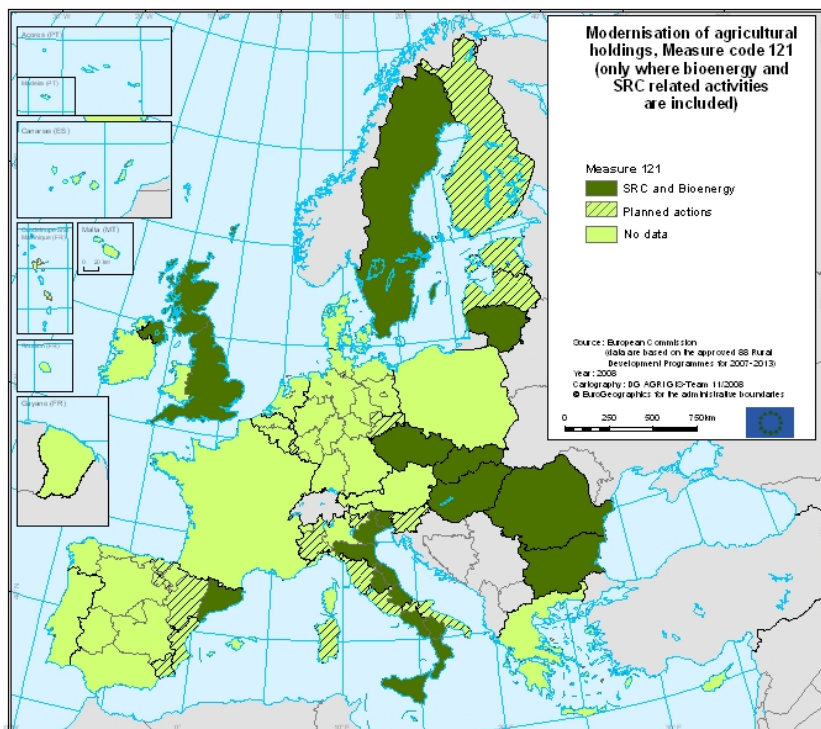
- **Main topics** covered should be: sustainable farming and forestry, compatible to environmental protection, work safety, animal welfare, impact assessment (forestry). In addition, support will also be allowed to issues related to farms and forests management in order to increase competitiveness in the farming and forestry sectors.
- **Eligible actions:** The measure supports the use of advisory services, with regard to
 - a) Consultancy dealing with Cross Compliance and work safety
 - b) Consultancy on a) plus services on agriculture and forestry development and the improvement of the overall performance of the holdings.
- **Targets:** 9,800 farmers and 200 forestry holders. 3.9% increase value added. Impact on labour productivity is 6.9 %.

Setting up of farm management, farm relief and farm advisory services as well as of forestry advisory services (measure 115, article 25)

The establishment of forest advisory services has been indicated in 17 programmes. According to the programmes, new forestry advisory services will be established in 7 Italian, 6 Spanish and 2 Portuguese regions; Estonia and England have also planned support for this activity.

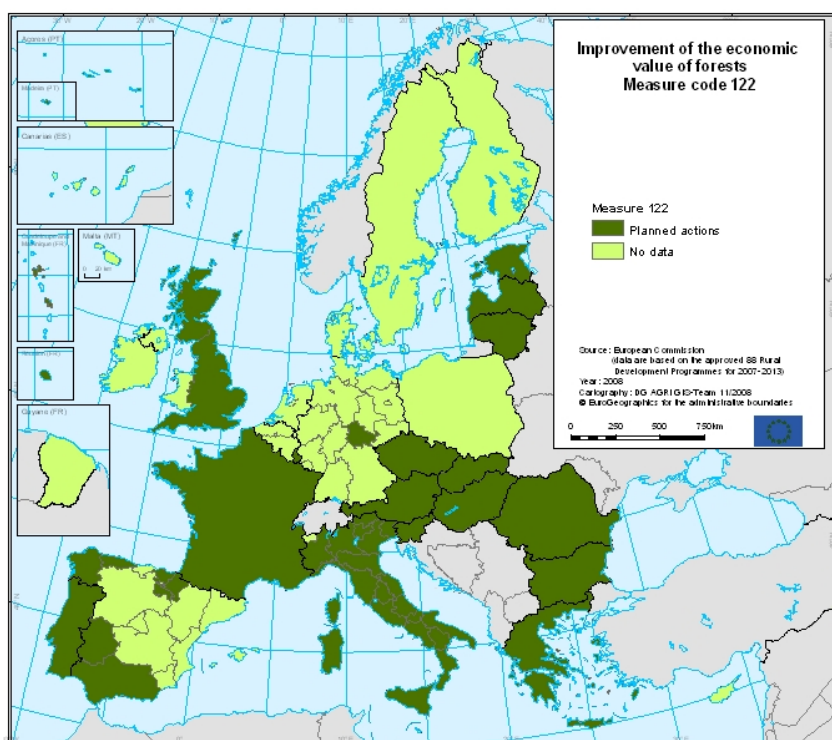
8.1.2. Measures aimed at restructuring physical potential

Modernisation of agricultural holding (measure 121, article 26)



This measure has been examined because the establishment of short rotation coppices (SRC) is in a number of cases supported by it. In the context of this measure 21 programmes mention SRC production as a target area and altogether 40 programmes have clear reference to bioenergy production (BG, CZ, EE, ES, FI, HU, IT, LV, LT, LUX, RO, SK, SI, SE, UK). One programme (Basque Country) includes forest nurseries under this measure. As this measure supports primarily farm investments, SRC and other bioenergy related actions constitute only a minor part of the allocated amounts.

Improving the economic value of forests (measure 122, article 27)



This measure has been planned in 50 programmes (AT, BG, CZ, EE, EL, ES(7), FR(5), DE(1), HU, IT(20), LV, LT, LX, PT(3), RO, SK, SI, UK(2)). It is expected that more than 88 000 private or municipal forest owners can be supported by this measure.

Latvia

- **Objective** of the measure is to increase of the economic value of forests by maintaining sustainable management and multi-functional role of forests.
- **Eligible actions cover:**
 - investments in forests for improving economic value of the forest (pre-commercial thinning, replacement of low value forest stands);
 - purchase of new machinery, instruments, accessories and/or equipment.
- The **measure supports** purchase of appropriate machinery, accessories, equipment and devices designed for pre-commercial thinning and replacement of low value forest stands and substitution with productive stands. The support will be provided based on management plans and to the applicants owning forests in the area of at least 3 ha. Pre-commercial thinning in the given area may be performed twice over the programming period. Areas in which activities are planned should not exceed 50 ha a year.

- One of the support **eligibility criteria** within the framework of this measure is a developed **management plan** for the forest areas supported under the measure. Moreover, a compulsory requirement for forest owners is **inventory of forest**, which is the main source of information on the forest and a pre-condition for engaging in any business activity in the forest. Therefore, the above-mentioned requirements are to be considered equivalent to a forest management plan.
- **Targets:** Number of forest holdings receiving investment support: 7.966. Number of holdings introducing new products or techniques: 5.000. Change in gross value added per full time equivalent: 200 €/empl. Total area of forests belonging to supported forest holders: 80.000 ha.

Adding value to agricultural and forestry products (measure 123, article 28)

Altogether 69 programmes (AT, BE, BG, CY, CZ, DK, EE, EL, ES(12), FI, FR(6), DE(8), HU, IT(21), NL, PT(3), RO, SK, SI, SE, UK(4)) indicate that forestry investments will be supported under this measure. Eight of these are related to bioenergy production, including two which specifically refer to biomass of forestry origin. Altogether with agricultural activities, this measure involves approximately 60 000 enterprises.

Slovakia

- **Eligible activities** in the case of the forest sector could be construction, reconstruction and modernization of production buildings and halls; procurement, reconstruction and modernization of machines and technology for primary processing of wood as a raw material.
 - Support will be provided:
 - for activities prior to industrial processing of wood (additional primary wood production) and
 - processing of non-wood forestry products (e.g. equipment for drying woodland herbs, facilities for treating forest fruit after harvesting) and
 - for processing and exploitation of renewable sources of energy, machinery and facilities for production of biomass.
- **Targets:** Number of enterprises supported 450 (for the whole measure)

Italy, Bolzano

- **Objectives** for forestry sector: the measure aims at increasing added value of forestry products by means of investments in favour to modernisation and output diversification, better integration of production chains, encouraging utilisation of wood for energy production, innovation.
- **Eligible actions** for forestry sector: creation and modernization of the structures and equipment for the collection and first processing of wood and biomass, intangible investments directly linked to the investments (within 20% of the total investment). Improvement of the overall performance of the enterprise should be achieved and respect of the Community standards applicable to the investments concerned should be ensured.

- **Eligible conditions** for forestry sector: first processing of wood. The use of wood as raw material is limited to working operations prior to industrial processing.
- **Targets:** Number of beneficiary holdings (agri + forest): 590.

Cooperation for development of new products (measure 124, article 29)

This is a new measure introduced for the current period. 41 programmes (AT, CZ, DK, EE, ES(5), FI(2), FR(1), DE(3), IT(17), NL, PT(3), SE, UK(4)) have clear references to forest related cooperation in the context of support planned for this measure. Altogether 9 000 holdings will be helped in the agriculture, food and forest sectors.

Infrastructure (measure 125, article 30)

This measure is the third most frequently chosen measure for forestry in axis 1. 64 programmes (AT, CZ, EE, EL, ES(12), FR(6), DE(11), HU, IT(18), LV,LT, PO, PT(3), RO, SK, SI, SE, UK(2)) include the possibility of using this measure for different forestry infrastructure related purposes. Approximately 42 000 project will be supported related to the development and adaptation of agriculture and forestry.

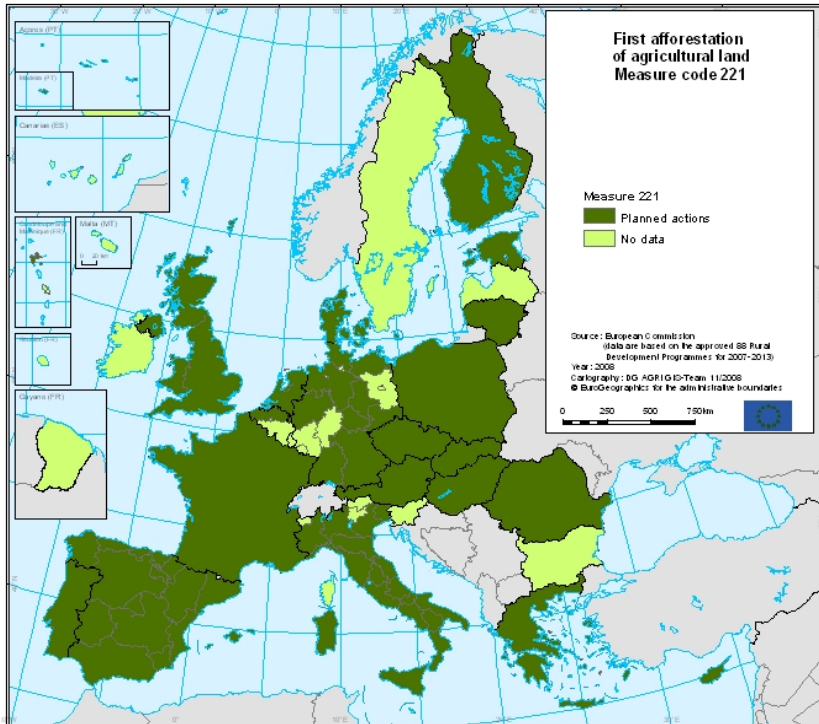
Germany, Thüringia

Sub-measure forestry path construction

- **The purpose of the sub-measure** is to support of forestry infrastructure, with the following goals:
 - direct rationalisation effects in forestry enterprises, (reduction of travel distances and transportation costs);
 - mobilisation of so far untapped wood use potential, particularly small parts of private and community owned forest, to be brought into economic circulation;
 - development of potential income through the use of wood as a renewable raw material in rural areas;
 - fostering employment opportunities in the forestry service sector due to increased wood use;
 - securing the raw material base for the domestic wood and paper industry and
 - supporting non-forestry services by the development of tourism in rural areas.
- **Connection to the National Framework Programme:** The measure is applied in accordance with a specific provision of the National Framework Regulation.
 - Deviation from the NF: stricter conditions - the following applies: Type of actions: Initial investment in plant and equipment suitable for the long-term storage of wood and the necessary preserving treatment (wood preservation plants), are not funded.
- **Targets:** total number of subsidized projects: 130 per year, and funded paths: 105 km per year.
- **Results:** wood area made accessible: 7 020 ha/year.

8.2. Forestry measures under axis 2

First afforestation of agricultural land (measure 221, article 43)



This is the second largest measure of axis 2 both financially and as regards the number of programmes where it is present (66 programmes in AT, BE, CY, CZ, DK, EE, EL, ES(11+5 old), FI(old commitments from the previous programming period), FR(2), DE(8+1 old), HU, IT(16+2 old), LT, NL, PO, PT(3), RO, SK, UK(4)). However, in some cases these are existing commitments introduced during previous programming periods and there is no support for new afforestation (payments for income foregone continue for 20 years based on article 31 of Regulation 1257/1999). Support for establishment of new forests will involve more than 127 000 land owners and covers of 650 000 ha of forests.

Establishment and maintenance costs for first afforestation of agricultural land

Analysis of the eligible costs for establishment and maintenance works reveals wide differences throughout the EU. Even within the same region or Member State the cost level can vary considerably, due for example to geographical and climatic situations. In addition, afforestation and maintenance expenses are usually very sensitive to labour costs. Therefore, beyond the site conditions and the applicable technology the wage (and GNI) level also has considerable effect on the level of the eligible expenditure.

Based on the available information it seems that in north-eastern Europe with lower temperature and appropriate precipitation (e.g. EE, LT) establishment costs vary around 1 000 €/ha for coniferous stands and up to 3 600 €/ha for broadleaves. In the

case of oak stands there is a minimum of about 2 500 trees/ha for the higher establishment cost. The maintenance cost varies around 300-500 €/ha/year.

In the case of central part of the EU where site conditions can be very different even within a Member State (e.g. CZ, HU, PL, RO, SK), establishment costs can vary from 810 €/ha for conifers to 2 500 €/ha for broadleaves accompanied with 200-650 €/ha maintenance costs. In Central Europe site conditions may be very variable, from sandy steppe to steep slopes (e.g. in the Carpathians). In many cases in this region the required minimum number of seedling is around 8 000/ha. This high density improves the diversity of species or varieties, and can improve the adaptive capacity of the new stand to the present and expected site conditions under the climate change process.

In the Atlantic region (e.g. BE, DK, DE, NL and UK) the establishment costs vary from 750 to 2 150 €/ha for coniferous and 2 100-3 700 €/ha for broadleaves; (they may be as high as in under some circumstances seem to increase to 7 000 €/ha). The maintenance costs are more similar to other regions, around 400 €/ha. However, the required density is lower than in the central region, varying between 1 100-3 500 trees/ha depending on local conditions and species composition.

In the Mediterranean area all Member States have planned afforestation (e.g. CY, IT, EL, ES, PT). Here the geographical and climatic conditions make afforestation a particularly challenging activity. Both establishment and maintenance may involve extra costs for example irrigations. Under these specific conditions the establishment costs can spread from 1 500-5 200 €/ha for coniferous and 1 100 - 9 000 €/ha for broadleaves. Maintenance costs depend on the additional costs of prevention against fires or grazing animals and the need for irrigation. The variation of the cost level is between 200 -1 000 €/ha /year.

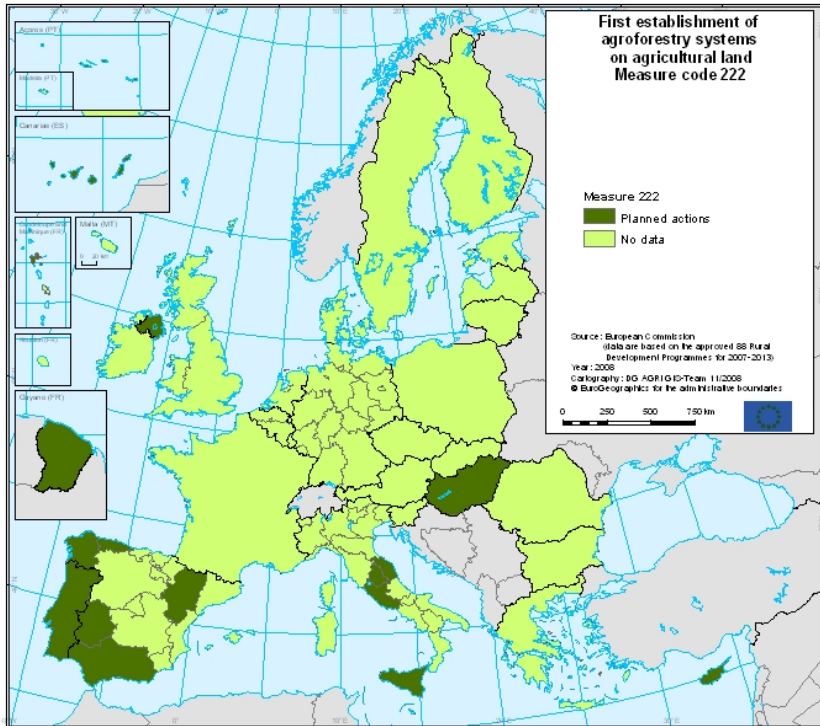
Spain, Extremadura

- **Objectives:** to increase forest surfaces through the afforestation of agricultural land in order to contribute to environmental protection, the prevention of forest fires and other natural risks and to the climate change mitigation.
- **Eligible actions:**
 - establishment costs (seedlings, planting work, and other direct costs associated with planting);
 - costs of maintaining a wooded area (an annual premium per ha during a maximum of five years); and compensation for agricultural income foregone that results from afforestation (an annual premium for a maximum of 15 years).
 - Public bodies can only receive support for establishment costs, whereas private persons (physical or legal) can also receive the annual premium.
 - In the case of short growing species, if the rotation period is less than 15 years, only establishment costs can be covered.
 - The first afforestation in a Natura 2000 site will only be possible in accordance with the management objectives for the site.
- **Priority criteria:** Areas threatened by desertification and poor tree cover; holdings located in Natura 2000 areas; professional farmers, areas within priority holdings.
- **List of species:** All the species foreseen belongs to the ecosystems of Extremadura. More than 90% of the plants planted will be *Quercus ilex* and

Quercus suber, since they are the species that characterise the "Dehesa".

- **Targets:** Number of recipients of support 2 000 and 70 612 ha afforested land.

First establishment of agro-forestry systems on agricultural land (measure 222, article 44)



This new measure has been introduced by the new rural development regulation to support extensive agricultural activities with combination of forestry systems on the same land. The uptake seems rather limited so far even if in some areas it could be considered as a promising opportunity for farmers to get involved in forestry activities.

Altogether 17 programmes, mainly in the Mediterranean regions (CY, ES(6), FR(2), HU, IT(5), PT(2), UK(1)) include this measure; however, also Hungary and Northern Ireland have selected this measure into their programmes and more than 3000 beneficiaries will establish new agro-forestry systems on 60 000 ha.

Spain, Extremadura

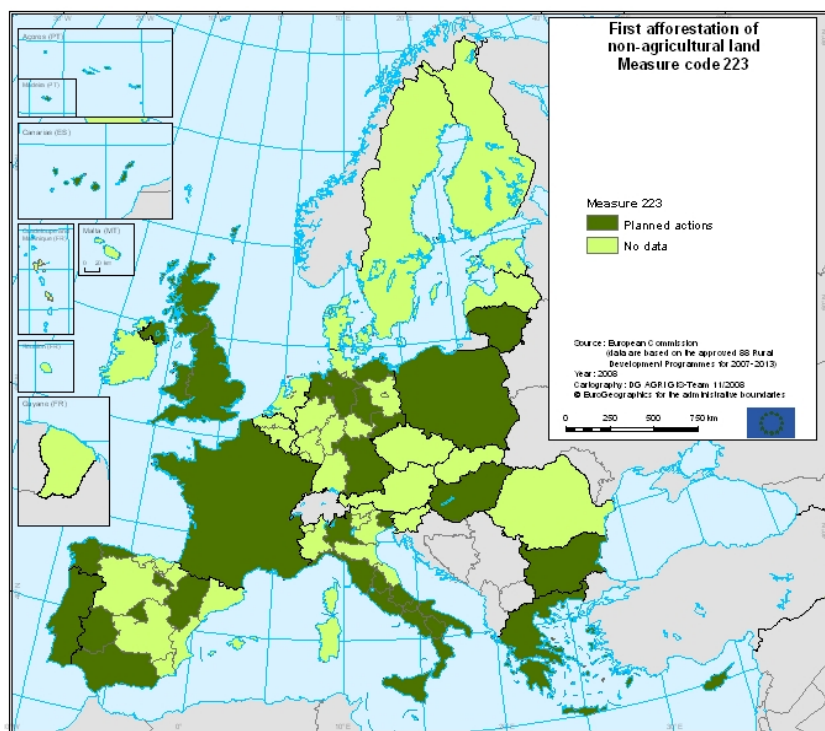
- **Objectives:** The purpose of the measure is to support the establishment of agro-forestry systems with their high ecological and social value and aimed at production of high-quality wood and other forest products.
- **Eligible actions:** Support will cover the costs of establishment of “Dehesa” type agro-forestry system. The areas of intervention are mixed systems of forests and grazing or rotational crops with tree cover ranging from 5% and 60%. The ground is used for grazing and crop production, and the forestry component yields various high quality wood products and timber.
- **The density of planting** must not exceed 200 plants / ha. The agrarian use is the extensive grazing or dry crops; the forestry use is high quality wood and other forest products (cork, fruits).

- **The interventions include:** densification of “Dehesas” with a tree cover level below 5%, restorations in river shores to fight erosion, edges between agrarian surfaces... etc.
- **Targets:** 12 000 ha new agroforestry systems involving 600 beneficiaries.

Hungary

- **Objectives:** The measure will contribute to the objectives of establishing a new land use system by combining extensive agricultural and forestry systems with a view to maintaining a sustainable land management and facilitate protection of soils against erosion.
- **Eligible actions:** establishment of agro-forestry systems for grazing purposes to be maintained for a minimum period of 5 years (support only for the establishment of tree elements), maximum density 250 trees/ha.
- **Targets:** 3 000 ha new agroforestry system involving 300 beneficiaries.

First afforestation of non-agricultural land (measure 223, article 45)



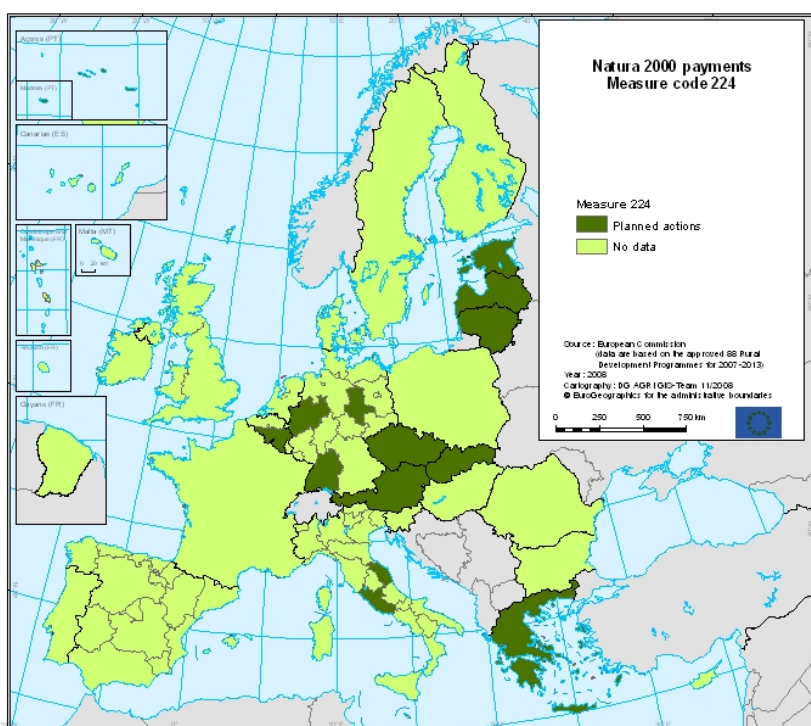
The geographical distribution of the uptake of this measure is almost the same as for the afforestation of agricultural land (measure 221). However, the level of the application of this measure is much lower. There are 41 programmes (BG, CY, EL, ES(8), FR(old), DE(5), HU, IT(13), LV, LT, PO, PT(3), UK(4)) in which afforestation of non-agricultural land is targeted. The planned budget is much smaller than the budget for the measure 221. The reason may be that this measure is

designed to support establishment costs while support for maintenance costs can only be financed in the case of abandoned farmland. It is foreseen that more than 40 000 land owners will establish 240 000 ha new forests.

Greece

- **Objectives:** Protection from soil erosion, preservation of biodiversity, climate change mitigation, prevention of natural risks as well as forest areas of high or medium fire risk.
- **Eligible actions:**
 - Cost of first establishment for the total eligible non-agricultural land,
 - maintenance costs apply only for abandoned non-agricultural land.
- **Conditions:**
 - Maintenance costs: only for abandoned agricultural land, however, public bodies are excluded from this support.
 - Production of truffle: Only the cost of trees will be eligible without taking into account the cost of inoculation with the fungus.
- **Targets:** It is expected that 4 500 beneficiaries will afforest 6 000 ha land.

Natura 2000 payments (measure 224, article 46)



This new measure has the lowest uptake among the forestry measures: it is included in 15 of the 88 RDPs (AT, BE, CZ, EE, EL, DE(3), IT(2), LV, LT, PT(2), SK). The reason may be that there is still some uncertainty concerning practical application since the Natura 2000 management plans are still in the process of being established. During the programme negotiations several Member States or regions indicated that this measure will be introduced in a later phase as a modification, taking into account that the preparation of the Natura 2000 management plans is still under way. Based on the above

mentioned programmes, 60 000 private forest owner and 400 000 ha Natura 2000 forest will receive support.

Latvia

- **Objectives:** A significant part of the Latvian NATURA 2000 territory is situated on forest land with the total area of 427.000 ha covering 55% of the Natura 2000 territories and approximately 14,5% of the total forests of Latvia. The restrictions of economic activity in forest land have been imposed on the area of 320.000 ha, including 62.000 ha (8% of the Natura 2000 territories and 2% of the total forests of Latvia) of private and municipal land. Of this 54.000 ha is privately owned. The objective of the measure specified is for public benefit to preserve biodiversity in private forests and forest land, situated in NATURA 2000 territories.
- **Eligible actions:** Four types of restrictions are defined and are described more in detail under support level. The measure will be implemented from 2008 onwards.
- **Eligible conditions:** The respective territory has been subject to forest inventory.
- **Aid intensity:**
 - 60 €/ha without reference to the type of restriction of management activity;
 - forestry activities forbidden: 120 €/ha;
 - final felling + thinning forbidden: 80 €/ha; final felling forbidden: 80 €/ha;
 - clear-cut forbidden: 40 €/ha.
- **Targets:** 10.000 forest owners supported covering 54 173 ha of Natura 2000 territory.

Slovakia

- **Objective:** To help the private owners of forest and their associations in the process of solving the specific disadvantages resulting from implementation of the Directives of NATURA 2000 network (5th degree of nature protection).
- **Conditions for the support:** Applicant for the support within NATURA 2000 network for forest land must:
 - To own at least 1 ha of forest land in NATURA 2000 declared territories.
 - To enter the measure with at least 1 hectare of forest land in NATURA 2000 territories.
 - To adopt commitments to manage the forest activity for at least 5 years period since the first payment of compensatory allowance, except force major cases, in scope of the minimum acreage for the entrance into measure.
 - To farm within entire holding in compliance with Good Agricultural and Environment Condition (GAEC) according to Article 5 and Annex IV of the Council Regulation (EC) No. 1782/2003. (This condition relates to subjects, who owned agricultural land as well).
 - To farm within entire holding in compliance with the relevant mandatory standards pursuant to Article 4 and Annex III of the Council Regulation (EC) No. 1782/2003 (SMR).
 - The prohibition of interference into forest coppice and damage of vegetal and land cover.

- **Geographic allocation:** The measure shall be applied horizontally and implemented within the territories of 5th degree of nature protection which were approved and designated as NATURA 2000 areas according to Slovak law. The forest coppice in 5th degree of nature protection, for which the exceptions of ban or agreement to making of activities from environmental authority were given, will be excluded for this measure.
- **Type of support:** non-repayable contribution, type of investment: non-profit. Form of support: annual payment to use forest land in NATURA 2000 areas in 5th degree of nature protection. The amount of support from EAFRD and national resources will be governed by the Article 70 of the Council Regulation (EC) N°1698/2005. Once the set terms are adhered to, the payment is fully covered from public resources: Forest land 1420 SKK/ha (40.06 €/ha).
- **Targets:** 500 forest holdings and 30 000 ha N2000 area will be supported.

Germany, North Rhine-Westphalia

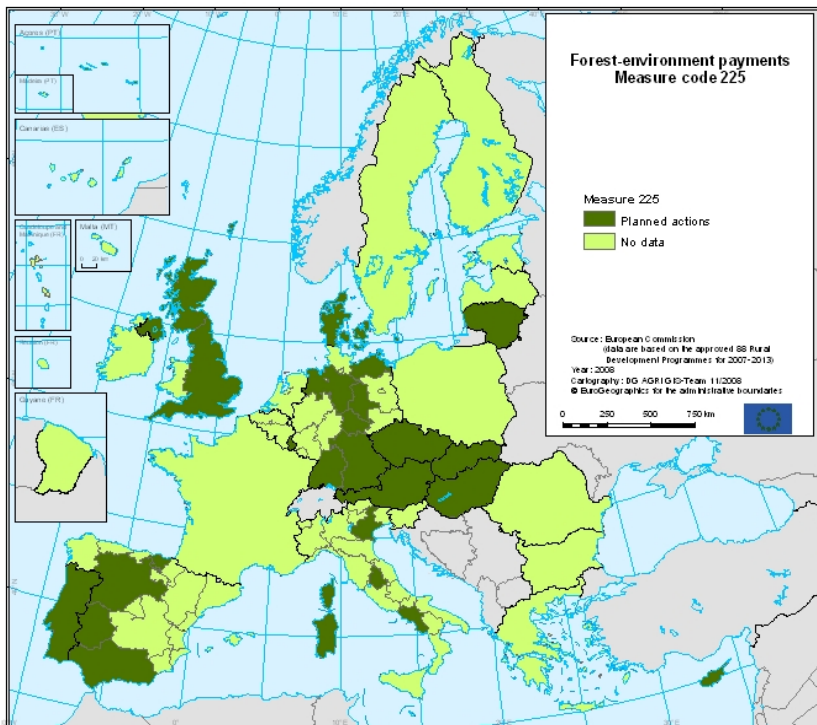
- **Objectives** of the measure: This measure aims at protecting species and biotopes in forest areas designated under Dir 79/409/EEC or 92/43/EEC and in coherent forest areas, as defined in Article 3 of the latter Directive. Compensation should be provided for the income lost as a result of the restrictions imposed. Payments should be area-based. Two categories of protection areas will be defined, based on the level of protection and, hence, level of restrictions imposed there.
- **Types of action implemented and eligibility criteria:**
 - Areas must be defined in accordance with Directives; moreover, the areas must be designated as a nature protection or landscape conservation area.
 - Management plans must exist for the areas.
 - Payments are limited to deciduous areas.
 - Publicly owned forests are not eligible.
 - Areas in which non-productive investment under Article 49 of the Council Regulation is supported are not eligible for support.

Compensation payments are differentiated between two types of area:

- Areas with high protection requirements: areas classified as nature protection areas (possible area: 28 000 ha), to which the following requirements apply:
 - development towards deciduous forests typical of the habitat concerned;
 - habitat-specific measures to develop biotopes of endangered species;
 - restriction of clear-felling;
 - abstaining from use of synthetic chemical plant protection products;
 - time limit on wood harvesting.
- Areas with medium requirements: areas classified as landscape conservation areas (possible area: 7 000 ha).
- **Aid intensity:** Payments should be made annually per hectare, depending on the category.
 - areas with high protection requirements: €50/ha/year;

- areas with medium requirements: €40/ha/year.
- **Demarcation** from other EU instruments: This programme is the only funding instrument in North Rhine-Westphalia which offers area-based compensation payments.
- **Targets:** 35 500 ha forests under N2000 areas and 5 000 beneficiaries will be supported.

Forest environment payments (measure 225, article 47)



The uptake of forest environment payments is more frequent than Natura 2000 payments. 28 programmes (AT, CY, CZ, DK, ES(4), FR(1), DE(6), HU, IT(4), LT, LX, PT(2), SK, UK(3)) include this measure. This measure is applicable also for municipal owned forests. More than 75 000 forest holdings can be supported through this measure representing 2 million hectares of forest.

Hungary

- **Objectives:** The measure will contribute to the objectives of the development of an environmental friendly and sustainable use of natural resources by promoting low impact forestry practises and facilitate soil protection, nature conservation and maintaining indigenous tree species.
- **Sub-measure 1**– repression of aggressively expanding non-indigenous tree and shrub species. The **commitments** are: Mechanical elimination of aggressively spreading trees and bushes of foreign origin those are older than 1 year; and closing density to be respected during felling.

The action will apply on approximately 120,000 hectares for a period of 7 years.

- **Sub-measure 4**– reduction of clear-cutting with artificial regeneration. The **commitments** are:

- Logging for final felling can be carried out in the first year of the programme, and on 25-50 % of that portion of the forest;
- From the 2nd year, logging may be carried out for health-related matters;
- During the programme, 5 cubic metres of dead wood shall be ensured in the area;
- The size of the land used for felling shall not exceed 0.5 ha.
- During the programme period, the presence of 5 cubic metres of dead wood, standing or lying, shall be ensured in the area.
- In the area affected by final felling, in every clearing, there shall be at least two healthy, standing trees spreading seeds from the main tree species adequate for the site.
- Logging may only be carried out in the period from 1 September to 30 April.
- In the case of sapling or seed plantations, machinery may be used only for tract-type soil preparation.
- Appropriate natural forest combinations, with the creation of a typical mix for that type of forest shall be ensured by the end of the programme.
- Non indigenous- tree species shall be diminished by the end of the programme through treatment.

The action will apply on approximately 10,000 hectares for a period of 7 years.

➤ *Sub-measure 5*– ensuring special forest habitats, and the conditions for natural forest regeneration.

○ **Action A)** creation and maintenance of micro habitats. The **commitments** are:

- The presence of at least 10 cubic meters dead wood, standing or lying, shall be ensured in the area for the duration of programme.
- Standing trees in the area shall be indicated and a full assessment of the body of trees shall be prepared and recorded in a report.

The action will apply on approximately 40,000-50,000 hectares for a period of 7 years.

○ **Action B)** Leaving groups of trees after final felling. The **commitments** are:

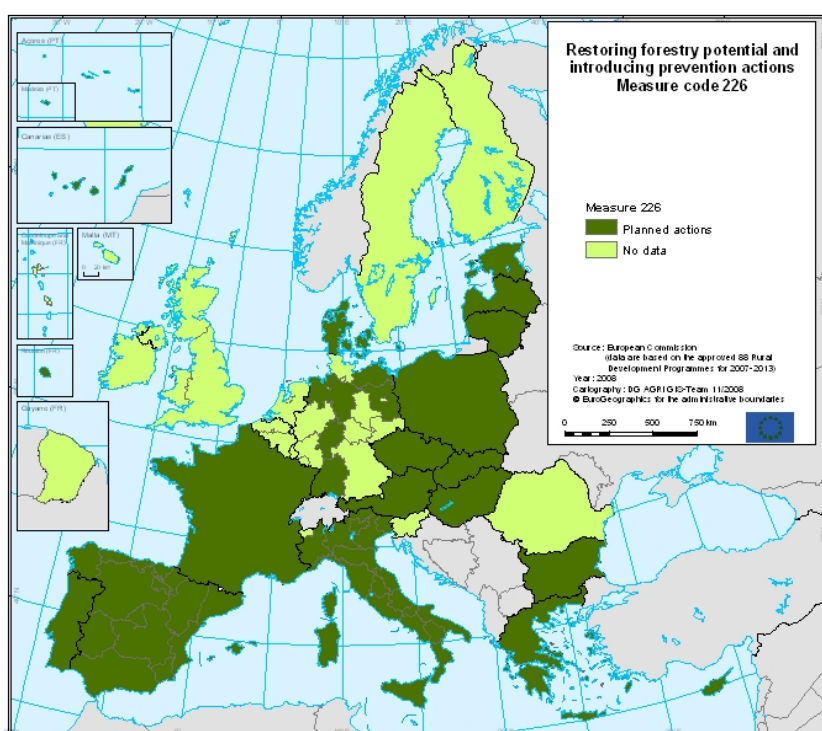
- The implementation of final use is mandatory in the first year;
- In the course of final use, those groups of tree species typical for that habitat shall be selected and left on a minimum of 5% of the area eligible for assistance;
- The area of a group of trees shall be at least 300 sq. m, but not more than 2,500 sq. m;
- The canopy closure of a group of trees shall be at least 60%.
- The groups of trees shall be indicated in the area and a full assessment of the body of trees shall be prepared and recorded in a report.
- No logging or access may be allowed to the selected group of trees. That group of trees may also not be damaged by logging in neighbouring areas.

The action will apply on approximately 20,000 hectares for a period of 7 years.

➤ **Support level:** 100 %, with limits of 40-200 €/ ha/ year

➤ **Targets:** 45 000 forest holdings will be supported on 170 000 hectares forest.

Restoring forestry potential and introducing prevention actions (measure 226, article 48)



This is the second largest measure of axis 2 in terms of planned budget and the third as regards the frequency of its presence in the programmes. Altogether 60 programmes (AT, BG, CY, CZ, DK, EE, EL, ES(17), FR(3), DE(5), HU, IT(20), LV, LT, PO, PT(3), SK,) contain prevention or restoration measures related to forests. The main reason to choose this measure varies according to the characteristics of the respective areas and forest types.

While this measure is used mainly for restoration of forest damaged by storms or floods in the northern or western regions, the main reason for its application in the central and Mediterranean regions is related to forest fires (prevention and restoration actions). The measure is, however, also applicable for the protection of forests against biotic agents if the reason for such a risk is related to natural disasters, e.g. fire or floods. It seems that the application of this measure for the latter reason has increased, and may be expected to increase in the future in connection with climate change effects. According to the available indicators, more than 120 000 actions on more than 2 million hectares will be supported.

France, Hexagon

➤ Objectives:

- A) Restoration of forestry potential affected by the storms of 1999 where it has not yet been completed (preparatory and recovery work in the affected areas);
- B) Restoration of land in the mountains: improvement of the protective role of forests against natural disasters, mapping of the protection, etc.);
- C) Prevention against fires, based on prevention plan for areas under high or average forest fire risk (preventive forestry operations, reduction of

biomass fuel by directed burning, etc.).

➤ **Eligible actions:**

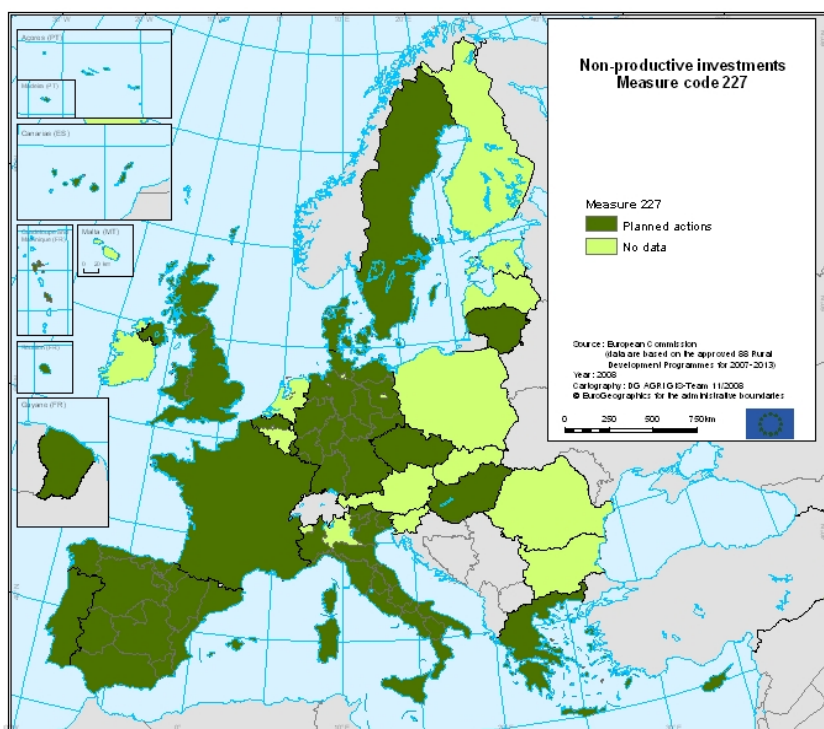
- A) Cleaning/preparing the soil, planting of seeds and plants adapted to the forest stand; first maintenance; prevention of soil erosion; related actions for natural regeneration; including protection against animals; landscape integration, etc.
- B) Improvement of the land in the mountains (afforestation and reforestation, revegetation, stabilization of land, etc.); silvicultural treatments for maintenance/improvement of the protective function of the forest (renewal of the stand, improvement its stability-cuttings, related preparatory work; mapping forest protection function), etc.
- C) Creation the standards of prevention equipment; preventive forestry operations.

➤ **Eligible conditions:**

- A) Regional adaptation possibilities;
- B) Opinion of services in mountainous terrain or other organization with recognized competence in the field of natural disasters for interventions; compliance with the documents of sustainable forest management; revision must be made and approved in 5 years;
- C) Regions and departments in medium/high risk fires area; actions shall be consistent with the plans for the protection of forests against fire (PPFCI) in department or regional level.

- **Targets:** Approximately 10 000 actions will be supported.

Non-productive investments (measure 227, article 49)



This is the most widely used measure for forestry in rural development programmes for the current programming period. The total number of application is 71 (BE, CY, CZ, DK, EL, ES(17), FR(6), DE(13), HU, IT(19), LT, LX, PT(3), SE, UK(4)). The reasons for applying this measure vary widely and can aim at increasing the environmental/ecological or social value of forests.

The measure provides a range of possibilities for promoting multifunctional forestry. Since the modification of the previous rural development regulation in 2003 the measure is now open both for privately and publicly owned forests and close to 120 000 forest owners can be supported.

Sweden:

The measure includes two sub activities:

(i) Preserving and developing of biodiversity in forest

- **Objective:** Aims to preserve and develop bio-diversity and cultural heritage of forests. The objectives of the measure are the inclusion of 65 000 hectares of most environmentally valuable forest and woodland.
- **Eligible actions/conditions:** The measure includes goal classification of the forest, set up a management plan and conducts the activities of that plan, e.g. selected cutting, burning and increase dead wood.

(ii) Promote biodiversity of broad-leaved deciduous forest

- **Objective:** Aim at creating habitats of broad-leaved forests to halt bio-diversity losses by planting deciduous forest and planting of 2 500 hectares of broad-leaved deciduous forest during the programme period.

- **Types of actions/conditions:** The measure concerns the new establishment of broad-leaved deciduous forest. Eligible species are the domestic varieties of elm, ash, hornbeam, beech, oak, wild cherry, lime and sycamore. Support is only entitled to areas in southern and central Sweden. Support may be provided for soil conditioning, plants and planting, and for fencing. The minimum area is 2.0 ha with minimum 3000 trees/ha (or combination of 1500 broad leaved trees and 2500 non-broad leaved trees). Deer should to be kept away.
- **Targets:** 1 000 forest owners can receive support through this measure.

Germany, Brandenburg-Berlin:

- **Objectives:** To transform semi-natural forests into a forest with natural conditions consisting of species suited to the specific habitat in order to change the mono-structural type of Brandenburg's forests and to preserve and develop Natura 2000 sites and protected areas.
- **Eligible actions:** Preparatory work, conversion of pure stocks and stocks not suited to the location into sustainable leaf and mixed stocks, development and re-establishment of semi-natural forests, possible as follow-up measure to wind damage or other natural disasters, adapting the stock density, liming, designing and taking care of forest borders, promoting forest protection without insecticides.
 - 1) Preliminary investigations, analysis, advice;
 - 2A) Reforestation and first and substructure (including natural regeneration) with site-tree species;
 - 2B) Maintenance (first 5 years);
 - 2C) Re-plantation if losses > 30 %;
 - 3) Silvicultural action;
 - 4) Soil liming;
 - 5) Designing and maintaining natural forests and forest edge;
 - 6) Free insecticide Forest Protection.
- **Eligible conditions:** Environmental justification (with statistic data); beneficiary = owner of the land (exceptions: forestry associations or agreements with the owner); for liming, an appraisal must confirm that's appropriate and harmless.
- **Targets:** 3 500 projects involving 14 000 ha forests can be supported.

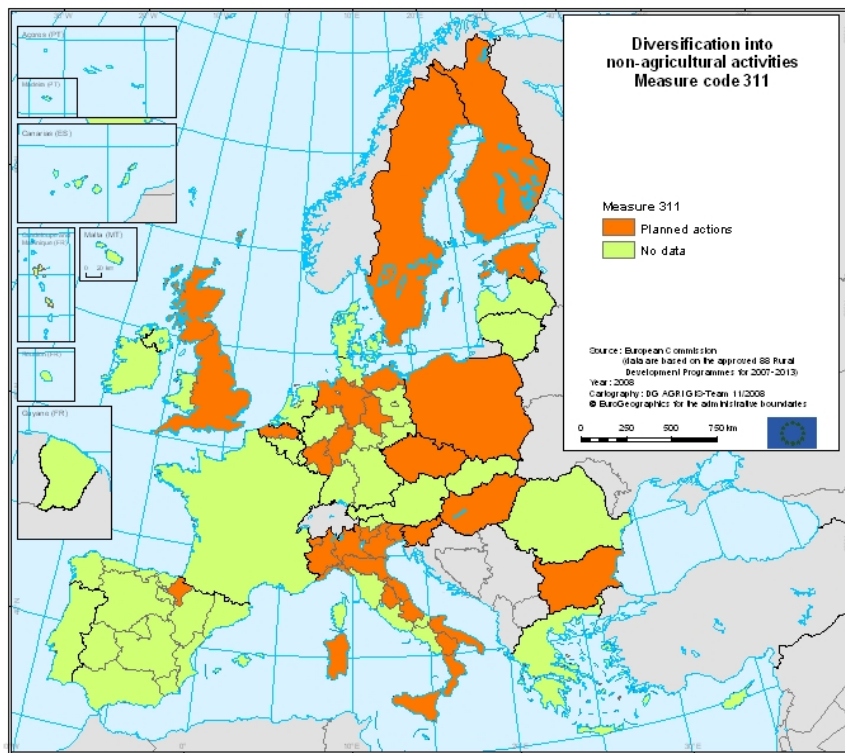
8.3. Forestry-related actions under axis 3

In axis 3 there are 5 measures, which can be of relevance to forestry. Bioenergy production can also be supported and indirectly this may have effect on forestry e.g.

as markets for low value wood coming from thinning or pruning or for woody residues ("wood mobilisation"). Taking into account the growing importance of energy-related questions, for information purposes, bioenergy related aspects are also examined where clear indications to "bio" energy can be found in the rural development programmes. As it was mentioned earlier, there is no separate budget for actions or sub-measures concerning forestry.

8.3.1. Diversification of the rural economy

Diversification into non-agricultural activities (measure 311, article 53)



This measure can involve several activities, and may include actions related to forestry, wood and non-wood product processing and/or bioenergy production. Support may comprise energy production not only for own consumption but also for commercial production up to 1 MW capacity. For example, 22 programmes from the 35 total (BE, BG, CZ, EE, ES(1), FI, DE(6), HU, IT(17), PO, SI, SE, UK(2)) which will use this measure, mention bioenergy production as one of the possible actions. However, in some (7) cases, the production or use of forest biomass (wood, pellet) is particularly mentioned.

Forest nursery production may also receive support under certain criteria (e.g. the owner of the nursery shall be a member of the farm household) through this measure.

Finland:

- **Objectives:** The objective is to increase employment opportunities in rural areas and to encourage farmer families to diversify into other business activities than agriculture.
- **Eligible actions:** The measure can be used to grant payments to members of farm households who diversify into non-traditional agricultural production, such as services, arts and crafts and the marketing of products manufactured on the farm. The projects to be implemented may include investments in and development of enterprises that:
 - engage in the processing of metal, plastics or in the second-stage foodstuffs and handicraft enterprises, the **production of bioenergy**, environmental management and **forestry services**;
 - provide business and personal services (information technology, marketing, household work, health care, nursing, etc.); and
 - provide tourism and recreational services.

Italy, Lombardia

- **Eligible actions:** Renewable energy production: realisation of power plants and purchase of machinery and equipment connected to harvesting or collecting of biomass, residues or by-products and the production of energy on farm.
- **The technologies supported** will be: cogeneration and heat from biomasses (pellet), biogas and solar energy, pellet and woodchip production
- **Demarcation:** For renewable energy, EAFRD will support the realisation of power plants below 1 MW. For the diversification activities, EAFRD support will concentrate on farms and on the members of the farm household.
- **Targets:** 700 beneficiaries, and 250 jobs will be created

Support for business creation and development (measure 312, article 54)

This measure is designed to help the creation of new businesses (only micro-enterprises) including forestry-related ones. This measure may cover processing of forest products (wood and non-wood products and services) and bioenergy production. Support for forestry or bioenergy related actions are planned through this measure in 23 programmes (BE, CZ, DE(2), ES(2), IT(9), LV, PO, RO, SI, SE, UK(3)).

Italy, Liguria:

- **Objectives:** The measure contributes to the objective of maintaining and creating employment and income in rural areas, supporting the creation and the development of micro-enterprises.
- **Eligible actions:** support to the improvement of immovable property, the purchase of new equipment and machinery and the general costs related to
 - a) processing and marketing of agricultural and **forestry products** into non-annex 1 products,
 - d) realisation of power plants for **renewable energy production** (from biomasses, max. 0,5 MW),
 - e) setting up and improvement of gardens/parks management services; road safety services and services for protected areas,
 - f) creation and development of craft activities,
 - g) setting-up and improvement of services for environmental tourism and environmental education activities,
- **Targets:** 70 beneficiaries and 80 jobs will be created.

8.3.2. Improving the quality of life in rural areas

Encouragement of tourism activities (measure 313, article 55)

Several programmes intend to support "green" or "rural" tourism. In this context, forestry is mentioned in 10 programmes (A, CY, CZ, ES(1), FR(2), IT(2), IR, UK(1)). Taking into account the importance of forests in the rural countryside it can be expected that some other programmes may also have forestry implications. The example below refers to a programme where only forestry area has been targeted.

Italy, Trento

- **Objectives:** The measure aims to the promotion of tourism and related activities in rural areas. **The measure concerns only forest areas.**
- **Eligible actions:** realisation of:
 - a) didactic itineraries, information centres and production of explanatory documentation;
 - b) creation of itineraries for on-foot access to natural areas, and small infrastructure including traditional wooden fences.
- **Targets:** 30 new tourist activities supported €1.5 million of total investments. Results: 12 learning centres, 20km of equipped paths and 10 jobs will be created.

56) Basic services for the economy and rural population (measure 321, article 56)

This measure can also provide support among others for bioenergy related investments. In this way, it also may have forestry relevance. Altogether 23 programmes (AT, BG, DE(6), IT(12), LV, UK(2)) use this measure in connection with bioenergy purposes.

Germany, Hessen

- **Objectives** and targets of the measure
 - B: The increase of the share of decentralised produced and used heat energy out of biomass.
- **Type of actions implemented**
 - B: Facilities for the energetic use and material recycling of biomass.
 - B 1: bio-gas-plants, combined heat and power plants
 - B 2: wood fire heating systems for central supply (at least 50 kw)
 - B 3: local heat supply systems
 - B 4: research and development projects, pilot schemes and feasibility studies
- **Type, scope and amount of aid**
 - B 1: - 30 % of all eligible costs, max. 75.000 €per plant
 - B 2: - 30 % of all eligible costs, max. 10.000 €per object (up to 100 kw), max. 200.000 €per object (at least 101 kw)
 - B 3: - grant of 100 €per metre route
 - in addition 250 €per building, connected to the system
- **Additional information:**
 - The support is given exclusively on the basis of area-related local development strategies.
- **Targets:**
 - Sub-measure B: 420 units & 105 pilot projects

Conservation and upgrading of the rural heritage (measure 323, article 57)

Forest management plans, studies relating to Natura 2000 areas or other high natural value areas can also be supported and at 8 programmes (A, BE, FR(1), DE(1), ES(2), IT(1), LV) specifically indicate forestry among the issues covered.

Austria:

Sub-measure for forestry:

- **Objectives:**
 - To improve planning for the natural habitat
 - To restore, maintain and safeguard the cultural heritage of forests
- **Eligible actions:**
 - (a) Design of protection and management plans for areas according to Directives 79/409/EEC and 92/43/EEC and/or § 32 a of the national Forestry Law of 1975
 - (b) Studies and investments in connection with the maintenance, reconstruction and improvement of the cultural heritage of forests
 - (c) Safeguard cultural heritage of forests (public relation and information activities, project planning and management)
- **Type of beneficiaries**
 - Managers of agricultural and forestry enterprises, co-operations of forest owners, agrarian communities, municipalities, water cooperatives and associations.
- **Conditions for granting the aid**
 - For (a) there has to be an agreement between the owner of the forest and the responsible authorities for forests and environment on the respective project.
 - For measures to safeguard the cultural heritage of forests (c) all necessary authorisations by the relevant authorities have to be provided and followed.
 - Design and technical implementation of the project in agreement with the regional authorities responsible for water management.
- **Targets:** 2000 actions.

Latvia:

- **Objectives:** The purpose of this measure is to facilitate preservation, renovation and improvement of rural cultural heritage sites related to agricultural, forestry and processing activities, rendering them accessible and attractive to general public and tourists
- **Eligible actions:** Support under the specified measure is provided to the following activities related to agriculture, forestry or processing industries:
 - 1) development of museum activities, when the activity is related to agriculture, forestry or processing industry and the museum is/will be accredited in line with the procedure stipulated by the Cabinet of Ministers.
 - 2) improvement of agriculture and forestry vocational premises forming part of cultural and historical architectural heritage site of state or community significance, and is included in the list of the state protected cultural monuments. Adjacent territories are open to public.

- The measure is implemented based also on LEADER approach; therefore, projects compliant with the local development strategies prepared by local action groups are eligible for support, too

8.4. Leader

At least 5 programmes (LV, ES(3), UK(1)) mention forestry as one of the particular areas for Leader projects and activities.

Spain, Andalucía:

- **Objectives:** The aid envisaged in this measure will be adapted to what is established in Article 63 of CR (EC) 1698/2005, with the aim of improving the competitiveness of the agricultural and forestry sector through support for restructuring, development and innovation.
- **Eligible actions:** under title of: **Increase in the economic value of the forests**
 - The Rural Development Groups will grant subsidies for investments or activities in relation to the increase of the economic value of the forests through the diversification of their production, the increase in the capacity of marketing of their products, the increase in the social and economic value of the natural resources, the impetus in the management plans and cooperation. Investments or activities will be based on forestry management plans for forestry holdings which exceed a certain size.
 - As an example of the described activities: acquisition of machines and equipment, projects of forestry development, impetus to the development of integral management plans and plans of management from the Andalusia pasture, support to the forestry groupings, tree growers' associations, etc..

United Kingdom, Wales:

- **Objective:** The main aims of this measure will be to encourage the development of skills and knowledge in order to strengthen effective and inclusive partnership working and improve genuine endogenous engagement within local communities, both spatially and within communities of interest. Practitioners and local animators will be encouraged to learn to deliver effective local community SWOT and needs analyses leading to effective local development strategies, to promote stronger local co-operation amongst potentially disparate local interest groups and to develop self-sustainable solutions for the area over the longer term.
- **Actions** will seek to deliver local priorities in a co-ordinated manner and to improve local governance and development potential through capacity building and needs audits. Key actions will include:
 - Developing Local Action Groups and building local partnership capacity,

- animation and promotion of skills acquisition;
- Improving endogenous development potential through capacity building and needs audits;
- **Improving local governance by fostering innovative approaches to linking agriculture, forestry and the local economy**, thereby helping to diversify the economic base and strengthen the socio-economic fabric of rural areas;
- Community capacity building and empowerment;
- Facilitating links between sectors and between public / private / voluntary and community groups;
- Support for innovation and entrepreneurship;
- Piloting of new products and approaches including dissemination of best practice;
- Support for co-operative development including infrastructure; and
- Encouragement of on-line communities to disseminate knowledge, exchange good practice and innovation in rural products and services.

8.5. Integrated measures and interactions

Integration of operations from different axes can in some situation improve the overall effectiveness of the programme. Formulating combinations of activities of different axis so that they can be offered as "packages" can improve their potential uptake and effectiveness. In "Portugal Mainland" programme, for example, measure 111 on training and measure 122 "targeting the improvement of the economic value of forest", have been integrated with measure 123 "adding value to agricultural and forestry products". In Estonia, measure 226 on prevention has been integrated with measure 122 "improvement of the economic value of forest".

In the case of integrated measures the applicable support rates and eligibility conditions for different operations follow the conditions of the different measures under which they fall.¹³

In general, it is useful to know that forestry measures often have some interaction with measures from other axis. Some examples of such interactions between forestry and other measures were identified:

- Investments in the economic value of forests (e.g. thinning, pruning, support for proper and environmental friendly equipments) could generate higher income for forest owners, and based on these as good examples, it may also encourage others start to manage their forests in a sustainable way and produce wood and non-wood services. The low quantity and value wood from these forests can be used in the local energy plants with combination of other agricultural origin biomass.

¹³ According to this case Article 42 of Commission Regulation 1974/2006 provides guidance stating that: "for the purposes of Article 70(7) of Regulation (EC) No 1698/2005, where integrated operations fall under more than one axis and/or measure, for each part of the operation clearly identified as falling within the scope of a particular rural development measure, the conditions of that measure shall apply."

In this way, axis 1 and axis 3 actions can be connected and it could also be seen as contribution to the renewable energy targets.

- Investments related to the first processing of wood as raw material can be supported under axis 1 in measure 123. In axis 3 micro-enterprises may process local wood; produce small amount of traditional furniture for the local market can also be supported. These micro-entrepreneurs could appear to be market for small amounts and even for low quality of wood originated from small fragmented forests. These incomes for small forest owners could encourage them to use their forests, produce marketable and non-marketable services or run non-productive investments e.g. for recreational purposes or make voluntary commitments for environmental purposes.
- It is already observed that the number of the snow covered days is decreased in the Alpine region. The shrinking season in ski resorts indicated the development of new services as mountain biking and hiking. Signposting of forest footpaths, building of look out towers, establishing thematic paths (these activities are eligible in measure 227) now has growing importance for the livelihood of the local dwellers who can use "measure 313" to support tourist activities. It seems that these activities have already appeared in the current programmes and in some cases the Leader approach is the umbrella for them.

9. STATE AID FRAMEWORK CONDITIONS

Forestry is an activity outside the Annex I of the EC Treaty. This means that forestry is not considered an agricultural activity in Community law. Therefore, the State aid rules applicable to trade and industry also apply to forestry. This means that the de minimis exception to the aid (€200 000 / three year period, national Regional aid, and SME aid (Regulation (EC) No 800/2008) may be used. Moreover, Community co-financing is also possible for forestry measures under the Rural Development Regulation (EC) No 1698/2005.

Multi-sectoral rules have been applied to forestry in the past and no specific rules existed before 2006. In addition, it was an established Commission practice to authorise aid for the conservation, improvement, development and the maintenance of forests. This practice was based on decided State aid cases.

The established Commission practice based on decided State aid cases over the past 20 years had evolved and become complex. The lack of transparency and clarity led to legal uncertainty. Therefore, the established practice needed to be codified and defined in a set of rules to replace such a practice. Rules also were needed to avoid overlapping of the established practice with multi-sectoral rules and to provide a legal basis for the state aid for Axis II forestry measures in rural development financing.

The rules adopted in 2006 codify and define previous Commission practice based on State aid decisions and are contained in Chapter VII of the Community Guidelines for State aid in agriculture and forestry sector 2007 to 2013 (OJ C 319, 27.12.2006). General State aid rules applicable to forestry (mainly concerning the

Axis I measures dealing with economic activities) are not affected by the adoption of the state aid rules for forestry in rural development, and they continue being applied as before. The rules cover State aid for rural development measures for the sustainable use of forestry land (Articles 43-49 of Regulation (EC) 1698/2005, i.e. Axis II measures). The new rules are limited to the State aid promoting the sustainable forest management in general and multi-functional aspects of forests, measures favouring the ecological, protective and recreational functions of forests and wooded land, more specifically. The Member State notifying planned State aid to which these rules apply must demonstrate that the measures have this effect.

The rules do not apply to commercial extraction and transportation of timber or to wood processing or energy generation. These activities are covered by the general rules applying to the industry and trade. However, it is not a problem if State aid granted in conformity with the rules also brings economic benefits, e.g. in form of healthier trees and better quality of wood or the possibility to use roads for recreational purposes.

Three types of measures are allowed under the rules:

1. Measures where 100% aid is allowed;
2. Measures where type of aid and aid amount are the same as in Articles 43-49 of Regulation (EC) 1698/2005 (axis 2 measures);
3. Measures in common with the agriculture sector.

Under the first type of measures, 100% aid is allowed for measures directly contributing to maintain or to restore ecological, protective and recreational functions of forests, biodiversity and a healthy forest ecosystem:

- Planting, pruning and felling trees, restoring damaged forests, afforestation to increase long-term forest cover or biodiversity and to combat erosion and desertification; excludes aid to commercial extraction of timber and simple restocking,
- Maintaining and improving soil quality and ensuring healthy tree growth; includes fertilisation, water retention, drainage and reducing excessive vegetation,
- Combating diseases, pests and forest fires and compensating for the loss of stock due to such measures if ordered by the authorities,
- Restoration and maintenance of natural pathways and landscape features,
- Constructing roads and visitors' infrastructures; these must be open to public at no charge for recreational purposes,
- Information material and PR-events disseminating general information about forests; advertising excluded,
- Purchase of forestry land for permanent nature protection use.

Under the second type of measures, aid and aid amounts are the same as in the Articles 43-49 of Regulation (EC) 1698/2005:

- Afforestation of agricultural or non-agricultural land, establishment of agroforestry systems on agricultural land, Natura 2000 payments, forest-environment payments, restoring forestry potential and introducing prevention actions as well as non-productive investments; the aid must meet

the conditions laid down in Articles 43-49 of the Regulation and not exceed the maximum aid intensity stipulated therein.

- Additional costs and income foregone due to the use of environmentally friendly forestry technology going beyond the relevant mandatory requirements if the forest owners enters a voluntary commitment concerning the use of such technology and the commitment satisfies the conditions of Article 47 of Regulation (EC) No 1698/2005; in certain limited cases aid amounts may be higher than the maximum allowed under the Regulation.

The experience with the new State aid guidelines in rural development measures would seem to indicate that due to the complexity (multifunctional nature) of forestry some rural development measures do not correspond to specific provisions in the State aid rules for forestry. In some cases more than one State aid rule could be used as a legal basis to approve a measure. A measure concerning afforestation, for example, could be approved on the basis of point 176 (using rural development rules) or of point 175 of the Guidelines (using specific Guideline rules). The choice of the applicable legal basis depends on the precise content of the measure and possible cumulating with other support measures, in particular those receiving rural development funding. Normally it is not possible to cumulate State aid with rural development funding for the same measure if this would result in a higher aid intensity than the maximum allowed under the rural development legislation.

If the proposed aid measures contain several activities it is usually necessary to look for a legal basis for each of these activities. Therefore, the Commission will examine all State aid notifications individually and check, whether the proposed aid measures comply with the State aid rules.

As for rural development funding for forestry measures, it is important to note that all State funding for such measures is subject to State aid rules, including the national counterpart for Community financing. This means that a so-called State aid clearance of the State funding is necessary. This can be obtained by using an Exemption Regulation, paying the aid as de minimis –aid or by the way of a Commission Decision. In order to obtain such a Decision a State aid notification pursuant to Article 88 (3) of the EC Treaty must be made to the Commission before starting to grant the aid.

As a rule, information on additional national financing and description of state aid measures can be found in the end of the adopted Rural Development Programmes. In general, it seems (e.g. for smaller amount of supports) that the "de-minimis" Regulation No 1998/2006 is used frequently for forestry measure for this programming period 2007-2013 and in other cases references are provided to the existing state aid decisions on forestry activities.

The summary of the comparison of state aid rules and rural development measures can be found in Annex III: Application of state aid rules to forestry measures in rural development – an orientation to applicable rules.

10. CHALLENGES AND EMERGING ISSUES

The following section provides a brief overview on some potential connections to forestry measures which have to meet the Health Check.

10.1. Forestry measures in the light of the Health Check

The modification of the rural development regulation (CR 1698/2005) provides a non-exhaustive list of types of operations in order to help the Member States to identify the relevant operations related to the new challenges in the context of the legal framework for rural development.

This list includes the following forestry measures of axis 2 in relation to climate change mitigation, water management and biodiversity:

- First afforestation of agricultural land, (221)
- First afforestation of non-agricultural land, (223)
- Natura 2000 payments (224)
- Forest-environment payments (225)
- Restoring forestry potential and prevention actions (226)
- Non-productive investments (227)

Concerning renewable energies, the list involves measures for modernisation of agricultural holdings (121), mentioning perennial energy crops (short rotation coppice and herbaceous grasses), and the measure adding value to agricultural and forestry products (123) with potential effects on substitution of fossil fuels.

The Health Check provides incentives for higher uptake of operations which relate to the new challenges.

These incentive effects include:

- an increase of the aid intensity rate by 10 percentage points from 1 January 2010 for types of operations related to the new challenges, and
- for area-based types of operations related to the new challenges the upper limits defined in (new) Annex 1 (of the modified regulation) may be exceeded.

10.2. Forestry measures and climate change

The recently completed study on Impacts of climate change on European forests and options for adaptation¹⁴ summarises the available information on impacts of climate change at EU level. The study concluded certain important issues for future forestry. The next section provides examples how rural development programmes may offer appropriate means to improve the adaptive capacity of existing and future forests and improve the mitigation capacity of the forest sector.

Improving human potential

The above mentioned study reveals that socio-economic factors are important for adaptation and that adaptive capacity is generally higher in regions with active forest management. Forest ownership structures, availability or shortage of forest sector work force, and educational level of forest workers are other factors influencing the adaptive capacity in the forest sector. Rural development

¹⁴ "Study on impacts of climate change on European forests and options for adaptation" prepared by EFI, supported by the Commission

programmes for 2007-2013 may provide responses for some climate change related challenges. For instance, training and information actions (measure 111), use of advisory services (measure 114) and setting up of advisory services (measure 115) can contribute to the improvement of the adaptive capacity of forestry and these measures may improve the quality and the quantity of active forest management. Therefore, both environmental and economical interests could be fulfilled using measures targeting the improvement of human potential.

Concerning forestry associations, they may receive support indirectly through rural development programmes if they offer training or advisory services to their members. Forest owner associations can also establish advisory services and forest owners may receive support for use of these advisory services. Advisory services and training can be important tools for enhancing adaptation capacity.

Developing physical potential

Measures related to forest stand management can also offer possibilities to improve the adaptation to climate change. Improvement of the economic value of forest (measure 122), which should be based on forest management plans above a certain limit, can serve economic and environmental interests at the same time. A well planned and implemented thinning or pruning can improve the economic value of the forests and the stand stability. The species composition can be modified by encouraging those species or varieties which would have a chance to adapt better to the future climate conditions. Introducing other, drought or shadow tolerant, species could also improve the value of the existing forest stand, protect forest soil and contribute to other functions of the forest stand, e.g. protection against erosion or providing habitats. However, higher diversity usually means higher cost of management compared to mono-species stands with simpler forest structure.

Harvesting activities (according to the above mentioned study) should take place at smaller scales and where possible according to the principles of natural regeneration, enhancing structural as well as species and genetic diversity via long regeneration periods. Higher attention should be paid to avoid increasing the susceptibility to disturbances by harvesting operations such as producing open stand edges exposed to prevailing winds and strong direct sunlight. Development of machinery is one important adaptation measure in the boreal zone to cope with less favourable conditions for winter harvesting.

Forestry measures of rural development programmes can already provide due responses to these aspects. E.g. properly planned and implemented forest road and track network (e.g. through measure 125) can contribute to the successful implementation of the required smaller scale harvesting operations. The need for smaller scale operations may also indicate that eligibility or priority criteria for some measures could be adjusted accordingly to the climate change-related needs. Cooperation for development of new processes and technologies in the forest sector (measure 124) may further contribute to the above mentioned efforts.

Forest management planning is becoming more challenging in the perspective of climate change. New planning and decision tools have to be developed and applied to deal with uncertainty and risk in long-term forest planning. Flexible adaptive planning, which takes into account all conceivable scenarios and allows to consider multiple options for future development, may be the best suited alternative. The

increased use of science-based decision support systems in forest management planning could foster such activities.

Some rural development programmes have already underlined the importance of forest management planning and the existence of forest management plans is a prerequisite of several forestry activities. However, the existence of forest management plans or equivalent documents is already a requirement for measure investments in the economic value of forests (measure 122).

Sustainable use of forestry land

Adaptation to climate change implies **forest protection** against the increasing hazards of abiotic and biotic disturbances. Given the heterogeneity of management goals from nature protection to intensive wood production, the multitude of forest ecosystems and potential damaging agents throughout Europe must be taken into account. **Adaptive measures are to be targeted on the full scale of silvicultural options from site selection to harvesting.** In general, establishing and sustaining forest ecosystems with highly **diverse tree composition, age and structure** is recommended by the study.

There are possibilities through axis 2 forestry measures to improve the adaptation capacity of existing and future forests. Species selection and implementation techniques in **afforestation** measures (221, 222 and 223) can be adjusted to the future site conditions. **Voluntary commitments**, concerning the climate change challenges, can be supported through forest-environmental measure (225). **Prevention and restoration actions** against natural disasters and fires and their eligibility criteria can be better fine-tuned with predicted climate extremities (measure 226). In addition to this, **non-productive investments** (measure 227) can also contribute to adaptation efforts. For instance, the introduction of other species which may adapt better to the expected future conditions or which protect the forest soil against the heavy sunshine can be considered as non-productive investments if the main purpose of this investment is to improve the ecological stability of the forests. This change in the forest structure may have positive effects on the carbon content of the soil, and soil micro-organisms could also be better protected.

11. ANNEXES

ANNEX I. TABLE OF AVAILABLE FORESTRY INDICATORS (TARGETS)

Measure	Number of beneficiaries/holdings/actions supported	Area supported or total amount of investments supported
Improvement of the economic the value of forests (122)	88 000 forest holdings	€2 010.7 million
First afforestation of agricultural land (221)	127 000 beneficiaries	653 000 ha
Agroforestry (222)	3 400 beneficiaries	62 000 ha
First afforestation of non-agricultural land (223)	44 000 beneficiaries	238 000 ha
Natura 2000 payments (224)	60 000 beneficiaries	410 000 ha
Forest-environment payments (225)	76 000 forest holdings	2 070 000 ha
Restoring forestry potential (226)	121 000 actions	2 057 000 ha
Non-productive investments (227)	119 000 forest holdings	€1 596.7 million

ANNEX II. USE OF INDIVIDUAL FORESTRY MEASURES AND ACTIONS IN THE RDPS

Forestry measures in the RDPS for the period 2007-2013		Axis 1															Axis 2							Axis 3					Axis 4
Country	Region	111	114	115	121	122	123	124	125	221	222	223	224	225	226	227	312	311	313	321	323	Leader							
Austria	National																												
Belgium (2)	Flanders																												
	Wallonia																												
Bulgaria	National																												
Cyprus	National																												
Czech Republic	National																												
Denmark	National																												
Estonia	National																												
Finland (2)	Aland Islands																												
	Continental																												
France (6)	Corse																												
	Guadeloupe																												
	Guyane																												
	Hexagone																												
	Île de la Réunion																												
	Martinique																												
Germany (14)	Baden-Württemberg																												
	Bavaria (Bayern)																												
	Brandenburg + Berlin																												
	Hamburg																												
	Hessen																												
	Mecklenburg-Vorpommern																												
	Niedersachsen + Bremen																												
	Nordrhein-Westfalen																												
	Rhineland-Pfalz																												
	Saarland																												
	Sachsen																												
	Sachsen-Anhalt																												
	Schleswig-Holstein																												
	Thüringen																												
Greece	National																												
Hungary	National																												
Italy (21)	Abruzzo																												
	Basilicata																												
	Bolzano																												
	Calabria																												
	Campania																												
	Emilia Romagna																												
	Friuli Venezia Giulia																												
	Lazio																												
	Liguria																												
	Lombardia																												
	Marche																												
	Molise																												
	Piemonte																												
	Puglia																												
	Sardegna																												
	Sicilia																												
	Toscana																												
	Trento																												
	Umbria																												
	Valle d'Aosta																												
	Veneto																												
Ireland	National																												
Latvia	National																												
Lithuania	National																												
Luxembourg	National																												
Malta	National																												
Netherlands	National																												
Poland	National																												
Portugal (3)	Açores																												
	Continent (mainland)																												
	Madeira																												
Romania	National																												
Slovakia	National																												
Slovenia	National																												
Spain (17)	Andalucia																												
	Aragon																												
	Asturias																												
	Baleares																												
	Canarias																												
	Cantabria																												
	Castilla la Mancha																												
	Castilla y León																												
	Catalonia (Cataluña)																												
	Extremadura																												
	Galicia																												
	La Rioja																												
	Madrid																												
	Murcia																												
	Navarra																												
	Pays Basque (País Vasco)																												
	Valencia																												
Sweden	National																												
United Kingdom (4)	England																												
	Northern Ireland																												
	Scotland																												
	Wales																												

without Framework program 69 43 17 41 50 69 41 64 66 17 41 15 28 60 71 23 35 10 23 8 5

**ANNEX III: APPLICATION OF STATE AID RULES TO FORESTRY
MEASURES IN RURAL DEVELOPMENT – AN
ORIENTATION TO APPLICABLE RULES¹⁵**

Forestry-related measures of the Rural Development Regulation CR No 1698/2005	State aid guidelines (319/2006), Section VII B (point)
Vocational training and information actions, Article 21,	175 (f): For information materials and activities. The information disseminated must be of general nature and concern forests (e.g. on the role of forests in the ecosystem, sustainable forestry practices, recreational uses of forests) and may not contain any advertising. This means that the focus must be on forests, not forestry products; for example aid for the promotion of wood products is normally excluded.
Use of advisory services, Article 24,	
Setting up of management, relief and advisory services, Article 25,	
Improvement of economic value of forests, Article 27.	(175)(a): Could be applicable under the condition that there is a direct contribution to environmental or recreational value of forests. E.g. where the purpose of the first „pre-commercial” thinning is to increase the structure of the forests, which could serve both environmental and economical interests. Note: in most cases the legal basis has to be looked for in the State aid rules applicable to trade and industry (e.g. Regulation (EC) 800/2008).
Adding value to agricultural and forestry	- <i>See State aid rules on innovation</i>

¹⁵ This information is given for orientation purposes only and does not prejudice any assessment by the Commission of State aid or Rural Development measures.

products, Article 28.	<i>(Regulation (EC) 800/2008) or de minimis</i>
Cooperation for development of new products Article 29.	- <i>See State aid rules on innovation (Regulation (EC) 800/2008) or de minimis</i>
Infrastructure related to the development and adaptation of agriculture and forestry, Article 30.	(175) (e): Constructing, improving and maintaining forest roads, visitors' infrastructures including facilities for persons with special needs, signposts, observation platforms and similar constructions, including planning costs, where the forests and infrastructure are open to the public at no cost for recreational purposes. Access to forests and infrastructures may be restricted if this is necessary to protect sensitive areas or to ensure the proper and safe use of the infrastructures. Note: the State aid rules are limited to aid for recreational infrastructure.
<p>First afforestation of agricultural land, Article 43.</p> <p>First establishment of agroforestry systems on agricultural land, Article 44.</p> <p>First afforestation of non-agricultural land, Article 45.</p>	<p>Normally (176): The Commission will declare State aid for afforestation of agricultural or non-agricultural land, establishment of agroforestry systems on agricultural land, Natura 2000 payments, forest-environment payments, restoration of forestry potential and introduction of prevention actions as well as non-productive investments compatible with Article 87(3)(c) of the Treaty if the aid meets the conditions laid down in Articles 43–49 of Regulation (EC) No 1698/2005 and does not exceed the maximum intensity stipulated therein. Note: the same rules as in the Rural Development Regulation.</p> <p>In certain cases and where no RD financing is used, (175)(a): planting, pruning, thinning and felling of trees and other vegetation in existing forests, removing fallen trees, as well as restoring forests damaged by air pollution, animals, storms, fire, floods or similar events, and the planning costs of such measures, where the primary objective of such measures is to contribute to maintaining or to restoring forest ecosystem and biodiversity or the traditional landscape.</p>

Natura 2000 payments, Article 46.

However, no aid may be granted for felling the primary purpose of which is the commercially viable extraction of timber or for restocking where the felled trees are replaced by equivalent ones. Aid may be granted for afforestation measures, including planning costs, to increase forest cover, to promote biodiversity, to create wooded areas for recreational purposes, to combat erosion and desertification or to promote a comparable protective function of the forest. Aid to increase forest cover may be granted only for demonstrated environmental reasons, such as low existing forest cover or the creation of contiguous wooded areas; it may not be granted for afforestation with species cultivated in the short term. Wooded areas created for recreational purposes must be open to the public free of charge for recreational use. Access may be restricted if this is necessary to protect sensitive areas. **Note: these rules are different from those in the Rural Development Regulation and do not allow any aid for income foregone. They cannot be used to increase the aid to co-financed measures over the maxima allowed in the Rural Development Regulation.**

Forest-environment payments, Article 47.

(177): The Commission will authorise State aid for the additional costs and income foregone due to the use of environmentally friendly forestry technology going beyond the relevant mandatory requirements if the forest owners enters into a voluntary commitment concerning the use of such technology and the commitment satisfies the conditions of Article 47 of Regulation (EC) No 1698/2005. Aid exceeding the amounts fixed in the Annex to Regulation (EC) No 1698/2005 shall in principle only be declared compatible with Article 87(3)(c) of the Treaty if granted for demonstrated additional costs and/or income foregone, in exceptional cases taking into account specific circumstances to be duly justified, in favour of commitments which lead to a demonstrable and significant positive effect on the environment.

<p>Restoring forestry potential and introducing prevention actions Article 48.</p>	<p>Normally (176). In certain cases, in particular to combat diseases and where no RD financing is used, (175) (c): Preventing, eradicating and treating pests, pest damage and tree diseases and preventing and treating damage done by animals as well as targeted measures, including building and maintaining roads and other infrastructure, to prevent forest fires. The eligible costs may include preventative and treatment measures, including soil preparation for replanting, and the products, appliances and materials necessary for such measures.</p>
<p>Non-productive investments Article 49.</p>	<p>Normally (176). In certain cases and where no RD financing is used, (175)(b): Maintaining and improving the soil quality in forests and ensuring balanced and healthy tree growth.</p> <p>Measures may include soil improvement by fertilisation and other treatments to maintain its natural balance, reducing excessive vegetation density and ensuring sufficient water retention and proper drainage. Aid may cover the planning costs of such measures. The measures must not reduce biodiversity, cause nutrient leaching or adversely affect natural water ecosystems or water protection zones.</p> <p>(175)(d): restoration and maintenance of natural pathways, landscape elements and features and the natural habitat for animals, including planning costs.</p>