

Review of forest owners' organizations in selected Eastern European countries



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Gerhard Weiss
Ivana Gudurić and Bernhard Wolfslehner

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For further information, please contact:

Qiang Ma
Forestry Officer
Forest Economics, Policy and Products Division
Forestry Department, FAO
Viale delle Terme di Caracalla
00153 Rome, Italy
E-mail : Qiang.Ma@fao.org
Web site: www.fao.org/forestry

Project leader: Dr Gerhard Weiss
European Forest Institute
Central-East European Regional Office (EFICEEC)
Universität für Bodenkultur Wien
Feistmantelstrasse 4
1180 Vienna, Austria

Comments and feedback are welcome.

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REVIEW OF FOREST OWNER ORGANIZATIONS IN SELECTED EASTERN EUROPEAN COUNTRIES

CONTRIBUTIONS BY

Gerhard Weiss Bernhard Wolfslehner Ivana Gudurić	EFICEEC, University of Natural Resources and Life Sciences, Vienna (coordinator)
Zuzana Sarvašová	National Forest Centre, Zvolen
Zuzana Dobšinská Jaroslav Šálka	Technical University of Zvolen
Vilém Jarský Luděk Šišák	Czech University of Life Sciences Prague
Toms Zalitis Zinta Zalite	Latvia State Forest Research Institute, Silava
Diana Mizaraite	Institute of Forestry, Lithuanian Research Centre for Agriculture and Forestry
Marian Dragoi	University Stefan cel Mare Suceava, Faculty of Forestry
Endre Schiberna Janos Gal	West-Hungarian University, Sopron, Forest Faculty

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Executive summary

Following the restitution of landownership in Eastern European countries, private forest ownership is often highly fragmented. New private forest owners typically lack knowledge and experience of forest management. Forest owners' organizations (FOOs) are an instrument for supporting the sustainable management of private forests. However, there is a lack of experience of working through interest groups in the former socialist countries.

The aims of this study are therefore to improve understanding of the origins, evolution and current situation of forest owners' associations and cooperatives in selected Central and Eastern European countries, assess their effectiveness, and analyse lessons learned from experience of legislation, policies, strategies, institutional support and economic aspects. FOOs include forest owners' associations (FOAs) and forest owners' cooperatives (FOCs). FOCs focus on management, market support, and the provision of services such as technical and financial support and information and knowledge sharing. FOAs focus on political support, including by representing private forest owners in policy processes, advocating for their interests, and influencing policy and legal frameworks. The study covers six countries: the Czech Republic, Hungary, Latvia, Lithuania, Romania and Slovakia.

For each of these countries, the study describes the general institutional and political background for forests and the overall situation of FOOs, and provides an in-depth analysis of representative FOOs. The results show wide diversity among the development and forms of organization in the different countries.

Although private forest accounts for varying shares of total forest land in the selected countries, some common issues emerge: high fragmentation, with the average holding of each private forest owner ranging from less than 1 to about 7 ha in the countries studied; new forest owners' limited knowledge of forest management; State authorities' domination of forest management planning; and poor institutional support for private owners' forest management. Organizations take many forms: regional associations, associations of specific kinds of forest owner (e.g., private, municipal or church), re-established historical associations, and various kinds of umbrella organization. FOOs typically focus on either political representation (FOAs) or management support (FOCs), but often have multiple functions that include both types of service. The organizations develop slowly and face many challenges.

The factors that influence FOOs' development include the ownership structure and national policies. It is easier to form FOOs for large-scale ownership types, such as municipal or church owners, but most owners are very small. Factors for success include government's demand for a strong interest group, and sustained support for FOAs or FOCs. Success also depends on having strong bottom-up initiatives, clearly identified owners and the engagement of charismatic leaders. Sustained success for FOOs normally requires them to develop a broad range of services, including some that are available for members only (e.g., information services).

Many of the challenges facing FOOs in Central and Eastern Europe also exist in other countries, but some are specific to countries with a socialist history. Although a fragmented ownership structure and owners' lack of economic interest in forest properties – which often lead to detachment from forestry and agricultural knowledge and traditions – are phenomena that are also known in Western European countries, they are particularly pronounced where private ownership has been re-established after a period of nationalization. Additional problems specific to the study countries are improper restitution and privatization processes, restricted property rights, and dominant State authorities. The socialist legacy has generated a lack of trust in association processes, and the short history of democracy in the countries studied implies a lack of tradition in democratic policy processes, among citizens as well as authorities.

To support FOOs it is necessary to combine top-down support and bottom-up initiative, with political-institutional systems recognizing and supporting existing organizations and acting in the interest of forest owners. A systemic approach should be adopted, providing a clear and stable institutional framework, fora for political participation, financial support for setting up FOOs and advising forest owners, and a system of education, training and advice. The development of viable organizational structures requires reliable and enduring support through regulatory frameworks, financial means and informal recognition. International cooperation also provides important support to FOOs, including through development cooperation projects; international organizations, such as the World Bank and FAO; governmental cooperation; cooperation with European forest owners' interest groups, or bilaterally, such as with organizations from neighbouring countries; and scientific/academic cooperation.

Acronyms

ALFO	Associations of Local Forest Owners
APPR	Association of Private Forest Owners of Romania
CEPF	Confederation of European Forest Owners
COST	European Cooperation in Science and Technology
CSMC	Community of Masters of Forests and Mountains (Romania)
EAFRD	European Agricultural Fund for Rural Development
EFI	European Forest Institute
EFICEEC	EFI Central-East European Regional Office
EU	European Union
GRZVNL	Association of Non-State Forest Owners in Gemer Region (Slovakia)
FI	forestry integrator
FOA	forest owners' association
FOC	forest owners' cooperative
FOO	forest owners' organisation
FRA	Forest Resources Assessment
FSC	Forest Stewardship Council
LDO	Forestry Municipal Cooperative (Czech Republic)
LFOA	Latvian Forest Owners' Association
LMSA	Forest Owners' Association of Lithuania
MCPFE	Ministerial Conference on the Protection of Forests in Europe
MEGOSZ	Association of Hungarian Private Forest Owners
NGO	non-governmental organization
PEFC	Programme for the Endorsement of Forest Certification Schemes
PHARE	Programme of Community Aid to the Countries of Central and Eastern Europe
PMSA	Private Forest Owners' Association (Lithuania)
PRIFORT	Research into the Organization of Private Forest Owners
PROFOREST	Private Forest Owners' Association of Romania
RVNL	Council of Non-State Forest Owners' Associations (Slovakia)
SAPARD	Special Accession Programme for Agriculture and Rural Development
SVOL	Association of Municipal and Private Forest Owners (Czech Republic)
UDLS	Union of Diocesan Forests in Slovakia
UNECE	United Nations Economic Commission for Europe

URZVNL	Union of Regional Associations of Non-State Forest Owners in Slovakia
VAT	value-added tax
ZOL	Association of Municipal Forests in Slovakia
ZPEFC	Association of Owners and Managers of Forest Estate (Czech Republic)
ZTVNL	Association of Non-State Forest Owners in Trencin Region (Slovakia)
ZVSSLBBK	Association of Owners of Private Forests and Forests in Shared Ownership in Banská Bystrica County (Slovakia)

1. Objectives and design

BACKGROUND OF THE STUDY

During the transition from a planned to a market economy and to democracy, many Central and Eastern European countries started a process of land restitution and privatization. The restitution of forests acknowledges the continuity of private forest landownership rights by returning lands to their former owners or heirs and/or to local communities and institutions. In this context, privatization refers primarily to a transfer of ownership of forest land from the State to a private entity.

Many of the private landowners who emerged since the early 1990s are small forest owners. The increasingly small size of forest holdings makes viable forest management difficult because each property generates only a small income, and harvests typically take place at long intervals. Many new owners have limited forestry expertise and investment capital. This has created a need for support services and institutions that can lower transaction costs, to realize economies of scale, and provide critical services to small-scale forest owners. Forest owners' associations (FOAs) and forest owners' cooperatives (FOCs) are potentially effective means for addressing the constraints and challenges faced by small-scale forest owners in Eastern European countries. As private forest owners' organizations (FOOs) continue to develop and be increasingly valued by governments and owners in many of these countries, valuable lessons may emerge for informing other countries' efforts to develop forest landowners' associations and cooperatives.

The aims of this study are to improve understanding of the origins, evolution and current situation of FOAs and FOCs in selected Central and Eastern European countries, assess their effectiveness, and analyse lessons learned from experience of legislation, policies, strategies, institutional support and economic aspects. The study covers six countries, selected to represent the variety of transition processes in Central and Eastern Europe: the Czech Republic, Hungary, Latvia, Lithuania, Romania and Slovakia.

In the context of this study, FOOs include FOAs and FOCs that are based on non-State and non-industrial private forestry. Non-industrial private forestry does not include public sector forests, industrial forests owned or leased by processors, and forests held by charitable organizations and other non-governmental organizations (NGOs). The study focuses on associations and cooperatives whose members are mainly individuals, groups and communities. Forest ownership by local municipalities and churches is also included, because these owners are members of FOOs in some of the countries studied. The study can therefore be described as covering different types of non-State forest ownership.

FOOs' agendas can be classified into two broad categories: FOCs focus on management, market support and the provision of services such as technical and financial services and information and knowledge sharing; and FOAs focus on political support, including by representing private forest owners in policy processes, advocating, and influencing policy and legal frameworks. FOAs are usually larger and able to provide both categories of support services, while FOCs are smaller and generally provide mainly the first category. However, contexts and organizational situations vary from country to country, so there may be exceptions.

METHODOLOGY

Data were collected through literature and Internet review and by interviewing FOO representatives and other experts. In general, interviews were the main instrument for studying the selected FOOs. Table 1 shows the methods used for the different parts of the study.

Table 1. Methods used in the study

	Literature search	Internet search	Interviews with FOOs	Interviews with other experts
Literature review	x	x		
Background information	x	x	x	x
Specific case studies of FOOs		x	x	x

Project partners produced adapted guidelines for each type of interview, depending on the type of data to be collected. Methods were developed in coordination with FAO. Interviews also addressed gender issues regarding the distribution of forest ownership and the roles of men and women in FOOs.

CASE STUDY SELECTION

The study aims to describe and analyse FOOs in the six countries by selecting at least one example of each relevant type of FOO in each country. FOAs and FOCs were selected based on preliminary descriptions of all types of FOO existing in the countries. All national-level organizations were described (between one and five per country), and regional or local associations were also included. Where many organizations of the same type exist (e.g., regional-level cooperatives or regional sub-units of larger organizations), one example was selected. The main selection criteria for organizations were their representativeness and – as far as possible – their demonstrated success.

In total, 25 FOAs and FOCs are represented in the report.

Czech Republic:

- Association of Municipal and Private Forest Owners (SVOL);
- Forestry Municipal Cooperative of Příbyslav (LDO Příbyslav);
- Association of Owners and Managers of Forest Estate (ZPEFC).

Hungary:

- Háromhegy Forest Association;
- Szabó Forest Integrator (FI);
- Chamber of Agriculture Somogy Sub-Unit;
- Association of Hungarian Private Forest Owners (MEGOSZ).

Latvia:

- Latvian Forest Owners' Association (LFOA);
- Kuldīga FOA;
- Union Kraslava.

Lithuania:

- Forest Owners' Association of Lithuania (LMSA);
- Private Forest Owners' Association (PMSA);
- Forest Owners' Cooperative Aukštaitijos šilas (FOC Aukštaitijos šilas);
- LMSA Marijampolė Sub-Unit.

Romania:

- Forest Owners' Association Viisora Ruget;
- Forest Owners' Association Marsani;
- Association of Private Forest Owners of Romania (APPR);
- Community of Masters of Forests and Mountains (CSMC);
- Private Forest Owners' Association of Romania (PROFOREST).

Slovakia:

- Council of Non-state Forest Owners' Associations (RVNL);
- Association of Municipal Forests in Slovakia (ZOL);
- Association of Owners of Private Forests and Forests in Shared Ownership in Banská Bystrica County (ZVSSLBBK);
- Union of Diocesan Forests in Slovakia (UDLS);
- Union of Regional Associations of Non-State Forest Owners (URZVNL);
- Association of Non-State Forest Owners in Gemer Region (GRZVNL);
- Association of Non-State Forest Owners in Trencin Region (ZTVNL).

DATA COLLECTION

The interviews addressed seven general topics:

- 1) *Description of the FOO*: level of cooperation, type of cooperation, size and origin, gender issues.
- 2) *State support for the creation of the FOO*: political triggers or incentives, financial support instruments (direct or indirect), supporting projects from government or international organizations, services provided by governments or international organizations, incentives for private forest owners to participate.
- 3) *Creation and development of the FOO*: year of establishment, chronology, problems faced at the outset, main reasons for creating the FOO, initiators, membership, actors involved in establishing the FOO (State authorities, interest groups, etc.) and their roles, gender issues, etc.
- 4) *Operating system and organizational structure of the FOO*: linkages with other FOAs and FOCs, management and decision-making systems, profit distribution and benefit/loss sharing mechanisms, capital structure, scale and internal structure.
- 5) *Functions/services provided to FOO members*: education and training, marketing of wood and non-wood products, forest management planning, product processing, environmental certification, insurance, support for obtaining financial support, political support, membership in international organizations or networks.
- 6) *Effectiveness of the FOO*: number of members registered, possibility for members to generate higher income than non-members, lower costs and effort for managing and protecting forests, increased/more steady income from the forest, improved forest management and forest resources, increased market competitiveness of products, efficient information sharing, representation of owners in political fora.
- 7) *Outcomes of the FOO*: main achievements, satisfaction of expectations, benefits and costs of membership, profitability of the FOO, provision of crucial support to sustainable forest management, recognition and valuation by the government, credibility to members.

2. Literature review of forest owners' organizations

The literature review examined existing studies of private forestry, ownership issues, property rights, restitution and privatization in the selected countries. Most of these studies deal with FOO issues only indirectly.

Research in forest privatization and restitution, property rights, and associations and cooperatives of private forest owners has been steadily increasing since the 1990s.

CROSS-COUNTRY STUDIES

Important data on private forestry are collected and presented in the United Nations Economic Commission for Europe (UNECE)/FAO report on private forest ownership in Europe (Schmithüsen and Hirsch, 2010). Further basic information on the development of private forestry in the selected countries can be found in the FAO *Global Forest Resources Assessment* (FRA) (FAO, 2010), including detailed data from its individual country reports.

Glück *et al.* (2010; 2011) carried out an important cross-country study on FOOs in southeastern European countries as part of the Research into the Organization of Private Forest Owners (PRIFORT) study. This does not include countries covered in the current study, but its descriptions and analysis are highly relevant to and comparable with those for Eastern Europe.

European Cooperation in Science and Technology (COST) Actions E30 on economic integration of urban consumers' demand and rural forestry production, and E51 on integrating innovation and development policies for the forest sector covered FOO issues as topical sub-groups in analyses of case studies across Europe. The results are presented in Carvalho *et al.*, 2006; 2011).

NATIONAL STUDIES

So far, very little comprehensive research into forest associations and cooperatives has been carried out in the selected countries, but various aspects of the topic have been tackled.

In the Czech Republic, research into associations and support for associations has focused on the practical issues of establishing FOOs, such as legal and financing questions and models (Matějčíček and Skoblík, 1997; Flora, Kalousek and Novák, 2004; Flora, 2007).

In Hungary, since about 2000, four Ph.D. theses have analysed the privatization process, private forest owners, private forest enterprises and contractors working in private forests (Jager, 2001; Lengyel and Schiberna, 2004; Schiberna, 2007; Horvath, 2010). These dissertations provide in-depth and relevant information on how FOOs have developed, but do not refer directly to their history or present state.

In Latvia, research on private forestry includes aspects of associations (e.g., Vilkriste, 2004; 2011).

In Lithuania, the Forest Research Institute has undertaken a number of sociological studies of forest owners, including their typologies, goals and needs and the question of cooperation (e.g., Mizaraite, 2001; 2004; Mizaraite and Mizaras, 2005b).

In Romania, most of the scientific literature dealing with FOOs focuses on analysis of property rights and policies (e.g., Irimie and Essmann, 2009; Nichiforel and Schanz, 2009). Two large development projects with special attention to FOOs have also been undertaken.

In Slovakia, studies focus on the ownership and management of forests in the context of socio-economic change (Sarvašová and Tutka, 2005; Sarvašová and Svitok, 2006; Sarvašová and Šiška, 2010).

Most of this literature is written in the national language and published in national journals, proceedings and reports. Researchers in Romania and Lithuania have published papers in English-language

international scientific journals, such as *Small-scale Forestry* (e.g., Pivoriūnas and Lazdinis, 2004; Mizaraite and Mizaras, 2005) or *Forest Policy and Economics* (e.g., Irimie and Essmann, 2009; Dragoi, Popa and Blujdea, 2011), or in the framework of international research or development projects.

In the selected countries, the State administration, State research institutes or universities have carried out most of the research. Most studies are supported by national funds (e.g., the Forest Development Fund in Latvia). Some countries have had projects with foreign funding (e.g., from the World Bank in Romania, or the Danish Forestry Extension Service in Lithuania).

3. Country case studies

During the project, extensive data on the policy background, the development of FOOs in general and the analysis of selected organizations were collected according to a data collection protocol. This chapter summarizes the country case studies.

CZECH REPUBLIC

The forest policy of the Czech Republic is based on the Strasbourg and Helsinki resolutions of the Ministerial Conference on the Protection of Forests in Europe (MCPFE), which adopt the principles of sustainability, environmentally friendly management and enhancing forest biodiversity (Ministry of Environment, 1996). The main aim of forest policy was the restitution of property to its rightful owners (families) according to the ownership status of February 1948. Another aim was to privatize State forest companies (Kupčák, 2003). Today there are contradictory opinions about the processes of restitution and privatization, because they were not administratively documented. In general, privatization processes were not controlled or coordinated. A specific feature of the Czech Republic is that only investment property, such as facilities and machines, was privatized, and not the forest land itself. Privatization took several forms – coupon privatization, direct sales – and has been completed (Šišák, 1995).

The process of restitution started in 1992 and was still not fully completed in 2011. The restitution of church forest property has not been resolved. The average area of forest land held by each owner is about 3 ha. Most of these forest owners have never had or have lost their relationship with the forest, and have very little or no knowledge of forestry and forest management. In the Forest Act, the State declared its intention of supporting associations of small-scale forest owners to ensure efficient and viable units. The main actor in forestry so far has therefore been the State forest administration.

Most forests are currently owned by the State and managed by the State enterprise Forests of the Czech Republic; the remainder are owned by private owners, municipalities and cities.

To represent these small-scale owners, two types of organization have been formed to respond to different needs:

- Organizations focusing on economic factors are typical associations of small forest owners. They are mainly at the local level and aim to achieve more effective management through the association of members' properties.
- Organizations focusing on forest politics are active at the national level and aim to promote their members' interests in the design of State forestry policy.

Figure 1 shows the current structure of FOOs in the Czech Republic.

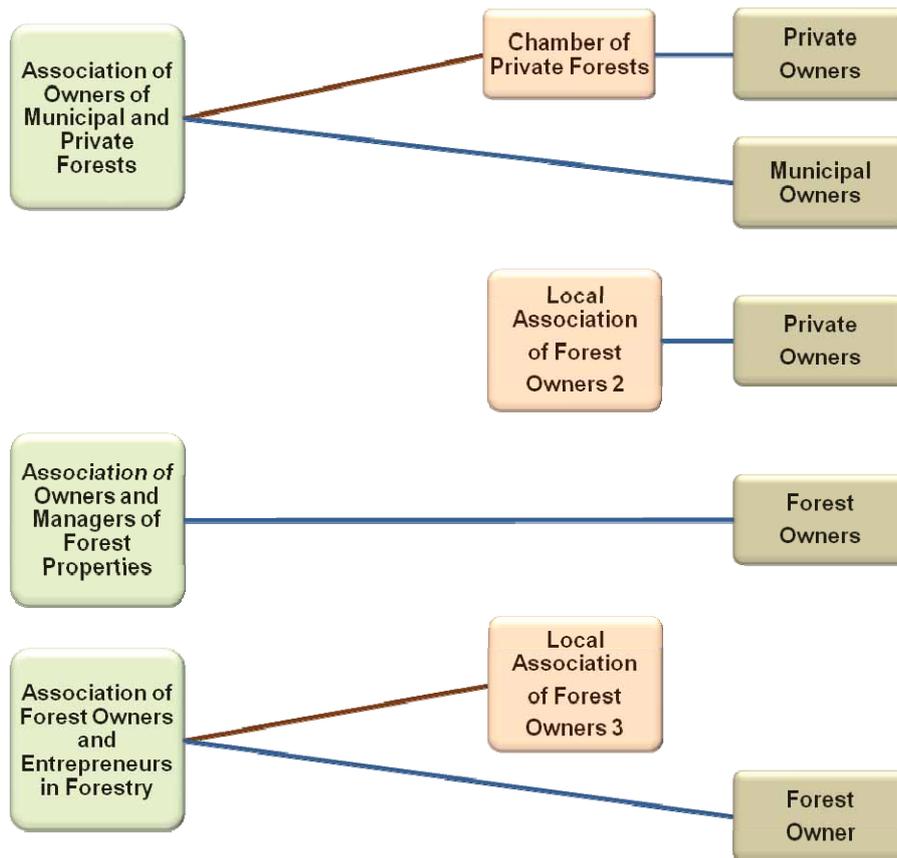


Figure 1. The structure of FOOs in the Czech Republic

The most active FOOs at the national level include:

- the Association of Owners and Managers of Forest Estate (ZPEFC);
- the Association of Forest Owners and Entrepreneurs in Forestry;
- the Association of Municipal and Private Forest Owners (SVOL).

There are also many organizations at the local level, of which the Forestry Municipal Cooperative of Přebyslav (LDO Přebyslav) is typical.

The process of restitution has led to a fragmented ownership structure, with nearly 140 000 forest owners each with an average of about 3 ha. However, although there is political support for the establishment of FOOs for these small forest owners, forced collectivization of agriculture in the 1950s created significant aversion to associating. The current Forest Act (1996) states that financial grants may be awarded to support FOAs and the management of their land. Since 1997, a specific grant has been available for associations of small forest owners, and from 2000 to 2003 the European Union (EU) contributed to forestry programmes in the country. However, although it was assumed that forestry would attract funds from the EU's Special Accession Programme for Agriculture and Rural Development (SAPARD), only the Programme of Community Aid to the Countries of Central and Eastern Europe (PHARE) was significant. When it acceded to the EU, the Czech Republic had access to EU funds through the Operational Programme "Rural Development and Multifunctional Agriculture", which provided funding for associations. However, no applications for this funding were submitted, mainly because the support was only for associations with a legal identity and no additional support, at least ten members, and a

maximum forest area of 150 ha; most of the owners' associations in the Czech Republic at that time did not have a legal identity. In the current programming period (2007 to 2013) for the European Agricultural Fund for Rural Development (EAFRD), there are no specific measures for associations. This implies that national support is the most important. In 2005, the mandate for providing financial contributions from the State budget shifted from the Ministry of Agriculture to regional-level decision-making.

Three FOOs were interviewed in the Czech Republic.

SVOL is a nationwide voluntary organization of owners and managers of non-State forest property. Private owners are organized in the Chamber of Private Forests – a separate legal entity that is a collective member of *SVOL*.

The main reason for creating *SVOL* was to support and assist 60 municipalities in the restitution process, by providing members with information and experience exchange.

Today *SVOL* has a very strong voice in the Czech Republic's forest sector. As the country's only nationwide FOA, *SVOL* has established joint trade in timber to develop a more advantageous market position for its members.

LDO Přebyslav was established as a regional FOC. Based on new national legislation, it had to be divided into three associations: one for individual owners who do not pay value-added tax (VAT); one for individual owners who do pay VAT; and one for municipal forest owners.

LDO Přebyslav provides its members with professional management and other services: processing of grant applications; help with repairing damage to game, if necessary for owners' economic activities; and information. An important activity is the empowerment of forest owners to guard their forests.

LDO Přebyslav is the largest forestry cooperative in the country in terms of number of members.

ZPEFC is the national managing authority for certification under the Programme for the Endorsement of Forest Certification Schemes (PEFC). It represents owners who together account for more than 50 percent of the Czech Republic's total forest estate, and handles all administration for the PEFC certification process. This is particularly important because PEFC allows regional certification based on sample testing of individual forest owners in the region.

HUNGARY

Between 1990 and 2010, there were three phases of forest policy in Hungary:

- In the 1990s, privatization was a high-priority issue in the country's economic reform. From the start of the transition, forest policy encouraged new forest owners to establish joint management. This period ended around 2000, when policy goals shifted from a "safety approach" to the use of more rational tools for supporting development of the forest sector and addressing specific problems pragmatically.
- The early 2000s were characterized by targeted solutions to specific problems. In this period, forest policy sought to identify the main problems and design solutions that built on those adopted in other countries, adapted to the national circumstances.
- The third period followed accession to the EU in 2004. This did not bring sudden changes in forest policy, but there was a definite shift from country-specific solutions towards EU solutions. Since then, the national budget for forestry has decreased and forest policy has had to rely increasingly on EAFRD.

Forestry does not play a significant role in the Hungarian economy, but aspects of forestry are important for nature conservation. The large-scale use of timber and wood for energy production is a new development.

Hungary has a compulsory, country-wide forest management system, with forest management plans provided by the State Forest Service. The forest administration is therefore very powerful and dominates the formulation of forest policy. The main actors in implementing forest policy are government bodies (the Forestry Department of the Central Agricultural Administration Office, the Environmental, Water Protection and Nature Conservation Agency, and the Office of Rural Development) and NGOs.

Forest privatization was a very important issue for citizens. The first years of privatization and restitution were chaotic, as parliament did not pass the forest law until 1996. This resulted in extremely fragmented landownership. The core concept followed by the administration was the creation of large private forest units (corporations with forest tenure) to reduce the number of forest management units. However, this was opposed by most new forest owners, who wanted to retain their independent ownership after 40 years of communism and obligatory cooperative land management.

The unique feature of the process in Hungary was that privatization (of 250 000 ha of forest) and reallocation (of 480 000 ha) were based on compensation vouchers instead of restitution. The privatization process included both the allotment of agricultural cooperatives' land among their members and the auction of State-owned land. Payments in these auctions were made via vouchers, which were given as compensation to those who suffered financial or political loss. For example, for agricultural holdings that had been nationalized, the previous owners' heirs were eligible for voucher compensation up to an established maximum. Vouchers were also awarded to those who had been politically disgraced and then rehabilitated after the system change and to long-term employees of agricultural cooperatives.

The Hungarian Constitution accepts three kinds of ownership: State, private and municipal. The State is the largest forest owner; State forests are managed by profit-oriented State stock companies. Private forests are small and fragmented. Approximately 55 percent of owners are men and 45 percent women.

FOOs take various forms in Hungary (Figure 2). Following the privatization process of the 1990s, common ownership is one of the most frequent forms. Commonly owned forests require strong cooperation among forest owners so, to a large extent, owners' relationships with each other determine the form of management.

In Hungary, the term "forest owner" is also used to refer to forest managers, who either represent the owners and operate under the owners' control, or lease the forest from owners who retain very little influence on management issues. The ownership structure is one of the main reasons why 200 000 ha of forest remain unmanaged, although studies (Schiberna, 2007) show that management power is at least as important as ownership.

Among these various management forms, forest associations have a long history and special role in forest policy. In 2009, 946 associations covered 111 000 ha, or 5.6 percent of the country's total forest area. Large-scale forest management has been important in Hungary throughout the twentieth century (Lengyel, 1999), and forest policy in the 1990s followed this model.

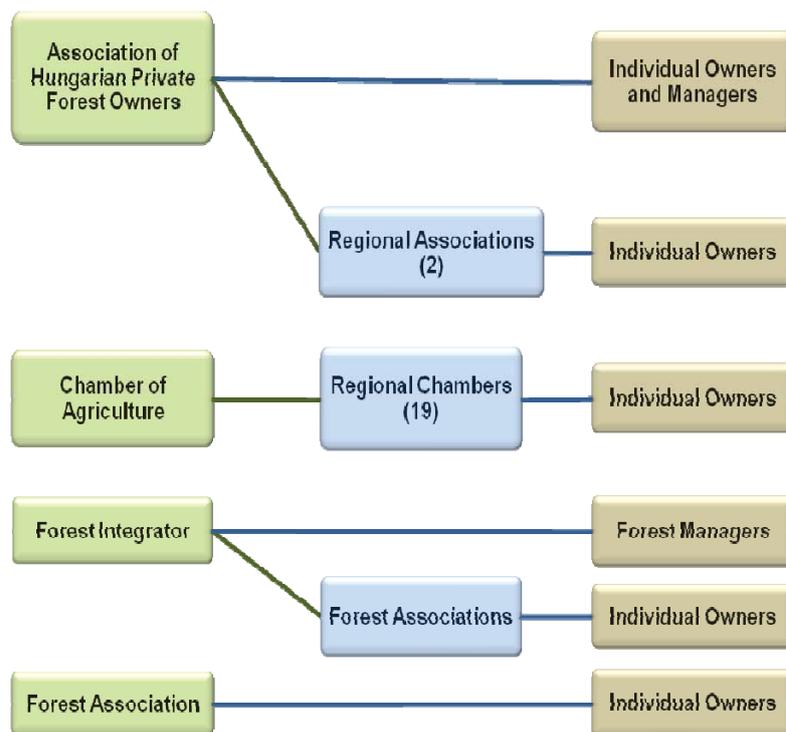


Figure 2. The structure of FOOs in Hungary

In the early 2000s, forestry integrators (FIs) emerged as a new form of cooperation in private forestry. An FI establishes strategic alliances among the core enterprise – the integrator – and partner enterprises. A subsidy scheme for the operation of FIs resulted in their rapid development and decreased the area of unmanaged forest. In 2008, however, the subsidy scheme was transformed, and the promotion of these service centres was abandoned.

In recent years production and sales cooperatives have been widely promoted in agriculture and forestry, based on demand from interested organizations. So far, however, no production and sales cooperatives have been established in forestry.

Other important organizations are the Chamber of Agriculture, the National Association of Foresters, the Association of Hungarian Private Forest Owners (MEGOSZ) and the Hungarian Private Forest Association.

Of the three FOOs interviewed in Hungary two operate at the national level and one is regional.

Szabó FI was set up by a professional forester who has been working in private forestry since privatization. It provides services for partner enterprises, including consultation, contracting and timber trading. After the programme promoting FIs was terminated, *Szabó FI* continued to operate and cooperate with partnering forest managers.

Szabó FI has developed a forest service centre capable of providing services for 6 500 ha of forest. Today FIs are profitable enterprises that contribute to the development of rural economies.

Somogy Sub-Unit is part of the Chamber of Agriculture and provides training and information services for its members.

The Chamber of Agriculture is a trusted partner in political negotiations, but its role is usually limited to consultations during legislative processes and cannot be compared to the more powerful representation provided by FOAs, which are more proactive and have more clearly defined interests.

MEGOSZ is the most important interest representation organization for private forests in Hungary. Its members are individuals, local and regional FOOs, forest cooperatives and forest management enterprises. *MEGOSZ* has 1 396 individual and two regional organization, covering about 115 000 ha of forest. It operates regional offices to allow closer contact with its members and organizes road-shows for informing private forest owners about current issues and recruiting new members.

Although private forestry (including new owners) was a very unpopular concept in the early 1990s, especially among forestry professionals, the success of *MEGOSZ* has contributed to a gradual change of this general opinion.

LATVIA

Latvia has a considerable amount of forested land (about half of its territory), more than 145 000 private forest owners, and an economy that is highly dependent on timber as its primary natural resource and main export product. The forest industry is the largest industry in the country (Latvia Forest Industry Federation, 2008).

In late 1999 and early 2000, the forest sector was radically reformed. Three independent government institutions were established:

- The Ministry of Agriculture's Forest Unit comprises two departments, has a normative function, coordinates international efforts, and informs the public about trends and developments in the forest sector.
- The State Forest Service oversees forest management on State-owned and private lands.
- The State joint-stock company Latvia's State Forests manages forests on State lands. It was established by an order of the Cabinet of the Republic of Latvia issued in October 1999 (Saliņš, 2002).

According to the goals defined by the national forest policy, development of the private forest sector is an essential condition for overall development of the national economy and for the preservation and maintenance of natural resources.

The government initiated privatization in 1990 to optimize management costs and strengthen the private sector in Latvia. The legal basis for privatization is established in the Law on Land Reform in the Rural Territories. Currently, nearly 50 percent of the forest area is privatized (Locmers, 2000).

In Latvia, 47 percent of forests belong to the State, 8 percent are municipal forests, 2 percent belong to the Ministry of Environmental Protection and Regional Development, 1 percent are scientific forests, and 42 percent are in private ownership. In 2004, 56 percent of private forest owners were men and 44 percent women (Vilkriste, 2004).

The State has no clear strategy for supporting the development of FOOs in Latvia's regions. Latvia has 145 000 forest owners, but not all of them are active. The average size of forest holding is 10 ha (Vilkriste, 2011).

The most important FOOs are:

- the Latvian Forest Owners' Association (LFOA);
- associations of small local timber companies and forest owners.

The structure of FOOs in Latvia is presented in Figure 3.

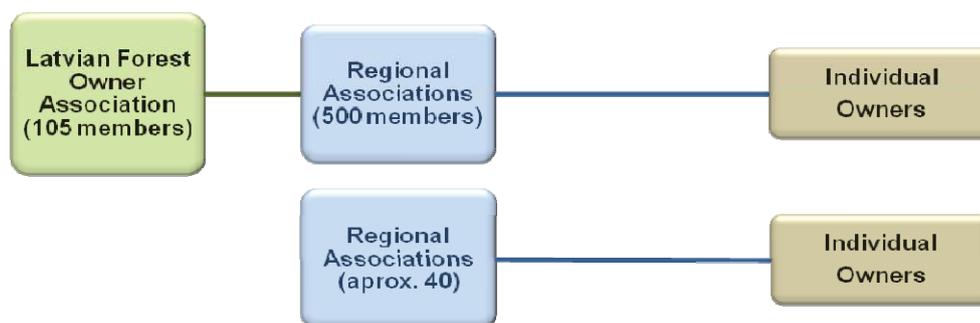


Figure 3. The structure of FOOs in Latvia

There are no specific regulations for creating FOOs in Latvia. Most are NGOs without any property. The forests are owned by the FOA members, rather than the FOA itself.

Forest owners in Latvia tend to be reluctant to join cooperatives or any other type of organization, as they fear losing their independence in decision-making.

FOAs for private owners are currently being developed and can be divided into three types: LFOA; associations for small local timber companies; and associations for small forest owners. There are approximately 40 of these latter two categories, each of which differs from the others. LFOA is the largest and more influential FOA in Latvia; local organizations are also important because they combine local traditions and up-to-date best practices for managing forest resources.

LFOA is an umbrella organization whose membership includes both individual owners and other FOAs. It covers 1.5 million ha of forests, and has 105 direct members and 500 indirect, who are members of regional FOAs.

Kuldiga FOA serves the western part of Latvia and is very important for the country's private forestry sector. It is an independent cooperative of members. Its main goal is to unite private forest owners for joint action in their forests. It was established in 2004 and now has 37 members.

Union Kraslava is similar to *Kuldiga FOA* but operates in the eastern part of Latvia. It was established in 2004 and has 47 members.

LITHUANIA

Before the Second World War, 85 percent of Lithuania's forests were managed by the State and the remaining 15 percent were privately owned. After the war, when Lithuania became fully integrated into the economy of the former Soviet Union, Lithuanian forests were generally in poor condition. In 1948, agricultural cooperatives were established and private forest ownership was abolished. Until 1990, Lithuania's forests were almost exclusively managed by the State (as State forest enterprises) and the collective farming system.

The Forest Law of 1994 introduced the basic principles of sustainable forest management and biodiversity conservation. Since Lithuania's accession to the EU, its forest policy has been influenced by EU directives, particularly regarding protected areas. A new Forest Policy and implementation strategy were approved in 2002. One of the strategic objectives of this policy is to create the legal and economic conditions for promoting the merging of small forest holdings through association and cooperation among forest owners.

To achieve this, a forestry restitution model with compensation was selected. The restitution process should be completed over the next two to three years, but the privatization of State-owned forest land is not foreseen for the near future. Today, 38.4 percent of the forest area has been restituted to private forest

owners, and another 242 000 ha is reserved for restitution. Major challenges facing the forest restitution process include:

- complex bureaucratic procedures;
- the limited forest areas subject to restitution – up to 10 ha in the first phase, 25 ha in the second, and 150 ha in the third;
- the lack of restitution of protected and other forests of national importance.

There are now approximately 803 275 ha of private forests owned by 244 550 individuals whose average holding is 3.28 ha. Information about the ratio of male and female owners is not available (Ministry of Environment and State Forest Service, 2011). Private forest owners have little knowledge of forest management, and many new owners do not live near their forests, but in distant cities or even abroad (Mizaraitė, 2000).

The Forest Owners' Association of Lithuania (LMSA) was founded in April 1993 to represent the interests of forest owners and develop the institutional framework for family forestry. LMSA has a very important role in representing private forest owners' interests at the national and international levels.

Over recent decades, more than 20 private FOCs have been established in Lithuania. One of the first of these was FOC *Aukštaitijos šilas*.

Today, there are 21 FOCs on the Register of Legal Entities. In recent years, some of these have changed legal entity from FOC to private limited liability company. For example, in 1996, FOC *Jungtiniai miškai* established itself as a network of one wood marketing company and five forest-related companies providing a wide range of services for private forest owners (Figure 4).

FOOs in Lithuania include:

- LMSA, with 29 regional units, 13 district FOAs and 16 members among FOCs and forest companies providing services for private forest owners;
- 13 district FOAs for Pasvalio, Anykščių, Biržų, Jonavos, Lazdijų, Mažeikių, Merkinės, Molėtų, Pakruojo, Rokiškio, Šalčininkų, Telšių and Zarasų;
- the Private Forest Owners' Association (PMSA), representing the interests of forest companies.

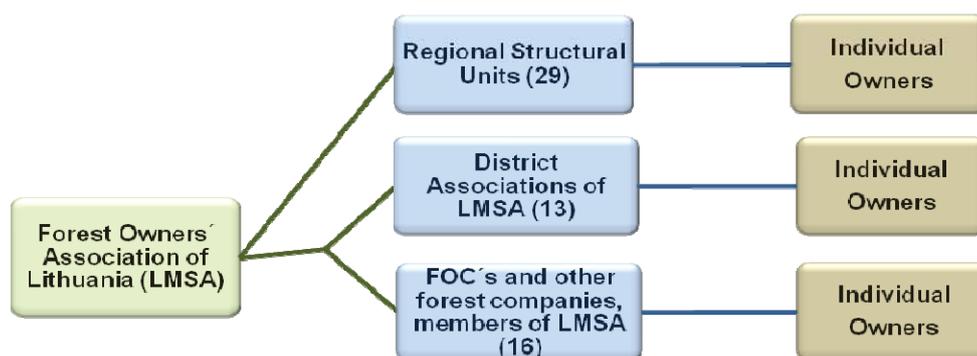


Figure 4. The structure of in the Forest Owner Association of Lithuania (LMSA)

The following FOOs were interviewed for the study.

LMSA has two types of members: more than 5 000 private forest owners (physical persons), and 16 FOCs/forest companies (legal persons) that provide services to private forest owners.

PMSA was established in 2005 and represents the interests of forest companies that provide forest-related services (e.g., logging, biofuel production). However, *PMSA*'s activities are not particularly effective. The *LMSA Marijampolė Sub-Unit* was established in 2004 and now has 60 private forest owner members. The main function of this regional association is advising private forest owners of the Marijampolė Region.

FOC Aukštaitijos šilas was established in 1998 on the initiative of people with experience of providing forest-related services. This cooperative has five members (private forest owners) and owns 700 ha of forest land. It provides all forest-related services for its members and other private forest owners.

In general, efficient development of private FOOs requires financial and political support from the governing authorities. Initiative and demand from private forest owners are also needed.

ROMANIA

Romania moved towards democracy and a market economy in 1990, when free elections were organized. In 1996, at the end of the first democratic election cycle, a new Forest Act was issued, mainly to reinforce the responsibilities of the National Forest Administration, which was created in 1990. This Forest Act had a chapter addressing private forests – between 1991 and 1996 there were no legal provisions for addressing private forest issues. The new act was adopted in 2000 and made compatible with the EU's legal framework.

The first law of land restitution was issued in 1991. According to this law, only 1 ha of forest land and up to 10 ha of agricultural land could be restituted for each individual claim. In 1998, Parliament issued Law 169, which enlarged the forest and agricultural land areas subject to restitution (to 10 ha of forest). The third stage of restitution started in 2005, and is governed by the *restitutio in integrum* principle. This allows restitution of all the area owned before 1948, and validates the granting of tenure rights for the difference between the total area owned and the area already restituted, for all categories of owner: private individuals, collectives, the church, communal owners, and other legal entities. Implementation of this legislation is ongoing, as validation and effective restitution processes have not yet been completed.

Of the approximately 950 000 ha validated by tenure rights assessment commissions, about 715 000 ha (75 percent) has been restituted; restitution of the remaining 235 000 ha has been delayed by various factors (owners' refusal of the land's location, cadastre documentation, etc.).

Currently, 53 percent of Romania's forests belong to the State, 15 percent to municipalities, and 32 percent to private owners, including the church with 2 percent of total forest area. The restitution of remaining forest property is continuing (National Forest Administration, n.d.).

There are two types of joint/community ownership in Romania:

- *Obsti* refers to indivisible equal-share ownership, for which the ownership statute applies only to families living within the community. Families who left the community in the past have no ownership rights. This type of ownership is common in Valachia and Moldavia regions. The members of these *obsti* are called “*razesi*” in Moravia and “*mosneni*” in Valachia; both terms mean “free smallholders”.
- *Composesorate* refers to indivisible equal- or unequal-share ownership, which is common in Transylvania and other parts of the former Austro-Hungarian Empire. Ownership titles can be inherited by the descendants of people who have left the community.

Owing to bad experiences during the communist period, Romanians are still reluctant to join any kind of cooperative, especially for non-industrial private forests or agricultural land. It is very difficult to encourage people to join together, as the terms “association” and – even more so – “cooperation” are interpreted as meaning “nationalization”. The structure of FOOs in Romania is shown in Figure 5.

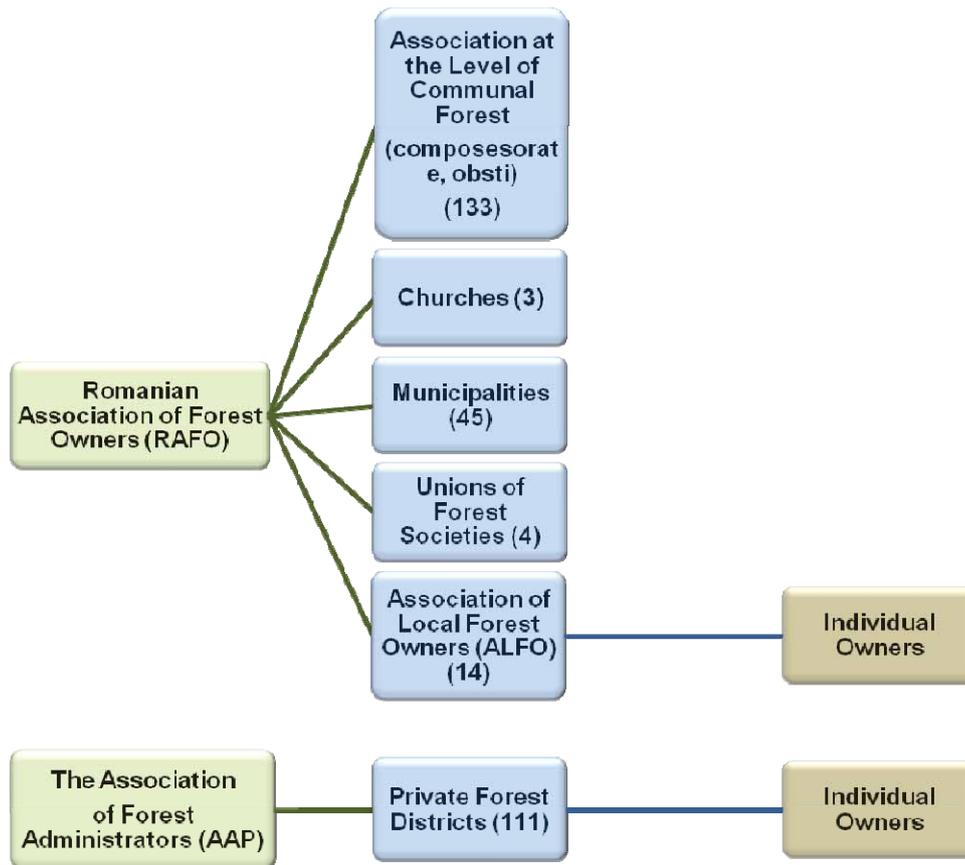


Figure 5. The structure of FOOs in Romania

Interviews were carried out with two local, one regional and two national FOOs.

FOA Viisoara-Ruget was created under the Associations of Local Forest Owners (ALFO) umbrella project, funded by a World Bank grant to provide legal and managerial support for the creation of FOOs. FOA Viisoara-Ruget is part of the larger organization Viisora obsti.

FOA Marsani was also created under the ALFO umbrella project, in 2006. It took two years to become effective, when people started to see the advantages of joining a local FOO.

The *Community of Masters of Forests and Mountains (CSMC)* is an umbrella organization for community forests (*obsti*) that needed support in the restitution process. CSMC demonstrates the value of involving high-profile personalities, to generate trust among forest owners and negotiate contracts via personal contacts at high levels of the administration.

The *Association of Private Forest Owners of Romania (APPR)* was set up in 1998 as a national umbrella organization for private forest owners. Its membership includes 250 legal entities (community forests, *obsti* and *composesorate*) and 170 individuals in 18 counties.

The *Private Forest Owners' Association of Romania (PROFOREST)* is an association of individuals and legal entities each owning more than 1 000 ha of forest. Together, its seven members manage more than 85 000 ha. PROFOREST was created in 2010 and is the only Romanian FOO to have joined the Confederation of European Forest Owners (CEPF). Its members have wide experience of managing forests in different countries, and PROFOREST is also the only Romanian FOO capable of providing effective technological transfer in forest management to its members.

SLOVAKIA

Over the last 15 years, Slovakia has undergone three transformations: i) political transformation to democracy; ii) constitutional transformation as an independent country; and iii) economic and social transformation, from a central to a market economy (Cervenakova *et al.*, 1999).

During the communist period, no Slovakian forests were privately owned. The privatization process started in 1991 and was expected to be finished by 1998, but went on until 2006. Restitution started in 1991, and there are still many unsettled claims. Under the restitution process, former owners were given back their property rights, and now more than 43 percent of the country's total forest area is in private ownership. The remaining, much reduced area of State forest has been reorganized.

All kinds of ownership (private, municipal, community, church and cooperative) have been restituted and are now equal in law. The restitution of forest property to its former owners has been accompanied by the introduction of diversified forest management. Ownership and user rights have been restituted to about 96 000 owners with about 994 000 ha of forest (Ministry of Agriculture and National Forest Centre – Forest Research Institute Zvolen, 2010).

The non-State sector now owns 49.9 percent of the country's total forest area, compared with the 57.8 percent originally subject to private, municipal, church, cooperative (*urbariat*) and community (*komposeseorat*) ownership. The missing 9.2 percent – whose owners are unknown – is currently managed by State forestry organizations (Ministry of Agriculture and National Forest Centre – Forest Research Institute Zvolen, 2010). From a statistical sample of forest owners it appears that 29.2 percent are women and the average holding is 8.93 ha, but exact numbers and characteristics of private owners are unknown. A significant proportion of forests are joint-owned by more than 3 500 communities (as associations).

Many FOOs were established in response to common problems arising from forest restitution based on previous ownership. The first association of non-State owners – the Association of Private, Associated and Communal Forests – was set up in 1991, and changed its name to the Slovak Association of Non-State Forest Owners in 2005. Its purpose is to coordinate the activities of private forest owners.

The main roles of FOOs in Slovakia are to: i) coordinate activities for ensuring the sustainable management and productivity of forest land; ii) influence the drafting of policy proposals and legislative documents; and iii) train their members.

Currently, there are four national-level FOOs in Slovakia, and their combined membership owns a total of 536 132 ha of forest. However, a substantial group of non-State forest owners (accounting for 264 727 ha or 33 percent of the total forest area) are not members of an FOO.

The main FOOs in Slovakia are (Figure 6):

- the Union of Regional Associations of Non-State Forest Owners in Slovakia (URZVNL);
- the Association of Municipal Forests in Slovakia (ZOL);
- the Association of Owners of Private Forests and Forests in Shared Ownership in Banská Bystrica County (ZVSSLBBK);
- the Union of Diocesan Forests in Slovakia (UDLS);
- the Council of Non-State Forest Owners' Associations (RVNL).

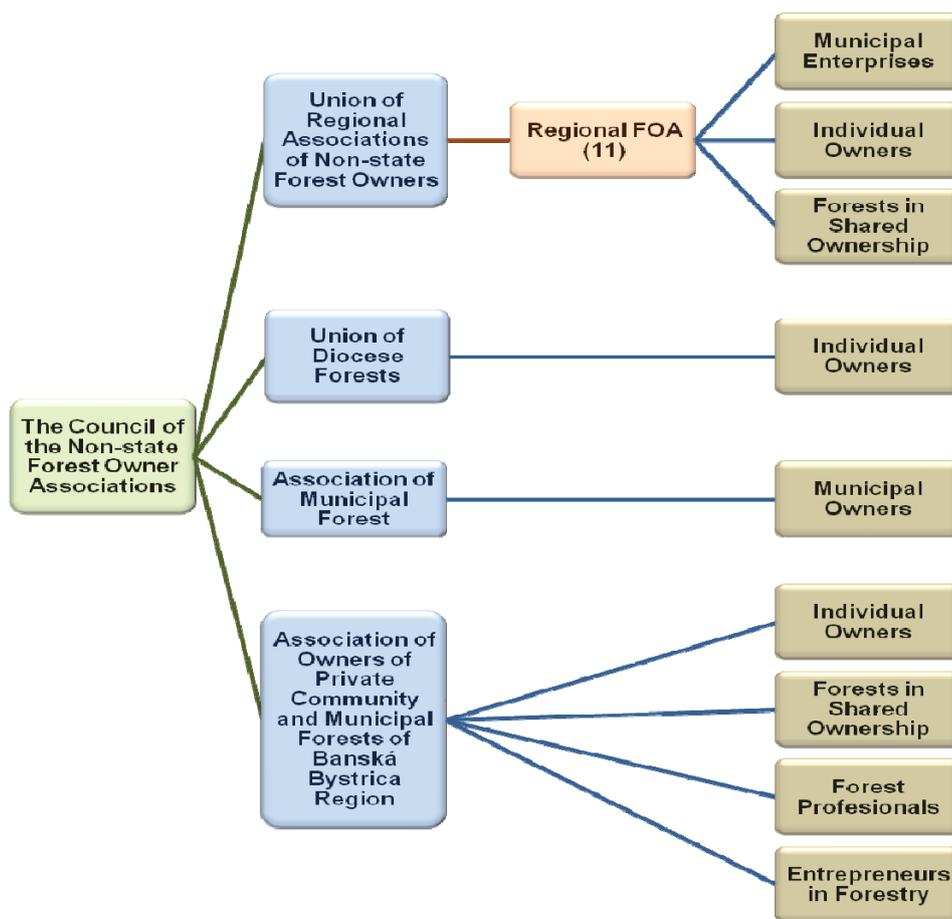


Figure 6. The structure of FOOs in Slovakia

At the outset, some FOOs received government grants for purchasing office equipment, and project support was also available through European programmes such as PHARE. Apart from the Association of Private, Associated and Communal Forests, which received support from the Ministry of Agriculture for its establishment in 1991, FOOs have not had any significant direct support from government. Most of the support available comes through informal expertise exchange with other countries and international organizations.

Six FOOs active at different level were interviewed in Slovakia.

RVNL is an umbrella body representing the interests of non-State forest owners. It is an informal voluntary cooperating body, with a rotation system for its presidency. Members are the four main FOAs, which together account for 854 000 ha (about 88 percent) of non-State forests. *RVNL* was created at the request of the Minister of Agriculture, to establish a single representative body for discussions with the non-State forest sector.

ZOL is an association of municipal forest owners or managers, established in 1994 and open to all the non-State sector. The total area covered by its 64 members is 134 000, representing 73 percent of the total area held by municipal forests.

ZVSSLBBK is a regional organization with legal identity. It has 543 members managing 134 011 ha of land.

UDLS is an independent organization representing the interests of a group of Catholic Church forest owners and established in 1998. It operates at the national level, but mainly in the regions of Banská Bystrica, Levoča, Nitra, Košice, Rožnava and Prešov.

URZVNL is the national umbrella organization for regional non-State forest owners' associations. It is the largest non-State FOO in Slovakia, with a forest area of 350 000 ha. Its members are 11 regional associations.

The *Association of Non-State Forest Owners in Gemer Region (GRZVNL)* was founded in 1993 as a civil association of individuals and legal entities managing forests. Its main purpose is to help members with the restitution of forests. In its first decade of operation, up to 2003, it operated as a regional organization of non-State forest owners in Gemer Region, but since 2003 it has had national coverage. It is an independent unit with 55 members managing 54 474 ha of forest.

The *Association of Non-State Forest Owners in Trenčín Region (ZTVNL)* is a regional association of non-State forest owners in Trenčín Region. It is a civil association open to all non-State forest owners. It has 110 members and a forest area of 25 000 ha.

4. Comparative analysis

GENERAL POLITICAL SITUATION FOR FORESTS

The study countries share a common recent history within the Soviet Union (Latvia and Lithuania) or under its political influence (the Czech Republic, Hungary, Romania and Slovakia). During the Soviet era, all forest land was nationalized as State property managed by the State. With the breakdown of the communist regime, processes of restitution and privatization were started. Forests that had not been State-owned prior to communism were returned to their former owners. Various kinds of non-State ownership now exist in these countries.

The forestry sector's importance within the national economy differs among the six countries. While forest does not play a significant role in Hungary, forestry and forest-based industries are very important sectors in the national economies of Latvia and Lithuania.

Following restitution and privatization of large parts of the forest land in all the study countries, the new forest owners have similar characteristics. They have little knowledge of forestry and forest management, do not live close to their forest properties, and usually lack capital (financing) and/or technical equipment, all of which usually results in low levels of management.

Forest properties have become small, fragmented and scattered. Forest interest groups and forms of cooperation are being established, but in all the study countries private forest owners are reluctant to join associations and cooperatives mainly owing to bad experiences from the communist period. Despite this reluctance, however, FOAs and FOCs are seen as important means of representing the interests of landowners, especially with policy-makers.

FOREST POLICY

A common feature of the study countries is that all kinds of private forest ownerships were abolished under the political influence of the Soviet Union, and traditional ways of managing private property have been forgotten.

Since 1990, forestry sectors in the countries have experienced many substantial changes: State forest administrations have been reformed; a private sector has emerged; new structures of forest ownership have emerged; and the goals of forestry have changed.

Common characteristics of the new laws adopted since the 1990s in all the countries examined are that they recognize the multiple roles of forests and advocate sustainable use and management of forests. Most of the countries have adapted their forest policies according to the goals and principles of international bodies and organizations. The new forest policies usually provide better guidelines for supporting sustainable forest management, particularly in line with the MCFPE/Forest Europe Resolution. The Strasbourg and Helsinki Resolutions provided the basis for creating the Czech Republic's State forest policy in 1994; Latvia's forest policy is based on international conventions, treaties and agreements ratified by Latvia (e.g., the Helsinki Resolution); the main objectives of Slovakia's new forest policy are those of the EU's Forest Action Plan (2005); and the situation is similar in the other countries.

Nature conservation laws are having an increasing influence on forests in all the study countries, and forest certification schemes (such as those of the Forest Stewardship Council [FSC] and PEFC) have also become more important (especially Hungary and Lithuania).

State forest management planning is still very important and gives authorities a strong influence on the management of forest under all types of ownership. Planning is usually led by the State forest services, and management plans are often required for all forests, regardless of their size. In Slovakia, planning is carried out by private companies that are paid by the State. In the Czech Republic, a forest management

plan is required for any forest area larger than 50 ha and serves as a tool for forest owners, while in the past it was merely a legal requirement. In Latvia and Lithuania, a management plan is obligatory if the forest owner plans to harvest timber.

Privatization and restitution of State forest property

All the countries studied started the processes of restitution and privatization after gaining independence. Laws, especially for forestry, were not adapted to these processes immediately, which led to problems such as overcutting, lack of forest regeneration and lack of investments in forest. In Romania, private forest owners were not legally recognized until 1996.

It was reported that the general political situation had a strong influence on the privatization/restitution process in many countries. In Hungary, privatization did not start until a new political coalition has been created, in which one party advocated for privatization and restitution. In Slovakia, small-scale privatization was the initiative of a former federal finance minister, and was abandoned after political changes in 1996, when the State started to sell shares in State enterprises to citizens, via vouchers. In Romania, a left-wing party issued the first law on restitution in 1991, but only to gain electoral support – land privatization was viewed as the principal way of winning political support from the rural population. Some countries aimed to improve socio-economic conditions via forestry (e.g., the Czech Republic and Latvia).

Privatization and restitution started in 1990 and 1991, and went ahead in several phases (Table 2) – three in Slovakia, and two in the Czech Republic and Lithuania.

Common goals of privatization were the reorganization of State property and the promotion of private sector development. In some cases, State forest enterprises were privatized with all their related movable and fixed assets and labour forces (the Czech Republic); in others, harvesting and the wood industry were reorganized and privatized (Romania). In Slovakia, infrastructure remained in State ownership.

In most of the countries studied (the Czech Republic, Latvia, Romania and Slovakia), forest land was privatized solely through restitution. Other forms of privatization – such as through vouchers, which was common in other sectors – were rarely applied to forest ownership. In Lithuania, about 8 000 ha of forest land was privatized in 1995, when professional foresters had the opportunity of buying up to 5 ha of forest land each through compensation vouchers. Hungary did not reconstitute its forest land, but compensated the previous owners with land parcels or vouchers.

One criticism of the restitution process is that it was carried out without establishing a proper institutional framework. All of the countries experienced difficulties with property claims. Previous ownership had to be proved with certification documents, which were often missing, so oral testimony provided the only proof. In Romania, this led to fraudulent claims. In Slovakia, the deadline for owners to raise their claims had to be extended several times, because of unclear ownership status – there are still many unsettled claims. Another common rule for restitution processes was that only people who were permanent residents in the country could apply (the Czech Republic, Hungary and Slovakia). In Slovakia, employees of the privatized companies and non-nationals were excluded from the large-scale privatization.

Table 2. Phases of privatization/restitution processes in the study countries

Country	Years	Phase	Description
Czech Republic	1991–1999	Restitution (phase 1)	Return of property and full ownership rights to previous owners (as of 1948)
	2000 onwards	Restitution (phase 2)	
	1991–1995	Large-scale privatization (three phases starting in 1992, 1993 and 1995)	Transfer of State-owned enterprises to private entities
	1991–1993	Small-scale privatization	Sale or leasing of small business facilities to private individuals
Hungary	1990–2000	Land privatization	State forest (250 000 ha)
		Land reallocation	Forests of agricultural cooperatives allocated to members (480 000 ha)
Latvia	1990–1996	Land reform	Establishment of private property and promotion of establishment of private companies
	1993–2008		Creation of a favourable environment for private companies to develop the economy, and reduction of the economic activities of State and local governments
Lithuania	1991 onwards	Forest land restitution (in three phases)	Restitution with compensation elements. Three phases: up to 10 ha, up to 25 ha, up to 150 ha
	1991–1995	Privatization, first stage	Not relevant for forestry
	1995 onwards	Privatization, second stage	Forestry professionals' purchase of up to 5 ha of forest land (with vouchers)
Romania	1992–2001	Forest land restitution	Up to 1 ha per claim
	2000–2004		Up to 10 ha per individual, or 30 ha per FOO or legal entity
	2005		All the forest previously owned by an individual or legal entity restituted, regardless of size
Slovakia	1991–1993	Small-scale privatization	Property transfer of some movable and fixed assets to which State enterprises had management rights
	1991–1993	Large-scale privatization, first phase	Property sold via contracts, or by transfer to municipalities
	1994–1996	Large-scale privatization, second phase	Citizens acquired shares in State enterprises, via vouchers
	1991 onwards	Restitution	Return of nationalized property to former owners

The schedule of privatization and restitution differed in the selected countries (Table 3), and is still ongoing in many countries (the Czech Republic, Lithuania, Romania and Slovakia). In the Czech Republic, church property is still being processed; churches claim about 170 000 ha of forest land, or

about 6.5 percent of the total forest area. In Romania, forest restitution for individuals is complete, but the churches' situation has not been resolved. One of the results of reprivatization has been the creation of large numbers of small, scattered forest properties, with new owners often lacking knowledge and skills for sustainable forest management. Additional negative effects include illegal logging in Romania, and weak control of logging in Latvia. Table 3 summarizes the main outcomes of privatization and restitution.

Table 3. Outcomes of privatization and restitution

Country	Outcomes	% of total forest area restituted	Additional % reserved for restitution
Czech Republic	Church property not yet restituted	40	-
Hungary	730 000 ha restituted	35	-
Latvia	Almost 50% of total forest area privatized/restituted	50	-
Lithuania	837 400 ha restituted	38	12
Romania	1st phase – 362 000 ha restituted; 2nd phase – 1 866 000 ha restituted; 3rd phase – 715 000 ha restituted	45	7
Slovakia	994 421 ha restituted	48.7	11.2

The restitution process has often provoked fierce public debate. In the first decade of Romania's transition period, there was strong opposition to private forest ownership from the National Forest Administration, which feared for the sustainable management of the forests. The public often perceived the privatization processes as a way for politicians to gain political support from the rural population.

Ownership structure

Forest restitution has resulted in a large number of new private forest owners each with usually only a small forest area. In the Czech Republic, the average size of private forests is 3 ha, but more than three-quarters of owners have less than 1 ha each. In Romania, Hungary and Lithuania, the average area ranges from 0.9 to 3.5 ha; in Latvia it is 7.5 ha; and in Slovakia the average area managed is 8.9 ha, while that owned is a far smaller 2.9 ha. Data regarding owner numbers and areas are imprecise in most of the countries, so these figures are estimates.

Types of forest ownership vary among the countries studied, making it difficult to compare data. Definitions of public and private ownership are diverse, such as for church, shared or common ownership.

In this study, ownership categories in each country were defined to match FAO's FRA (Table 4, Figure 7). *Public forests* are those owned by the State, administrative units of the public administration (municipalities, counties, etc.), or institutions or corporations owned by the public administration:

- State forest – forest owned by the State;
- municipal forest – forest owned by a municipality.

Private forests are those owned by individuals, families, communities, private cooperatives, corporations and other business entities, private religious and educational institutions, pension or investment funds, NGOs, nature conservation associations and other private institutions:

- joint ownership – forest ownership by an FOA or FOC, including a non-profit organization or a traditional type of association, such as the traditional common ownership types in Romania (*obsti* and *composesorate*) and Slovakia (*urbariat* and *Komposeseorat*);
- church forest – forest belonging to any type of religious group, depending on the country;
- agricultural cooperatives – these forest owners were usually created during the Soviet era; in some countries, agricultural cooperatives have been re-established;
- other private forest – forest owned by any other private entity, where forest management rights and responsibilities belong to individuals or households through ownership rights, long-term leases or management agreements.

Unknown ownership: Some forests are of unknown ownership.

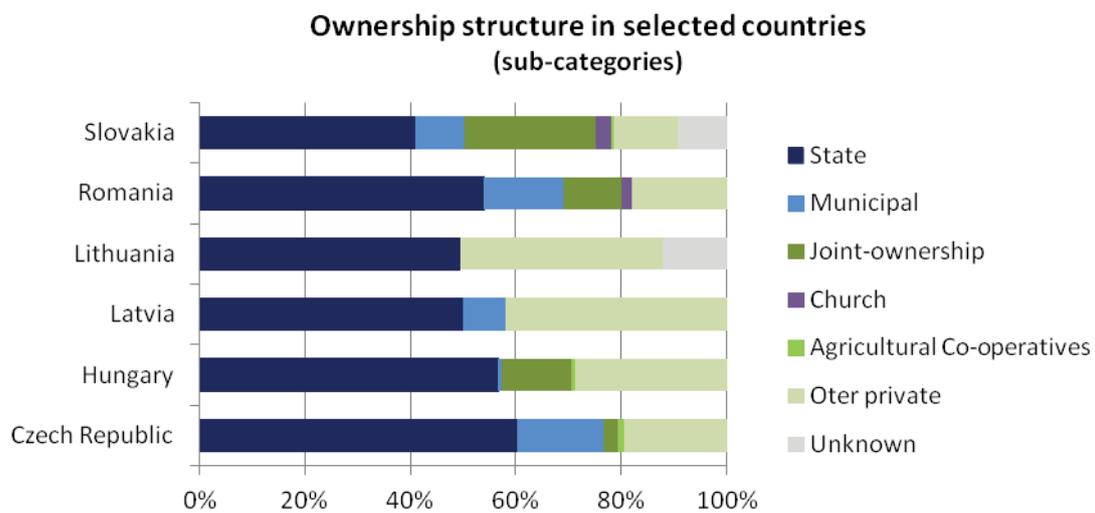


Figure 7. Ownership structures in the study countries

Information on the gender distribution of forest ownership is not available in the public databases of some countries (the Czech Republic, Lithuania and Romania). In the countries where data are available, there are more male than female owners: in Slovakia, 70.8 percent of owners are men, and 29.2 percent women; in Latvia and Hungary, 56 percent are men, and 44 percent women. As data on gender issues are rather poor, the reasons for these distributions could not be determined.

Table 4. Ownership structures in the study countries

Ownership	Czech Republic		Hungary*		Latvia		Lithuania		Romania		Slovakia	
	Area (ha)	%	Area (ha)	%	Area (ha)	%	Area (ha)	%	Area (ha)	%	Area (ha)	%
State	1 564 537	60.32	1 157 787	56.7	1 490 000	50.0	1 075 400	49.6	3 400 000	53	793 168	40.9
Municipal	425 143	16.39	11 471	0.6	50 000	8.0	-	-	960 000	15	181 013	9.3
Public	1 989 680	76.71	1 169 258	57.3	1 540 000	58.0	1 075 400	49.6	4 360 000	68	974 181	50.2
Joint ownership	67 577	2.61	270 000 [§]	13.2	-	-	-	-	720 000	11	484 057	25
Church	1 679	0.06	85	0.0	-	-	-	-	130 000	2	57 031	3
Agricultural cooperatives	30 619	1.18	13 598	0.7	-	-	-	-	-	-	5 514	0.3
Other private	504 368	19.44	586 406	28.8	1 590 000	42.0	-	-	1 259 000	19	239 030	12.3
Private	604 243	23.29	870 089	42.7	1 590 000	42.0	837 400	38.6	2 109 000	32	785 632	40.6
Unknown	-	-	-	-	-	-	257 000	11.8	-	-	179 091	9.2
Total	2 593 923	100	2 039 347	100	3 130 000	100	2 169 800	100	6 469 999	100	1 938 904	100
Sources:	Ministry of Agriculture, 2009		State Forest Service, 2010 * Data on forest use § Estimated joint management by individuals		Latvian State Forests, 2011		Ministry of Environment and State Forest Service, 2011, p. 184		Romanian National Forest Administration (Romsilva), 2012		Ministry of Agriculture and National Forest Centre/Forest Research Institute Zvolen, 2011	

Interest in forestry activities seems to decrease as the number of small private owners increases, not least because returns on investment are often low, particularly in the short term (Table 5). Many countries reported a lack of experience and tradition among new forest owners, leading to poor or no management. In some countries, owners' weak emotional ties to forestry resulted in sales of forest properties immediately after restitution (Latvia). In others, new forest owners faced the problem of insufficient or late regulation (Lithuania, Romania). In Romania, State authorities did not provide information or a legal framework to encourage people to join associations. One explanation of this lack was that any State intervention could have been seen as a return to the State control of the communist period; this was a major cause of people's reluctance to join FOOs after the system change.

Table 5. Characteristics of individually owned private forests

Country	No. of individual forest owners	Total area of individually owned private forests (ha)	Average size of individual property (ha)
Czech Republic	140 000	504 368	3 ha
Hungary	1/3 of private owners	383 112	1.5
Latvia	145 000	1 420 000	7.5
Lithuania	245 000	837 400	3.3
Romania	820 000	727 000	0.9
Slovakia (2009)	57 000	165 000	2.9

The state of FOOs in the study countries

Following the privatization and restitution processes that started in the 1990s, the countries' ownership structures underwent significant changes. Various kinds of non-State ownership came into being, which provoked further changes to forest policies. State dominance decreased and forest policy adapted to new demands and adopted new ways of working.

In the Czech Republic, two FOOs are active at the national level and many others are regional. FOOs are created for business cooperation or interest representation (lobbying).

Hungary has one nationwide FOA, FIs and product and sales cooperatives. There are also various forms of joint management and shared ownership (forest cooperatives and historical forest associations).

In Latvia, one large FOA at the national level acts as an umbrella organization (LFOA), with many independent associations for small local timber companies and forest owners. Another important actor that influences FOOs is the Forest Consultant and Service Centre, which is a branch of the Latvian Rural Advisory and Training Centre. Its main aim is to provide advice, education and support for members of FOOs.

Lithuania has one large FOA, which is divided into 29 sub-units and also has independent members: 13 branches (district associations), 16 private FOCs and forest companies. There are 21 private FOCs, most of which have only five to ten members. Although these are registered as private FOCs, their activities are similar to those of a small joint-stock company providing forest-related services for private forest owners.

Romania has four FOOs at the national level, and many at the local level. The effectiveness and success of those FOOs is questionable, however, as some are facing significant problems. There are two historical types of joint ownership in Romania: *obsti* is indivisible equal-shares ownership only for families that live in the community; and *composesorate* is indivisible equal- or unequal-shares ownership in which ownership titles can be inherited by descendants who have left the community. Private forests have to be managed in regional forest districts.

Slovakia has four FOOs at the national level and different types of association for the different types of ownership: municipal, church and other private. Together with a strong regional association (ZVSSLBBK), these are united in an umbrella organization. One of Slovakia's characteristics is the *urbarial* system, a historical form of collective ownership originating in mediaeval times, which was re-established after the socialist period and continues as a special form of common land use, particularly for forest and pastureland.

Legislation and strategies for private forest ownership started at different times in the different countries.

In the Czech Republic, property was first returned to municipalities and individuals (physical entities) in 1991, and then to historical forestry municipal cooperatives in 1995. New associations received financial support (subsidies) and assistance for the management of common property; this facilitated the creation of new FOOs.

The Hungarian Government forced new forest owners into joint management forms from the beginning of the restitution process. Joint management was prescribed by law, and all forest owners were obliged to join an association or cooperative or to manage their land together with neighbouring owners. This type of organization was subsidized. Historical forest associations were re-established and are now responsible for managing 5.6 percent of the total forest area. Among the study countries, this compulsory joint management model is unique to Hungary.

In Latvia, many forest properties were returned to their previous owners. There are now more than 40 private FOOs, but not all are very active. There are no specific regulations for the creation of FOOs; most are small and registered as NGOs.

Among the strategic objectives of Lithuania's forestry policy and implementation strategy (approved in 2002) is the creation of legal and economic conditions that promote the merging of small-sized forest holdings and the association and cooperation of forest owners. However, few support measures have been taken. A large umbrella organization and many small cooperatives have developed, largely from the bottom up.

In Romania, the creation and development of FOOs has been supported by a large international cooperation project in forestry (ALFO). There is strong government dominance of forest management planning, which is organized into regional forest districts. Over the last decade, a government decision and a ministerial order have directly supported FOAs, by facilitating management planning on small private woodlots and providing financial support to newly created FOAs.

In Slovakia, the political triggers for establishing FOOs were changes in the legislation due to restitution. The first stimulus came from legislation regarding ownership of agricultural land and other agricultural property, landownership, land registry and lands of joint ownership. In the early stages, some FOOs received government grants for purchasing office equipment. Two forms of community FOOs are legally recognized: civic associations of individuals whose forest and agricultural estates have been restituted, with legal entity and without legal entity.

In all the study countries, the main problem has been people's reluctance to join any kind of association or cooperative, owing to negative experiences of forced cooperation during

communist times. This applies particularly to smaller regional associations formed for economic reasons, and less to political umbrella associations. This situation is changing, but it has had a great influence on development of the private forestry sector so far.

COMPARISON OF SELECTED FOOS

Reasons for establishment

From the examples analysed in this study, three main reasons for establishing FOOs can be identified. For some FOOs, more than one of these reasons was relevant (Table 6).

Supporting the restitution/privatization process: Many new forest owners have joined together and organized themselves to improve their management of fragmented and small-sized properties, or to advocate for their own interests with the State. Initially aimed at resolving specific problems relating to the restitution process, most of the FOOs started with a focus on one or other of these issues.

This group of FOOs includes SVOL in the Czech Republic; MEGOSZ in Hungary; CSMC and APPR in Romania; and UDLS, ZVSSLBBK, GRZVNL, ZOL and ZTVNL in Slovakia.

Representing owners' interests with the government: These FOOs aim to have a voice in the policy-making process. This aim has been reached in two ways:

- through a top-down approach in which the government initiates (informally or formally) the creation of FOOs to provide a few representatives for many forest owners; the Hungarian Chamber of Agriculture was created formally by law, while Slovakia's umbrella organization RVNL was created informally;
- through a bottom-up approach in which owners unite themselves to become visible.

This group includes SVOL in the Czech Republic; the Chamber of Agriculture Somogy Sub-Unit in Hungary; LFOA and Union Kraslava in Latvia; LMSA in Lithuania; CSMC and PROFOREST in Romania; and ZOL, RVNL and URZVNL in Slovakia.

Cooperating in forest management and marketing: The members of these FOOs aim to improve their forest management and marketing, to make it easier to sell their products and to gain better conditions on the market (Table 6).

This group includes LDO Přebyslav and ZPEFC in the Czech Republic; FI Szabó in Hungary; Kuldiga FOA in Latvia; FOC Aukštaitijos šilas and LMSA Marijampolė Sub-Unit in Lithuania; FOA Marsani and FOA Viisora Ruget in Romania; and ZVSSLBBK, ZTVNL and GRZVNL in Slovakia.

Table 6. Reasons for establishing FOOs

Reason	Czech Republic	Hungary	Latvia	Lithuania	Romania	Slovakia
Supporting restitution/privatization	SVOL	MEGOSZ			CSMC APPR	UDLS ZOL ZVSSLBBK GRZVNL ZTVNL
Representing owners' interests with government	SVOL	Somogy	LFOA Kraslava	LMSA	CSMC PROFOREST	RVNL ZOL URZVNL
Cooperating in forest management and marketing	Přebyslav ZPEFC	Szabó	Kuldiga	Aukštaitijos Marijampolė	FO Viisora Ruget FOA Marsani	ZVSSLBBK GRZVNL ZTVNL

Most FOOs are created as NGOs and do not own any significant property. They are founded as non-profit organizations mainly to make them eligible for tax exemptions (Lithuania, Romania). In the Czech Republic, FOOs are civil organizations, while in Lithuania LMSA is a public organization and other FOOs are business corporations. A mix of different legal types of FOOs is found in Slovakia and Hungary.

Government involvement and support

Governments did not usually have a large role in the creation of FOOs, which was generally led by powerful individuals following a bottom-up approach. The Hungarian Government created the Hungarian Chambers of Agriculture by law and supported FOOs with monetary incentives, but this was unusual. In Slovakia, FOOs were created through informal government initiatives, to provide representatives of non-State owners (Table 7).

Table 7. Government involvement in the creation of FOOs

Government involvement	Czech Republic	Hungary	Latvia	Lithuania	Romania	Slovakia
None	SVOL Přibyslav ZPEFC	MEGOSZ	LFOA Kuldīga Kraslava	LMSA Aukštaitijos Marijampolė	CSMC PROFOREST APPR FOA Marsani FOA Viisora Ruget	ZOL ZVSSLBBK UDLS URZVNL GRZVNL ZTVNL
Creation by law		Somogy				
Informal government initiative						RVNL
Monetary incentives		Szabó				

At the time of their establishment, FOOs could obtain financial support for their operation and management, but this support was not usually continued (Czech Republic, Romania, Slovakia). FOOs then had to struggle to keep going, and most of the country representatives interviewed stated that survival has become the primary success criterion for FOOs. EU and other international support (funding, projects, etc.) did not play a significant role in the creation of most of the FOOs studied, with the exception of some smaller associations (Table 8). All the country reports mentioned that although EU or other funds could be obtained, they were hardly ever used. PHARE provided support in Slovakia.

Table 8. Support for the creation of FOOs

Support	Czech Republic	Hungary	Latvia	Lithuania	Romania	Slovakia
National	Some	Yes	No	No	Yes	Some
EU	Some	No	Some	No	No	Yes
Other	No	No	No	Some	Some	Some

Financing sources

Many of the FOOs studied are financed through mixed sources, and FOO financing differs greatly among countries and types of organization. In Latvia and Romania, financing is secured from economic activities, project funds (national and international) and membership fees. The Czech Republic's SVOL and Hungary's MEGOSZ and Somogy Sub-Unit obtain similar financing.

Other FOOs are completely dependent on State support (subsidies), such as LDO Přebyslav in the Czech Republic and Szabó FI in Hungary. Háromhegy Forest Association in Hungary finances itself entirely through income from forest management.

In Lithuania, FOOs are financed from two sources: i) membership fees, which differ among membership types (private individuals and legal entities); and ii) income tax, as private individuals may designate 2 percent of the income tax they pay to specific organizations, and members of LMSA and FOCs use this right to finance their FOO. In Slovakia, ZVSSLBBK is financed in a similar way.

The Czech Republic's ZPEFC uses a combination of membership fees and annual fees per hectare of certified forest property. In Slovakia, all FOOs collect membership fees and members also provide voluntary work (e.g., ZOL).

Services provided by FOOs

The services provided by the FOOs studied are closely related to their main reason for establishment – interest representation or business cooperation. Since establishment, many FOOs have broadened their focus to include a wider range of activities.

The most frequent types of services provided by FOOs are education, training and advice (Table 9). Many of the FOOs studied reported that they hold frequent and diverse training courses and presentations for their members, to keep them updated regarding innovative and important issues in the forestry sector. Consultancy and advice for their members is one of the basic functions of FOOs.

The political representation of members' interests is another major function. A main activity of FOOs is officially presenting private forest owners' demands to policy-makers. This representation can be through other organizations (e.g., for research) or individual actors. FOOs' involvement in policy-making processes often results in some or all of their proposals and requests being included in policy texts.

Umbrella organizations actively participate in national policy-making processes and represent their members in international FOOs or networks. For example, in Latvia, LFOA has an important role in the drafting of Cabinet regulations and amendments to forest-related laws. LFOA also participates in the access procedures for EU support activities, making application by private forest owners easier and more efficient. In the Czech Republic, SVOL obtained the Ministry of Environment's commitment to developing a common guideline for obtaining pre-binding opinions on forest management plans. Representing forest owners' interests, it also helped to introduce the issue of compensation into an amendment of the Act on Nature and Landscape Protection. Similar activities have been carried out by RVNL in Slovakia, and MEGOSZ and the Somogy Sub-Unit in Hungary.

Other associations, organizations and unions, such as Kuldiga FOA in Latvia, are instrumental in many fora, including working groups and negotiation processes for forest sector legislation – for example, easements for forest owners' personal income tax.

Lithuania's umbrella organization LMSA has an important role in the policy arena. As well as giving assistance and advice in forest management, it seeks to influence the formulation of forest-related legislation. To strengthen its voice, LMSA: i) organizes cooperation among the owners of small private forests, to facilitate the management and utilization of forest resources; ii) collaborates with other organizations of farmers and landowners; and iii) collaborates with FOAs in other countries.

FOOs employ a range of informational policy instruments to communicate and represent their members' interests throughout Central and Eastern Europe. These include issuing press releases and official statements in newspapers and on the Web, and organizing awareness-raising events within the forest sector and for a broader public.

FOOs provide representation either for only their members' interests or for the whole private forest sector. For example, MEGOSZ (Hungary) represents the interests of the private forestry sector as a whole, and provides only a limited range of services exclusively for its members. Other FOOs represent the interests of specific ownership groups, such as municipalities (ZOL) or the church (UDLS) in Slovakia.

Forest management support and joint marketing are important functions of many FOOs, particularly (but not only) those operating at the regional or local level.

For SVOL (Czech Republic), the major success of recent years has been the establishment of a joint timber trade, which has generated economic benefits for participating members. Most FIs in Hungary are business-oriented corporations, which base their service provision on consultations with other business partners, such as contractors and timber traders. In Romania, FOA Marsani and FOA Viisoara-Ruget provide effective technical services.

In Latvia, FOOs support forest management planning by organizing seminars and workshops on the sustainable management and planning of forests for their members. For example, forest owners learn how to combine market-oriented thinking with environmental requirements. In Romania, FOOs contract authorized companies to produce forest management plans for private forest owners.

ZPEFC is responsible for endorsing all forest-related certification in the Czech Republic, but forest owners criticize it for failing to promote certified wood and non-wood products, and perceive no substantial benefits from certification.

A few FOOs provide support for green certification, financial support or insurance of forests. FOOs' main role in financial support is through helping members to obtain national or regional funds for forest management or the design of forest management plans. FOOs also assist members in preparing proposals for EU projects and the related financing. Insurance of forests against risks such as storms and fires is still very rare; in Romania, CSMC is currently introducing this service for its members.

The main advantage of membership in international organizations or networks is that FOOs (and thus their members) are represented and made visible at the international level. The exchange of information, knowledge and expertise is another benefit of international organizations.

Table 9. Services provided by FOOs (numbers of FOOs providing full service)

Service	Czech Republic (3 FOOs)	Hungary (3 FOOs)	Latvia (3 FOOs)	Lithuania (3 FOOs)	Romania (5 FOOs)	Slovakia (7 FOOs)
Education, training and advice	2	2	3	3	2	5
Marketing of wood and non-wood products	1	-	3	1	1	2
Forest management planning	1	-	3	1	1	2
Forest management and product processing	1	-	-	-	1	2
Green certification	2	-	-	-	-	1
Insurance of forests	-	-	-	-	1	-
Financial support	-	-	2	-	1	2
Political support	-	1	2	2	4	6
Membership in international organizations or networks	1	1	2	1	4	1

Numbers in brackets refer to the number of FOOs interviewed in the country.

FOOs' effectiveness and efficiency

Almost all FOOs are perceived as successful in information sharing, forest management planning and representing owners in political fora (Table 10). The main activities mentioned were the sharing of best practices among members, and support for specific problems.

FOOs were also seen to be effective in improving the management of forest resources. In Latvia's Union Kraslava, members' knowledge of forestry increased over the years, which helped to enhance forest resources. In Hungary, there is evidence that FI have played a valuable role in organizing the forestry sector; the share of unmanaged forests in a region is in inverse proportion to the area under FIs.

Increased market competitiveness for products is particularly important for smaller, local FOOs whose main goal is to gain better prices and market conditions.

It was far more difficult to discuss profitability-related issues with FOO members, particularly regarding whether FOO membership increased owners' income and decreased the cost and effort needed to manage and protect their forests, or whether FOCs or FOAs led to increased or more steady income from forest. However, in some cases improvements in these aspects were perceived, particularly at the local level, such as in Hungary's Somogy Sub-Unit and Szabo FI, and in Lithuania's FOC Aukštaitijos šilas.

It was also difficult to discuss effectiveness with FOO members, who preferred to talk about a sense of togetherness, with membership in the FOO providing immaterial advantages, including the opportunity of gaining information, advice and practical support.

Table 10. Perceived effectiveness of interviewed FOOs (numbers of FOOs perceived as effective by national experts)

Aspect being measured	Czech Republic	Hungary (3 FOOs)	Latvia (3 FOOs)	Lithuania (3 FOOs)	Romania (5 FOOs)	Slovakia (7 FOOs)
Number of members	1	1	2	-	2	3
Higher income for members	-	1	-	1	1	1
Lower cost/effort for managing and protecting forests	-	1	1	1	1	-
Increased income through the FOO	-	1	-	1	2	-
Improved forest management and forest resources	-	3	3	1	4	3
Increased market competitiveness of products	1	2	3	-	1	3
Information sharing, forest management planning, representation in political fora, etc.	2	3	3	1	5	7

Numbers in brackets refer to the number of FOOs interviewed in the country.

The effectiveness of umbrella organizations was similar among the countries. For example, in the Czech Republic, SVOL obtained the Ministry of Environment's commitment to developing a common guideline for obtaining pre-binding opinions on forest management plans; changes to the regulations for compensation; and agreement between owners and the Ministry of Environment regarding joint processing of the amendment to the Act on Nature and Landscape Protection, and participation in its preparation. The main achievements of umbrella organizations in other countries was also seen as being their effective influence on the policy-making process.

However, effectiveness was perceived as weak in some countries. For example, in Lithuania, the process for establishing private FOOs is very slow and passive, resulting in only 21 FOOs being created over the last two decades. Unchanging and small numbers of members are also typical of FOOs operating in Lithuania. It is very hard for an FOO to gain credibility among local forest owners by providing high-quality forest management services.

5. Summary and conclusions

SUMMARY OVERVIEW OF FOOS

Table 11 presents an overview of the most important FOOs in the studied countries. Since their establishment, many FOOs have expanded the range of services they offer.

Table 11. Overview of the main characteristics of interviewed FOOs

Country	FOO	Reasons for creation	Government involvement	Services	Areas of effectiveness
Czech Republic	SVOL	Restitution/representation	None	CERT, EDU, INT, MARK, MAP, PROC	COMP, INFO, NUM
	LDO Přebyslav	Cooperation	None	EDU	INFO
	ZPEFC	Cooperation	None	CERT	-
Hungary	FI Szabó	Cooperation	Monetary incentives	-	COSTS, INFO, RES
	Somogy Sub-Unit	Representation	Creation by law	EDU	COMP, INC-F, INC-M, INFO, RES
	MEGOSZ	Restitution	None	EDU, INT, POL	COMP, INFO, NUM, RES
Latvia	LFOA	Representation	None	EDU, FIN, INT, MAP, MARK, POL	COMP, COSTS, INFO, RES
	Kuldīga FOA	Cooperation	None	EDU, MAP, MARK	COMP, INFO, NUM, RES
	Union Kraslava	Representation	None	EDU, FIN, INT, MAP, MARK, POL	COMP, INFO, NUM, RES
Lithuania	LMSA	Representation	None	EDU, INT, POL	INFO
	FOC Auštaitijos šilas	Cooperation	None	EDU, MAP, MARK	COSTS, INC-F, INC-M, RES
	Marijampolė Sub-Unit	Representation at the local level	None	EDU, POL	INFO
Romania	CSMC	Restitution/representation	None	INS, INT, POL	COSTS, EDU, INFO
	PROFOREST	Representation	None	INT, POL	COMP, INC-F, INC-M, INFO, RES
	APPR	Restitution	None	-	INFO, RES
	FOA Marsani	Cooperation	None	EDU, INT, MAP, POL	INFO, NUM, RES
	FOA Viisora Ruget	Cooperation	None	EDU, FIN, INT, MARK, POL, PROC	INFO, RES
Slovakia	RVNL	Representation	Informal government initiative	POL	INFO
	ZOL	Representation/ restitution	None	EDU, POL	INFO
	ZVSSLBBK	Restitution/ cooperation	None	EDU, FIN, MAP, MARK, POL, PROC	COMP, INFO, NUM, RES

	UDLS	Restitution	None	EDU	INFO, NUM, RES
	URZVNL	Representation	None	INT, POL	INFO
	GRZVNL	Restitution/ cooperation	None	CERT, EDU, FIN, MAP, POL, PROC	COMP, INFO, NUM, RES
	ZTVNL	Restitution/ cooperation	None	EDU, MARK, POL	COMP, INFO

Services: CERT = green certification; EDU = education and training; FIN = financial support; INS = insurance of forests; INT = membership in international organizations or networks; MAP = forest management planning; MARK = marketing of wood and non-wood products; POL = political support; PROC = forest management and product processing.

Areas of effectiveness: COMP = Increased market competitiveness of products; COSTS = lower cost/effort for forest management and protection; INC-F = increased or steadier income from forest as FOA or FOC; INC-M = higher income for members; INFO = better provision of information; NUM = number of members; RES = improved forest management and forest resources.

In many cases, the range of services provided influences the FOO's effectiveness. The reason for the FOO's establishment and the presence (or absence) of government support are not necessarily related to whether or not the FOO develops further, but general patterns can be discerned: many smaller FOOs that were created for cooperation in business operations have since developed additional functions and services; those with the main aim of political representation have also added management services over and above the provision of information; but FOOs created to represent members' interests in the restitution or policy processes have not always developed additional aims, particularly when they were created through a top-down approach. Slovakia's RVNL, which was created with informal support from government, has proved effective in representing owners in political fora and in information sharing.

The older organizations seem to have been more successful. Many of these FOOs were created during the restitution process, and have had time to establish themselves as interest groups and/or cooperatives and to develop additional services for their members. FOOs that are based on historical associations also seem to be more successful because of owners' greater trust in these institutions (social capital).

However, in general, the success FOOs was difficult to prove with the limited resources available to this project – effectiveness and efficiency were judged on the basis of expert interviews. Evidence for success includes forests owners' perception that forest management planning and the logistics of forestry operations (e.g., afforestation, reforestation) have improved because of the activities of FOOs. Better market conditions for selling timber was also cited. Indications of improved management of private forests include increased investments in the property of FOO members, such as reported in Slovakia (Ministry of Agriculture and National Forest Centre – Forest Research Institute Zvolen, 2009), and decreasing areas of unmanaged forest area through the intervention of Forest Integrators (e.g., FI Szabó) in Hungary.

In general, there is a difference between those FOOs with a strong focus on political representation (FOAs) and those that focus on business cooperation (FOCs) (Table 12). The typical functions of FOAs are political representation on the national and international levels, while FOCs usually offer specialized management support services. However, the services provided by FOAs and FOCs sometimes overlap – some FOAs also offer management support, and some FOCs are active in political representation. Information and training are offered by both types. FOOs that were established during the restitution process have sometimes developed into FOAs, and sometimes into FOCs.

Table 12. Reasons for the establishment of FOOs in relation to the services they now provide (numbers of FOOs involved)

Reason for establishment		Support in restitution (9)	Political representation (10)	Business cooperation (11)
Services	Education	7	5	9
	Marketing	3	2	5
	Forest management planning	3	2	5
	Management and processing	3	-	3
	Green certification	2	-	2
	Insurance of forests	1	1	-
	Financing	2	2	3
	Political representation	6	8	6
	International networks	3	6	2

Numbers in brackets refer to how many FOOs were established for the specific reason.

TYPES OF FOO

Basic types of organization

There are two basic criteria for establishing an FOO: geographical (regional organizations); or for a specific kind of ownership. The former is found in most countries, while the latter is particularly common in Slovakia (e.g., for municipal, church and private forests). Most countries have a mix of different types. Regional FOOs are either independent or branches of nationwide organizations. Regional FOOs are more likely to be cooperatives than associations (Table 13).

Other types of FOO unite forest entrepreneurs, such as forest harvesting operators, for instance, Lithuania's national-level organization PMSA.

Umbrella organizations are also sometimes formed, predominantly to represent members' political interests. Umbrella organizations are developed later than other FOOs, through government initiatives, as in Slovakia.

Table 13. Basic types of FOO

Type of association	Typical activity	Examples
Regional	Business cooperation	LDO Přebyslav (Czech Republic), FOA Kuldīga (Latvia), FOC Aukštaitijos šilas and Marijampolė Sub-Unit (Lithuania), GRZVNL and ZTVNL (Slovakia)
Kind of ownership	Founded during restitution process for interest representation or cooperation	SVOL (Czech Republic), FOA Viisora Ruget (Romania), ZOL, ZVSSLBBK and UDLS (Slovakia)
Umbrella	Interest representation	SVOL (Czech Republic), MEGOSZ (Hungary), LFOA (Latvia), LMSA (Lithuania), CSMC and APPR (Romania), RVNL (Slovakia)

Historic forms of organization

In Central Europe, joint forest ownership has historical roots. In monarchist times, various forms of joint forest ownership evolved. In most cases, the peasants who used or managed State or large landowners' forests were given use rights in those forests, sometimes with joint full ownership rights in certain local forest lands. Such joint agrarian ownership, which still exists and is regulated by special laws in countries such as Austria (in German language, *Urbarialgemeinden*, *Agrargemeinschaften*), was re-established in many Central and Eastern

European countries after socialism, such as in Hungary, Romania and Slovakia. These traditional agrarian or forest communities are a form of collective ownership and an example of joint forest management, but they are not included in the definition of FOO used in this study. However, they provide a good example of a system that avoids the fragmentation of ownership. Their larger landholdings mean that collective forest owners can often afford the services of a professional forester to manage their land, and collective ownership can be seen as a traditional form of community forest management. The traditional values connected with collective forest management are often still present and are an important precondition for forming community forestry. In Central Europe, the re-establishment of old forest communities – for which different terms exist, such as “forest associations” in Hungary – has been successful.

Another historical form of collective ownership is represented by Hungary’s forest cooperatives, which go back to the socialist cooperatives and were re-established after the fall of the socialist regime. Post-communist policy required collective management, and the former members of these cooperatives reunited because of their positive experiences in the past. Generally, however, new forest owners tend to avoid cooperatives because of negative experiences of those that were forced on them in the socialist era.

Table 14. Historical types of forest organization

Type of FOO	Hungary	Slovakia	Romania
Traditional forest communities	Forest associations	<i>Urbáriat, Komposeseorát</i>	<i>Obsti, Composesorate</i>
Re-established socialist cooperatives	Forest cooperatives	-	-

Main services provided by different types of FOO

Most FOOs offer a broad set of services to their members. These can be grouped into two main activities: i) interest representation, usually by FOAs; and ii) business cooperation, usually by FOCs. In general, umbrella organizations are more likely to be for interest representation, as stakeholders and political actors, while regional and local groups are usually for business cooperation, and also provide technical support and information. Information provision can be through: i) internal information sharing; ii) public information services, such as awareness raising; and iii) education and knowledge transfer for members, facilitated by the FOO’s own staff or in collaboration with government, academia and other joint ventures.

Most of the FOOs studied offer overlapping services (Table 12), although some are restricted to interest representation as they are prevented by law from generating profits from business activities.

Some of the FOOs interviewed provide a single service; for example, the Czech Republic’s ZPEFC was founded to implement the PEFC certification scheme (Table 15).

Table 14. Services provided by different types of FOO

Type of FOO	Main services	Examples
FOA	Interest representation at the national and international levels Information	SVOL (Czech Republic), MEGOSZ (Hungary), LFOA and Union Kraslava (Latvia), LMSA (Lithuania), CSMC and APPR (Romania), RVNL (Slovakia)
FOC	Business cooperation, e.g., forest management planning, joint marketing Information	LDO Příbyslav (Czech Republic), FI Szabó (Hungary), FOC Aukštaitijos šilas and Marijampolė Sub-Unit (Lithuania), FOA Marsani (Romania)
Single-issue	Forest certification	ZPEFC (Czech Republic)

FACTORS INFLUENCING THE ESTABLISHMENT AND DEVELOPMENT OF FOOS

Several factors influenced the establishment and development of FOOs in Eastern Europe (Table 16). Most were common to all the countries studied, although they varied among organizations.

Establishment stage

The main factor behind the creation of FOOs was the *institutional change* that followed the breakdown of communism and the reintroduction of private property. Liberalization included the privatization and restitution of forest land. Some FOOs were founded specifically to provide support during the restitution process, but institutional change was a precondition for all FOOs, because it created private landownership.

Most FOOs were initiated from the bottom up, i.e., in response to the interests of their members. This was particularly common during the restitution process, when new owners joined forces to ensure a voice with the government.

Governments initiated or supported the formation of some FOOs. They triggered the establishment of umbrella organisations (Slovakia), prescribed joint management (Hungary, Romania) or gave financial support for establishing cooperation structures (Hungary). These interventions proved successful if government support continued (e.g., by ensuring political participation for umbrella organizations, regulating joint management, or providing further financial support).

Most of the FOOs studied started off by addressing *a single purpose* for their members (restitution, interest representation, or business cooperation) or for government (e.g., provision of a single representative body for private forest owners). This is consistent with the theory that it is easier to organize around a single clear issue than a more complex concept, such as sustainable forest management.

Owners were also more likely to unite when they shared a *common region or type of ownership*. Regional traditions give the members of regional FOOs an identity and promote trust in each other and in projects. In addition, geographical proximity facilitates communication among FOO members. Type of ownership can also provide a shared identity and basis for trust, because members can assume that they all have the same interests – as church, municipal or large- or small-scale private owners.

In general, *larger forest owners* (municipal, church or private) are more likely to organize themselves than smaller owners. Large-scale owners are more likely to be active in forestry and to have clear views, and there are fewer of them, which makes it easier to bring them together and negotiate consensus. The more members an FOO has, the more opportunity

there is for “free-riding” by members who derive benefits without participating or investing in activities.

All countries reported that *charismatic and convincing leaders* are instrumental in the formation and development of FOOs. Such individuals or groups use their expertise and/or good relations with the political establishment to generate momentum for an FOO, particularly in its early days; this is crucial for building trust and motivation among members.

Development stage

The *ownership structure* influences the form of an FOO in several ways (Table 16). Renewing private ownership through restitution usually results in mainly small and fragmented parcels of forest, which require joint management. At the same time, however, fragmentation is also a hindrance to collaboration. FOOs representing larger owners proved to be more effective and stable (e.g., PROFOREST in Romania, and municipal and church FOOs in Slovakia).

The legal definition of property rights also influences FOOs: in Hungary and Romania, the law requires joint management of forest estates. This requirement led to the establishment of FOOs.

FOOs’ survival and successful development involve *broadening their services* for members, typically by including services for members only, such as information and education, joint events, and joint marketing activities. Member-only services provide an incentive for joining an organization and paying membership fees, reducing the number of free-riders who benefit from public goods. Core tasks of FOOs are often services that are public goods, such as influencing forest policies in the interests of private forest owners.

FOOs broaden their services regardless of their primary focus; for example, FOOs established for interest representation develop also information services, while those established for business cooperation start to engage in lobbying for their members’ interests in the policy arena.

FOOs that were formed from the *bottom up* to address specific interests of their members seem to be more successful and likely to survive. Members’ active collaboration is necessary to maintain a successful organization over time.

For FOOs established by government initiatives, survival depends largely on having *sustained government support*, either through monetary incentives or supportive regulations, or through government’s continuing need to have a single representative for policy negotiations. Examples of unsustained government support include Hungary’s FIs, and other countries reported that many FOOs stopped their activities when government’s financial support ceased.

Government support can also take the form of advisory services. For example, Latvia’s Forest Advisory Service Centre has adapted best practices from Scandinavian countries, organized seminars and workshops for private forest owners, and encouraged them to form cooperatives.

Table 16. Factors influencing the success of FOOs

Main factor	Specific factors
Establishment	
Institutional change	Transition (privatization)
Government intervention	Initiation of an umbrella organization Prescription of joint management Financial support for cooperatives
Single interest	Restitution Lobbying Business
Uniting feature	Region Ownership type
Larger ownership	Larger public or private owners
Charismatic leadership	Local driver behind the FOO's formation
Development	
Ownership structure	Size of forest property Property rights
Broad set of services	Information Education and training Joint marketing, etc.
Bottom-up initiative	Identification
Sustained government support	Regulations Political inclusion Financial support
Time	Professionalism developed Success proved Tradition in cooperation

Time is another important factor because FOOs need time to develop their capacities, knowledge, experience and networks and to fulfil their functions. Only when they can show their effectiveness and success over time can they convince others to join. Examples of enduring institutions are the traditional ownership forms that were re-established after the fall of communism in Hungary, Romania and Slovakia.

PROBLEMS AND CONSTRAINTS FOR FOOS

The basic problems facing FOOs are similar throughout all the countries studied, and do not differ much from the situation in other European countries – fragmented forest ownership, small-scale owners' limited economic interest in their forests, etc. In addition, however, countries undergoing the transition to democracy also face specific problems with the re-establishment of private landownership.

Loss of forestry and agricultural knowledge and traditions

The restitution process has resulted in new forest owners who are often detached from agriculture or forest management knowledge, which only elderly owners may remember from their youth. Younger owners who have been given back their families' properties have no experience of forest management practices. New urban/non-agricultural owners often have no emotional or traditional ties to their property and lack forestry education and training. This lack of knowledge of forest management among urban forest owners is also observed in Western European countries, but is more extreme in countries emerging from communism and nationalized forest land.

Fragmented ownership and lack of economic interest

The properties of private forest owners are mainly very small. Most owners have less than 1 ha, with national averages ranging from less than 1 ha in Romania, to about 10 ha in Latvia. Owners therefore have very little incentive to manage their forests sustainably, and many use them only for harvesting fuelwood for own consumption, even though the forests have potential for more significant timber production. However, the small amounts of timber that can be produced from small individual properties result in very high transaction costs for good management, including the costs of joining an association or cooperation. When owners do not see their forests as an economic asset, they have little motivation for establishing or joining an FOO.

In addition, owners often lack the necessary sense of trust to contract forest management and harvesting to others, particularly when they live distant from their forests.

Improper restitution and privatization processes

In most countries, restitution was carried out without clearly identified steps and phases. In addition, restitution policies were rarely integrated with forest policy. Restitution was often carried out before forest policies had been formed, and often unpredictably, adapting to changing policy priorities. Pre-transition forest policies did not provide for private ownership, and there was a lack of a policy framework and instruments to support owners' forest management and association.

Restricted property rights and dominating authorities

Forest administrations still play a dominant role in forest policy and are often of the opinion that forests should be management by the State. Forestry authorities do not trust private owners to manage their forests sustainably, so owners are strictly controlled and forest management planning is usually carried out by State authorities or under their supervision. The rigid regulations and bureaucratic procedures governing forest management are strong disincentives for owners to carry out forest management activities, and also decrease their interest in associating.

Among other factors, the unclear legal situation of private forest owners during the years of transition resulted in deforestation and illegal felling, which further reduced the authorities' trust in private owners' forest management.

Socialist legacy

In all the study countries it was mentioned that experience of the socialist regime has made people very reluctant to join cooperatives or other voluntary joint management structures. FOCs and FOAs remind people of nationalization during the socialist period, particularly when they are promoted from the top down. Success depends on FOOs clearly promoting forest owners' interests, which they are more likely to do when they have been established on the owners' initiative.

The 20 years since system change is a short time to develop new institutions, such as democracy based on a system of interest groups. It has taken years to implement restitution processes and adapt legal frameworks to private ownership. Mechanisms for interest

representation also emerge slowly, based on a process of mutual learning among all the actors – governments, public administrations, interest groups and owners.

HOW TO SUPPORT THE ESTABLISHMENT OF FOOS

Top-down support combined with bottom-up initiative

The success of FOOs depends on the commitment of forest owners and on their recognition and support in the policy system. The original initiative may come from the top or the bottom, but in the longer term support is needed from both. For example, bottom-up organizations need to be recognized as interest groups in the political system, and to have the resources that allow them to provide information and support to their members. Where no bottom-up organizations exist, government may initiate and support the development of an FOO by applying the principles described in the following sections.

Systemic support

Establishing an FOO is essentially a process of developing new institutions and practices, and this is a collective learning process. The efficient functioning of an FOO depends on not only its own organizational structure but also on the presence of an effective representative democratic system. A functioning democracy and market system require specific capacities and knowledge among all concerned. To facilitate forest owners' participation in the market and in democracy, they need a clear normative framework, knowledge, experience in democratic practices and – possibly – financial support. The normative framework includes clear and adequate property rights so that owners can manage their property autonomously. A functioning democratic system requires government to consult interest groups and provide discussion fora and other opportunities for participating in political processes. An appropriate system of education, training and advice is also needed, as well as financial support for investments, planning and cooperation.

Reliable support for steady development

It takes time to develop viable organizational structures. Government support in the form of enduring and reliable instruments – such as legal regulations, financial means and informal recognition – is needed. Support should aim to build organizational, knowledge and technical capacities, and must be sustainable, so that people can rely on it while they develop the necessary capacities.

Principles for supporting FOOs

Combination of top-down and bottom-up

Systemic support for building forest owners' capacities to participate in markets and political processes

Enduring and reliable support over time

Political support measures

The following specific support measures for FOOs exist and they may be applied in combination.

Regulatory measures: Joint ownership or joint management may be prescribed by law – for instance, for areas above a minimum size (e.g., Hungary, Romania). It can also be made obligatory for landowners to join an interest organization, such as the Austrian chamber of agriculture, which is a recognized interest group that provides information services and management support to its members. Organizations are financed through obligatory membership fees.

Financial support: Financial support may be provided for the creation and management of an FOO; organizations may receive funding for information services, training, advice, etc.; or FOO members may be eligible for specific subsidies for building forest roads, acquiring machinery, planning forest management planning, etc.

Awareness raising and networking: It is important to provide forest owners with information on sustainable forest management and all related legal or technical issues. This should include events, excursions and other fora where forest owners and other actors from within a region can meet and discuss.

Learning through international cooperation

Experience shows that knowledge transfer among countries – through bilateral or international projects (Lithuania, Romania and Slovakia) – is beneficial. It provides links to neighbouring countries and international communities, allows the sharing of problems and solution, leads to the development of shared approaches, increases the legitimacy and standing of FOOs, and eases the adoption of international standards. International cooperation is particularly valuable in Eastern European countries, where FOOs are not yet sufficiently represented in umbrella organizations such as CEPPF.

Scientific cooperation and academic exchange can also have positive impacts on the development of FOOs, such as by increasing awareness among researchers, practitioners and politicians, through research projects and education at academic institutions within the country and through knowledge transfer across borders. An excellent example of this is the PRIFORT study in Southeastern Europe, which was carried out as part of the larger Forest Policy and Economic Education and Research project for strengthening forest policy and economics research in the western Balkan region.

Table 17. Support measures for FOOs

Regulatory measures	<p>Joint ownership or joint management prescribed for areas above a set minimum</p> <p>Obligatory membership in an interest organization for all landowners</p>
Financial support	<p>For management by an organization</p> <p>For services provided by an organization, such as information</p> <p>As subsidies for organization members, such as for forest roads, machinery or forest management planning</p>
Awareness raising and networking	<p>Providing information on sustainable forest management</p> <p>Connecting forest owners through events, excursions, etc.</p>
International cooperation	<p>Development cooperation projects</p> <p>International organizations (World Bank, FAO)</p> <p>Government cooperation, such as the EU's twinning of countries</p> <p>Through European forest owners' interest groups, or bilaterally with organizations from other countries</p> <p>Scientific/academic cooperation</p>

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