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Forest Ownership in the ECE region (executive summary)

Note by the Secretariat

Summary

This document contains the Executive Summary of the study "Forest ownership in the ECE region", a joint publication of ECE and FAO prepared in cooperation with COST Action FACESMAP (Forest Land Ownership Change in Europe: Significance for Management and Policy).

The Committee and Commission are invited to support the dissemination of the Executive Summary as appropriate.

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I. Introduction

1. Public and private forest owners and the people who they engage to manage their forests, have a key impact on forests' provision of goods and services to society. Policy regulates owners' rights and responsibilities in managing their forests, but ultimately the owners, their decisions and activities influence forests and their provision of goods and services to society. Forest ownership is complex, diverse and changing. Hence, it is important to know and understand the forest owners, their rights, responsibilities, decisions and behaviours if we are to sustainably manage forests.

2. Forest ownership patterns in the ECE region are highly diversified and dynamic: political and economic factors including restitution, privatisation and land and timber markets underlie constant changes. Information on forest ownership is still relatively under-documented and often not linked to the analysis of the forest's condition, its management and its provision of goods and services. The new study on forest ownership jointly prepared by ECE and FAO with the support of COST Action FACESMAP is an attempt to improve knowledge on this subject. The study is the first of its kind to include private and public forest owners, and to assess how and why forest ownership is changing, and how governance and social structures affect forest owners and management.

3. Within the constraints of data availability and harmonisation, the study provides a new baseline for understanding the diversity and dynamics of forest ownership in the ECE region. The study provides an analysis of the interplay between public and private ownership, management, policy, and forest goods and services. The interactive database (https://w3.unece.org/PXWeb/en) offers yet more data and is publicly available.

II. Background and process

4. The study is part of the UNECE/FAO Integrated Programme of Work 2014-2017, approved by the UNECE Committee on Forests and the Forest Industry and the FAO European Forestry Commission (Metsä2013) in Rovaniemi, Finland, 9-13 December 2013. The study was developed in partnership with the European Cooperation in Science and Technology Action FP1201 on "Forest Land Ownership Changes in Europe: Significance for Management and Policy" (COST Action FACESMAP) and with the support of the forest owners' associations, notably European State Forest Association (EUSTAFOR) and the European Federation of Forest -Owning Communities (FECOF). This partnership initiated the Forest Ownership Project to seek information on the impact of forest ownership types on economic, environmental and social aspects of forests. It builds on the 2010 ECE/FAO study 'Private Forest Ownership in Europe' (ECE/FAO, 2010) and an expert survey on the situation and trends of forest ownership across Europe, published as the FACESMAP Country Reports (Živojinović, I. et al, 2015).

5. The study is based on the results of the ECE/FAO/FACESMAP survey, providing an overview of 35 ECE countries, supported by information from the 28 European countries that participated in FACESMAP, and publicly available data. Each section of the study is based on an analysis by a specialist lead author and other authors. This generated a study which considers many different aspects, discusses diverse questions using diverse research methodologies

6. This study makes an important contribution to the extent and availability of forest ownership information. However, two limitations of the study should be mentioned. Firstly, while the study is the most comprehensive of its kind, data covers only 35 countries and is often incomplete. Secondly, rather than reviewing in detail existing studies about motivations and actions of mostly private forest owners, this study offers a comparative overview of the topic of private but also public ownership, forest quality and policy and management outcomes (products, services and impacts)

III. The meaning of forest ownership

7. While the survey focused on forest owners, i.e. the legal owner of forests, the meaning of that ownership varies significantly among contexts. The FAO Global Forest Resources Assessment defines forest ownership as: *the legal right to freely and exclusively use, control, transfer, or otherwise benefit from a forest. Ownership can be acquired through transfers such as sales, donations, and inheritance* (FAO, 2018). However, forest owners seldom have the full range of exclusive legal rights to "use, control or transfer" when it comes to benefiting from their forest. The rights of legally named owners are restricted by legal regulations and social customs associated with the forest in question.

8. Instead, as discussed in the study, forest ownership is more usefully understood as a multi-layered system of relations between the legally entitled holder of the resource and the rights and duties involved in relation to the forest resource. Factors that affect these relations include the institutional setting, allocation of property rights, the character of the owning entity, and the regulation(s) and organisation of forest management. History, culture and politics are mediated through the role of the State, in translating ownership into rights and responsibilities. The formal institutional framework for the regulation of forest ownership comprises policies, legislations, technical norms and operational guidelines which influence the distribution of rights with respect to different forest ecosystem goods and services.

9. The "property rights" framework (Schlager, E. and Ostrom, E. 1992) helps to understand the complexities of ownership rights and is an approach that has guided all the chapters of this study. Ownership is seen as a bundle of rights (access, harvest rights, management rights, exclusion rights and alienation rights), which are rarely all held by one entity.

10. The study also addresses a second area of complexity of forest ownership, in the classification of ownership types. It goes beyond a simple binary of 'public' or 'private'. Public ownership has been analysed at the level of national (State), regional (sub-national) and local government ownership, enabling a novel analysis of scale and governance. Likewise, the separation of private ownership into individual / family, business, institutions, tribal and other common property, permits valuable insights.

11. An important consequence of a study that embraces both public and private forests, is that it highlights areas where classification is inconsistent or difficult – thereby drawing attention to a possible third or 'in-between' category. Community forests, and forests owned by non-profit organisations are examples of types that are sometimes considered in this category. Municipal (local government) forests are often known as 'communal' forests in continental Europe, and treated as a public form of ownership, while community or common properties are treated as a private form of ownership. However, in some countries municipal forests are categorised as private. Representatives of municipal forests often claim that they should be considered as a distinct ownership category alongside public and private ownership. Community forests or forest commons vary widely in their definition, and some are more akin to local public forests than to private. Some are defined through customary rights; others, linked historically to a local community, may be defined and protected through law which provides them with a special status; still others are newly created forms of collective rights based on the adaptation of company law.

12. When data is collected through an international survey, common categories have to be created and used for analysis. The owners referred to in the study, are the legal holders of title; and ownership is classified as public or private. But it should be kept in mind that beyond the labels and high-level summaries, there is even greater diversity of ownership types and structures, and a wide range of arrangements for translating ownership in to rights and responsibilities.

IV. Key patterns and trends

A. Forest ownership in the world

13. Public ownership of the planet's forest cover, which is approximately 3.999 million ha, is the largest ownership category around the world, reaching approximately 76 percent. The area under private ownership is around 20 percent according to the latest estimates of world's forests (FAO, 2015a, 2015b), while no data is available for the remaining 4 percent. The data also indicates that of forests under private ownership , 56 percent is owned by individuals, 29 percent is owned by private enterprises and 15 percent is managed by local communities and indigenous peoples.

14. Across the planet, private forests are on the rise, increasing by about 3 percentage points between 1990 and 2010, with most of the increase taking place in upper to middle income countries. The management of public forests by private companies has also increased from 6 percent to 14 percent in the same time period (FAO, 2015b).

B. Forest ownership and tenure in the ECE region

15. The ECE region covers 1.7 billion ha of forest, 42.5 percent of the global total, as compared to 34.8 percent of land area and 18.3 percent of population. The region's share of the world's forests in 2015 is one percentage point more than ten years ago. The average forest cover in the region is nearly 42 percent, higher than the world average, which is 31 percent. The region's forests are not evenly distributed: three countries, Russia, Canada and the United States of America account for 1.5 billion ha, 87 percent of the region's forest (ECE/FAO, 2015).

16. Prevalence of the public ownership of forests in Canada and the Russian Federation and in some other -in particular Eastern European - countries strongly affects the ownership structure in the ECE region. Overall, 1.38 billion ha of forest in the region are owned by public owners, which constitute 81.2 percent of the total, about five percent more than the global value (FAO, 2015b). However, when looking at the subregions and individual countries, forest ownership and management patterns in the ECE are substantially different from those in the rest of the world.

17. Overall, forest ownership in Europe (excluding the Russian Federation) is split fairly evenly, 44 percent of Europe's forests are public, whereas 56 percent are under private ownership. However, this picture is significantly more diverse when looking at individual countries.

18. Public forest management can be undertaken by both State and private companies to various extents. For instance, in countries like Croatia and Poland, State-owned companies manage 100 percent and 99 percent of public forests respectively, while in Belgium and Finland private companies manage 73 percent and 40 percent of public forests respectively. In Europe, levels of public participation in the management of State-owned forests vary, although there has been a significant increase of such practice in the past two decades.

19. As far as private forest ownership is concerned, most of the forest is owned by individuals and families. Indigenous communities own only 2 percent. Small scale land holdings prevail in European forests, 88 percent of all private forest holdings are less than 10 ha, while the combined area of these holdings corresponds to 13 percent of the total private forest.

20. Forests in the Russian Federation (815 million ha) and the prevailing majority of forests in the Caucasus and Central Asia are held by the State (ECE/FAO, 2015) although new tenure regimes that allow for private, communal and other types of use have been introduced in the region.

21. As far forest management is concerned, 578 million ha (71 percent) of the forest in the Russian Federation is managed by the State and 236 million ha (29 percent) by others

under lease arrangements (ECE/FAO, 2015). In the Central Asian region, State forests are also primarily managed by the State (over 95 percent).

22. Ownership patterns and trends are significantly different between the United States of America and Canada. In the United States of America 37 percent of reported forests are public and 63 percent are private, while in Canada the share of public forests is 91 percent. Only 1.7 percent of the Canadian public forests is owned by the State at national level whereas 98 percent is owned by sub-regional governments and none by local governments.

C. Changing ownership in the ECE region

23. Changes in forest ownership can be categorised as:

(a) Temporal and spatial changes within the respective forest ownership categories, such as changing shares of public and private forest;

(b) Changes in the meaning of forest ownership, in this case referring to legal frameworks and customary rules that restrict or encourage specific use of forest resources, such as the definition of property rights that differ substantially across the ECE region;

(c) Changes in values, or lifestyles, which may not be as easy to investigate as the issues mentioned above.

24. Overall the forest area in the region is increasing, and that increase is proportionally higher in the private sector. Afforestation has led to increase in both public and private ownership, while restitution and privatization have also contributed to a higher proportional increase in private forest.

25. Because of the lack of quantitative data on some of the factors that affect forest ownership, particularly changing meanings and lifestyles, the study uses an innovative approach, which asks experts to assess the importance of factors affecting change in forest owners. These indicate areas where restitution and privatisation have taken place; highlight cases where fragmentation and decreasing parcel size are a concern; and draw attention to the changing values of owners as new social groups, and new generations, take ownership – or existing owners move away from inherited land and develop more urban lifestyles.

V. Forest Management

A. Management of public forests

26. An important contribution from the study relates to the identification of different levels of governance of public forests, and the ways they are managed:

(a) Most countries reported that decisions about management of public forests, whatever the level (governmental, regional or local), are almost entirely made by a public body at the same spatial level as that at which the forest is owned;

(b) Only a few countries reported that State-owned forests are managed by ‘others’, including State-owned companies, private management companies, and NGOs;

(c) In most countries, municipal forests are more like private forests than the national public forests in that they are often free to operate autonomously. Indeed, in some countries they are classified as private, not public forests;

(d) Where public forests are managed by a government forest agency (at any level), operations can be undertaken by agency staff or by private contractors.

B. Management of private forests

27. Management of operations in private forest is more diverse than for public forest. There are several reasons for this, including the varied interpretation of the question on management responsibility by the national respondents:

(a) Small-scale private forest owners generally undertake the work themselves;

(b) Medium to large-scale private forest owners usually outsource operations to other companies. New forest owner types generally have limited forest skills and usually outsource the forest work to companies or become members of forest owners' associations;

(c) In some Central and Eastern European countries (e.g., the Czech Republic, Bulgaria, Slovakia) forest work is mainly undertaken by the forest owners while in some Western European countries (e.g., Ireland, Norway, Belgium, Switzerland) it is mainly carried out by forest contractors;

(d) Forest owners may hire different types of contractors according to the type of operations required for which a company may need to be licensed as in Croatia or may be encouraged to take out a long-term contract with a forest management company as in Lithuania.

VI. Forest services and ownership

28. Many factors affect how forest owners decide to manage their forest holding(s), including, cultural, political, socio-economic and demographic issues. Hence, different forest owners also have varied individual priorities that affect the provision of Forest Ecosystem Services (FES)[1] and/or Non-Wood Forest Products (NWFPs)[2]. It also means that forest use is significantly affected by the forest owner's status (e.g., urban or absentee ownership) and perspectives (e.g., willingness to harvest timber and/or woody biomass). Consequently, besides physical and biological attributes of the forest, forest ownership and use are important determinants of provision of wood as well NWFP and other FES.

29. In essence, the study considers how forest ownership relates to the provision of FES. However, while the ECE/FAO/FACESMAP Enquiry asked countries about wood removals, growing stock, FES and NWFPs, the data provided only allows for a comparison of wood removal, growing stocks and increment. There is insufficient data available to compare forest ownership in relation to other FES and NWFPs across the ECE region.

30. The total area of forest available for wood supply, as reported in the ECE/FAO/FACESMAP Enquiry, amounts to 1.107 million ha, which corresponds 71 percent of the forest area of reporting countries. Out of the total area reported as available for wood supply, approximately 765 million ha (81.5 percent) is publicly owned, 209 million ha (18.3 percent) is privately owned, and 1.61 million ha (or 0.2 percent), where ownership is unknown. It should however be noted that the distribution of forest available for wood supply according to ownership categories varies significantly across the ECE region. In many countries, a significant proportion of both private and (usually more so) public forest is not available for wood supply; in other words, the management objectives do not include timber harvest. Furthermore, in most countries the proportion of forests excluded from harvest is increasing.

31. Forest utilisation (expressed as felling as a proportion of net annual increment) is another important indicator to consider. Results from the ECE/FAO/FACESMAP Enquiry

[1] FES are limited to those "goods and services" provided by "forest ecosystems". It should however be recognised that FES classifications vary across classification schemes, such as the Millennium Ecosystem Assessment, MAES, CICES, FORVALUE and TEEB (FOREST EUROPE, 2014).

[2] Food and Agriculture Organization of the United Nations (FAO) defines NWFPs as "goods of biological origin other than wood derived from forests, other wooded land and trees outside forests" (FAO, 1999). Different terms, such as non-timber forest products (NTFP), are also in common use. NWFP cover both animal and plant products (other than wood) derived from forest ecosystems and/or forest tree species

show significant variations in the utilisation rate of the net annual increment depending on whether the forest is privately or publicly owned. In general, this indicator is substantially higher amongst private forest owners (61.7 percent) compared with publicly owned forests (36.3 percent). The data also reveal differences between countries, in the way that felling rates have changed over time. For instance, for the 1990 to 2015 period, there are no significant changes in the Nordic region (e.g., Norway, Finland and Sweden) and in Luxembourg. However, amongst Central and Western European countries, changes in fellings rates across private and public ownership occur (e.g., Austria and the United Kingdom). For Eastern European countries there are no specific trends, excluding cases such as Albania, which experienced sharp changes during the 1990 to 2015 period. Despite these variations, there appears to be no overall regional patterns in terms of forest fellings by forest ownership categories over time. This suggests that nationally-specific conditions (e.g., restitution processes and the general importance of the forest-based sector) influence changes in forest utilisation. Moreover, there appears to be a general increase in felling rates over time, in particular amongst private forest owners.

VII. Forest policy and governance

A. Policies affecting forest ownership

32. Forest policy is considered within a multi-level framework, that include several components, namely policy, regulations, administration, informal rules and markets.

33. Policies that support the creation of new forest owners include:

(a) Property restitution in post-socialist Europe;

(b) Afforestation subsidies.

34. Policies that support current forest ownership structures include:

(a) Inheritance laws;

(b) Defragmentation policies;

(c) Shared property;

(d) Land consolidation.

35. Regulatory frameworks are formal legal requirements (e.g. command and control instruments), often derived from the policy level, which establish *de jure* property rights. Some forest-related legislation is set at the constitutional level, such as the forms of forest ownership (public or private) and rules concerning forest ownership. The procedural aspects related to forest management are normally addressed through forest-specific legislation, such as forest codes, forest acts, and forest decrees as well as technical prescriptions and operational guidelines, or through forest-related legal acts.

36. Regulatory frameworks are often designed to set, prioritise or encourage forest owners, managers and resource users in order to achieve desired policy objectives. This may include the provision of more freedom for forest owners in order for the State to establish stronger incentives for the production of certain forest-related goods and services. This is reflected in different settings of the national or regional regulatory frameworks defining what a forest owner may or may not do in relation to their forest resource.

37. Policy instruments addressing specific ownership categories include:

(a) Forest-related financial instruments that differentiate between forest ownership categories based on the size of forest holding, often with a specific focus on small-scale forest owners;

(b) Policy instruments that focus on specific forest management activities, such as supporting management planning by forest associations;

(c) Taxation. Property tax in the United States of America is reported as having a significant impact on private forest owners. In Romania, forest owners who adhere to specific

certification schemes (e.g., Forest Stewardship Council Certification) are exempt from paying property taxes;

(d) Financial instruments are also used to support the implementation of regulatory frameworks, in countries where there are few legal requirements that affect private forest owners;

(e) Research, information, extension services and advisory programmes.

38. Regulatory instruments include:

(a) Agencies in charge of enforcement – usually by the State but at different spatial levels;

(b) Enforcement related to illegal logging – which needs to take into account underlying causes;

(c) Market-driven forest certification schemes, which play an increasingly important role in promoting responsible forest management and governance.

B. State forest organizations

39. Forest policy and laws are often implemented and enforced through State Forest Organizations (SFOs), which have two broad functions: forest management (of public forests), and regulation of activities in private forests. The range of information provided by member States, offers a valuable resource for understanding the diversity of organisation and effectiveness of SFOs in providing different types of services. SFOs, in general terms, either integrate forest authority and forest management services within one organization (Integrated State Forest Organization - SFIO), or separate them, so that State Forest Management Organization (SFMO) exclusively provide forest management services.

40. Multiple functions of SFOs (market based, and non-market based) represent a unique opportunity for the State to guarantee sustainable forest management in State-owned forests. At the same time, the complex range of activities carried out by SFOs creates challenges to optimize organizational and management related activities.

C. Organization of private forest owners

41. The study includes a unique overview of the development of private forest owners' organisations (FOOs). FOOs are a diverse group of associations that have the common objective of facilitating forest management and advocacy on behalf of forest owners. Different terminology is used to describe and analyse FOOs across the ECE region. Terms that are used in the country reports include: forest owners associations (FOA), cooperatives (FOC), commons, community woodlands, corporations, municipality forests, joint properties, and communal land-owners.

42. The organisation of private forest owners is ultimately determined by the tenure structure and legislative framework at the national level. From a legal perspective, there are several basic categories of private forest ownership that affect the prospects for FOOs, including private ownership by individuals and families, private business entities, private institutions, tribal and indigenous communities, and common forms of forest ownership. The study distinguishes between different types of ownership, organisations, and motives for joining forest owners' organizations.

VIII. Points for consideration

43. The Committee and the Commission may wish to invite member countries to:

(a) Support dissemination of this executive summary, the study and related data as appropriate;

(b) Further strengthen national forest ownership data collection both through the development of dedicated enquires and by including ownership disaggregated variables in general forest information systems.

44. The Committee and the Commission may wish to request UNECE and FAO to:

(a) Continue providing support to countries and forest owners organizations in their work on forest ownership data collection;

(b) Invite ECE/FAO Team of Specialists to review the ‘Enquiry on Forest Ownership in the ECE Region’, considering the feedback received from countries and other stakeholders about the recent reporting activity.

Annex

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