

Special Report

**EU funding for biodiversity and
climate change in EU forests:
positive but limited results**



EUROPEAN
COURT
OF AUDITORS

Contents

	Paragraph
Executive summary	I-V
Introduction	01-18
Why EU forests are important	01-03
Main trends in forests	04-06
Global and EU action for forests	07-13
Rural development policy is the biggest source of EU financing for forests	14-18
Audit scope and approach	19-23
Observations	24-68
Key EU policies have a positive but limited impact on forests	24-47
The EU partly protects biodiversity in its forests	25-32
The EU has legislation addressing illegal logging but this practice still occurs	33-39
The EU is taking steps to include forests in its climate change policies	40-47
The forestry measures examined missed opportunities to significantly improve biodiversity and tackle climate change	48-68
Rural development spending on forests requires elaboration of forest management plans, but their quality is variable	49-54
The forestry measures examined had a limited impact on biodiversity and resilience to climate change	55-64
The current monitoring system does not measure the biodiversity and climate change effects of forestry measures	65-68
Conclusions and recommendations	69-74

Abbreviations

Glossary

Replies of the Commission

Timeline

Audit team

Executive summary

I EU forests are multifunctional, serving environmental, economic and social purposes. Sustainable management practices are key to maintaining biodiversity and addressing climate change in forests.

II Forest cover a similar area to agriculture, and this area has been growing in the last 30 years. Funding for forested areas from the EU budget is much lower than for agriculture – representing less than the 1 % of the CAP Budget – and is focussed on support for conservation measures and support for planting and restoring woodland. 90 % of the EU forestry financing is channelled through the European Agricultural Fund for Rural Development (EAFRD). The EU has international obligations in this area including combatting illegal logging and protecting biodiversity. With this report, we aim to facilitate policy discussions impacting EU forests.

III This audit focused on the EU's efforts to protect biodiversity and address climate change in EU forests. Overall, we conclude that in the areas where the EU is fully competent to act, the EU has had a positive but limited impact on protecting biodiversity and addressing climate change in EU forests.

IV Our main findings are as follows.

- (a) The EU approved the Habitats and Birds directives and the Commission has adopted several strategies to address the poor biodiversity and conservation status of EU forests. We found that the quality of the conservation measures for these forest habitats covered by the Directives continues to be problematic.
- (b) The Timber Regulation aims to stop illegal logging in the EU. We found that the Commission has not assessed the quality of Member State checks. While remote sensing offers great potential for cost-effective monitoring over large areas, the Commission does not use it consistently.
- (c) The EU is increasingly addressing forests in its climate change policies. Climate change concerns in forests feature in both the Renewable Energy Directive and the LULUCF Regulation. However, issues such as adapting forests to climate change and setting ecological boundaries on the use of forests for energy are less well developed. Efforts to improve the focus of woodland climate adaptation strategies have been hampered by a lack of knowledge and information.

- (d) The EU channels financial support to forestry-related climate change and biodiversity actions mainly through the EAFRD. We found that, overall, the EAFRD rules and procedures do not guarantee greater biodiversity and resilience to climate change. The legislative proposals for the CAP after 2020 give Member States more flexibility in the design of forestry support schemes and do not address these weaknesses. The common EU monitoring system does not measure the biodiversity and climate change effects of forestry measures.

V Based on these findings, we make recommendations to:

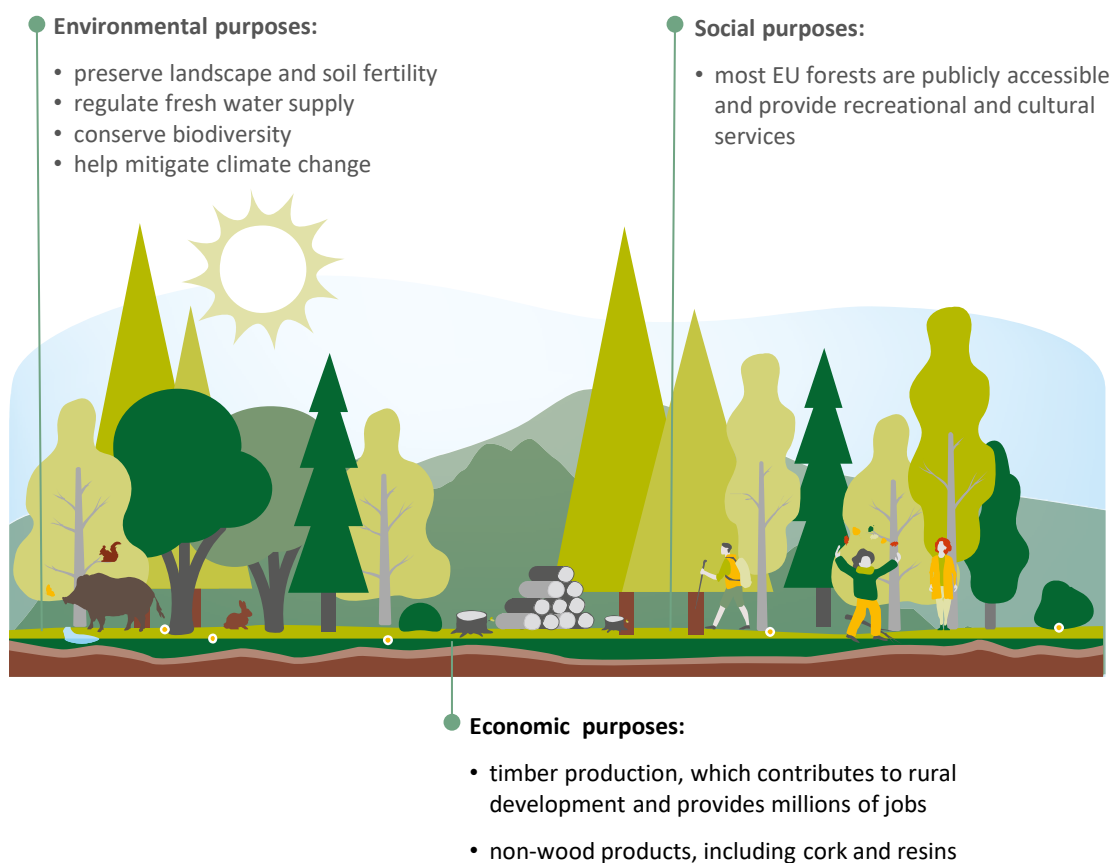
- improve the EU's contribution to biodiversity and better tackling climate change in EU forests;
- strengthen the fight against illegal logging; and
- improve the focus of rural development forestry measures on biodiversity and climate change.

Introduction

Why EU forests are important

01 The EU has close to 180 million hectares of forest and other wooded land, covering 45 % of its total land area. According to Eurostat, between 1990 and 2020, the area of EU forests increased by 10.2 million hectares¹. EU forests are multifunctional, serving environmental, economic and social purposes (see [Figure 1](#)). Private entities own 60 % of EU forests, and in 2017, the gross output of forestry production including logging activities amounted to more than €55 billion euro.

Figure 1 – EU forests are multifunctional



Source: ECA.

¹ Eurostat: [Agriculture, forestry and fishery statistics](#), 2020 edition.

02 Many species live in forests, which host nearly 90 % of the world's terrestrial biodiversity. Biodiversity is richer in older forests, which have a more significant volume of deadwood and greater structural complexity. It is usually also richer in forests that have experienced little human intervention. Few European forests remain in a primary state, and human activities affect more than 95 % of EU forests. Forests are classified according to their degree of human intervention: undisturbed forests (2.4 %), semi-natural forests (93.2 %), and plantations (4.4 %)².

03 Healthy forests contribute to fighting climate change, because they capture carbon dioxide from the atmosphere. Europe faces growing risks of forest disturbances caused by the effects of climate change, like forest fires, droughts, storms, sea level rise, or the emergence and spread of (new) pests and diseases. This is putting the capacity of forests to function as a carbon sink under pressure. Resilient forests are those expected to withstand these effects, and hence to preserve the carbon sequestration performance of forests. Forest management practices and planning are becoming increasingly important as means of getting resilient forests.

Main trends in forests

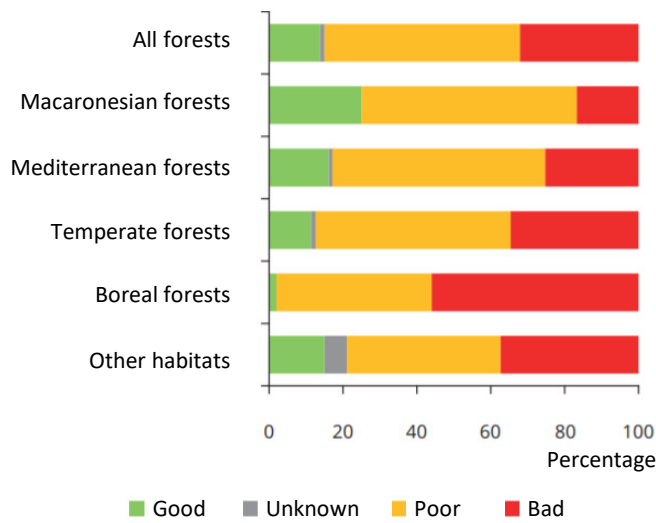
04 The 2020 State of Europe's Forests report³ concluded that "On average, the condition of European forests is deteriorating". Other reports and data from Member States confirm that the conservation status of forests is in decline. The European Environment Agency's *State of nature in the EU* report for 2013-2018⁴ discusses the conservation status of forest habitats and species protected under the Birds and Habitats Directives. For all forests, the most common status is "poor" (54 %) or "bad" (31 %) and the least common is "good" (14 %) (*Figure 2* provides the breakdown per forest region).

² State of Europe's Forests 2020. Forest Europe.

³ State of Europe's Forests 2020. Forest Europe.

⁴ EEA report No 10/2020.

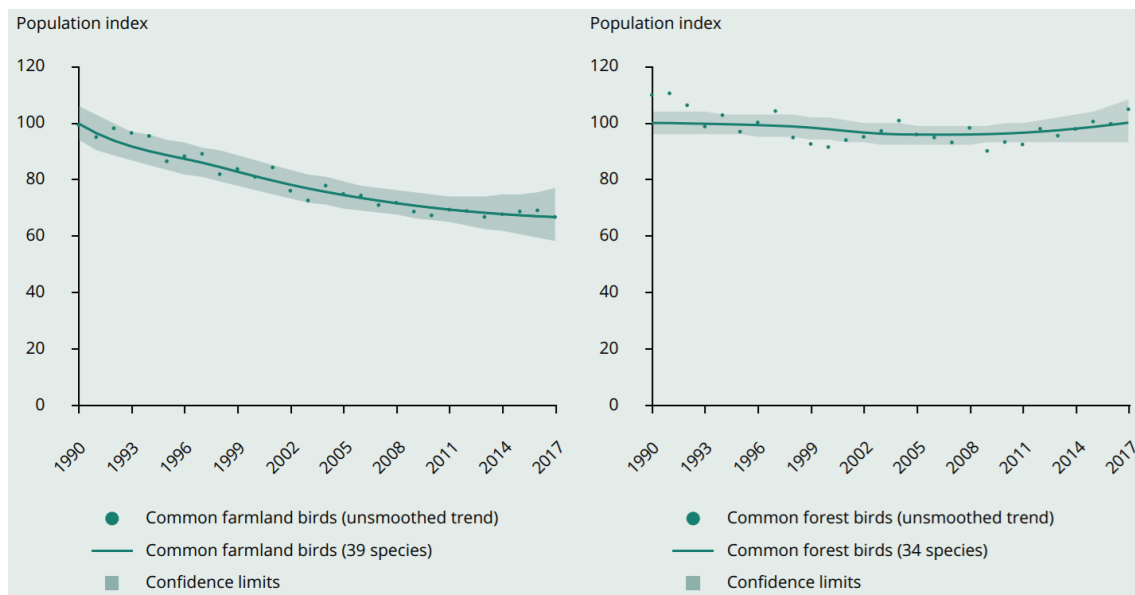
Figure 2 – Conservation status of forests by region as of 2018



© EEA, 2020, EEA report No 10/2020, based on Member State reports under Article 17 of the Habitats Directive and percentage of EU assessments.

05 The situation is more positive in some elements of biodiversity levels in forests: the common forest bird index decreased by 3 % in the EU from 1990 to 2011, but since then recovered (see [Figure 3](#)).

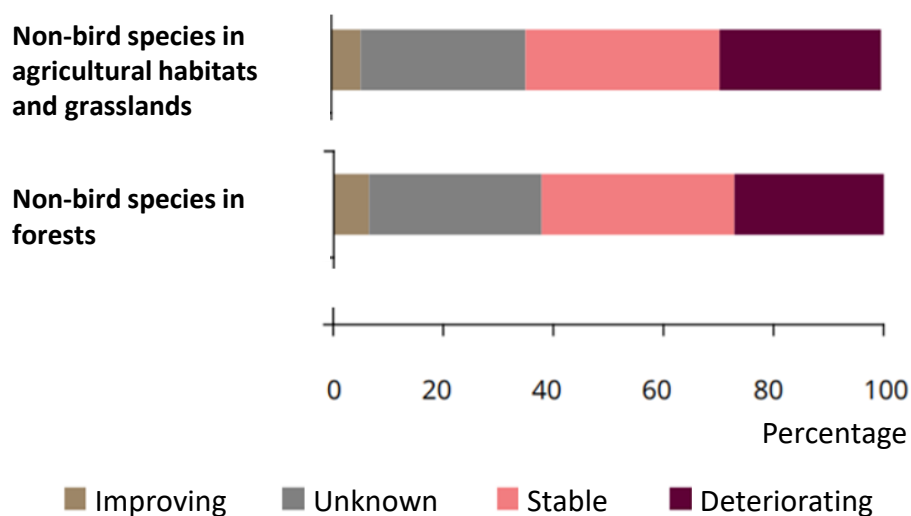
Figure 3 – Birds index show better results in forests than in farmland



© EEA, 2020, EEA report No 10/2020.

06 As for the trends in forest species other than birds, only 6 % are improving while 27 % are deteriorating (see [Figure 4](#)).

Figure 4 – Similar trends for forests and non-forests species other than birds



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Global and EU action for forests

07 The EU's international commitments in this area are the UN Convention on Biological Diversity and the 2030 Agenda for Sustainable Development with its Sustainable Development Goal 15 (see [Box 1](#)).

Box 1 – Targets set in international commitments concerning biodiversity in forests



Convention on Biological Diversity

Target 5

By 2020, the rate of loss of all natural habitats, including forests, is at least halved and where feasible brought close to zero, and degradation and fragmentation is significantly reduced.

Target 7

By 2020 areas under agriculture, aquaculture and forestry are managed sustainably, ensuring conservation of biodiversity.



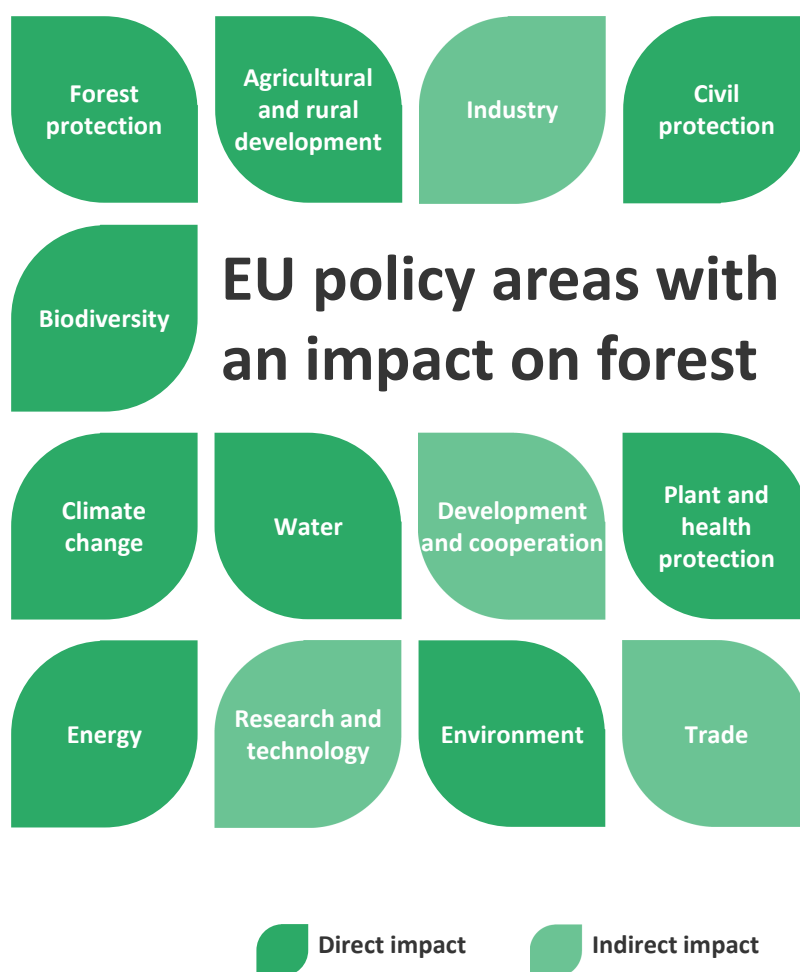
Sustainable Development Goal 15

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

08 Other international conventions that are relevant to forests focus on biological diversity, climate change and desertification. They include the UN Framework Convention on Climate Change (UNFCCC) and the UN Convention to Combat Desertification. In Europe, the Ministerial Conference on the Protection of Forests, also known as Forest Europe, is a voluntary high-level political process that aims at enhancing intergovernmental dialogue and cooperation on forest policies across the continent. It develops common strategies for its 47 signatories (46 countries and the EU) to protect and sustainably manage their forests.

09 Article 3 of the EU Treaty states that the EU must work for the sustainable development of Europe based on, among other things, a high level of environmental protection and improvements in environmental quality. Several EU policies have an impact on forests. Management, conservation, climate change adaptation and sustainable use of forests are one of the key objectives of rural development under the common agricultural policy, as well as policies on the environment, climate change, trade and internal market, research, industry and energy (see [Figure 5](#)).

Figure 5 – Which policies have an impact on EU forests?



Source: ECA, based on *European forest ecosystems – State and trends* (EEA, 2015).

10 Each of these policy areas has a different set of tools: legislation, non-binding policy documents (e.g. strategies and guidelines) and subsidies from the EU budget. EU funding in this area is usually managed jointly by the Commission and the Member States (e.g. rural development). [Figure 6](#) summarises the main features of the EU's forest-related strategies and schemes, including the roles and responsibilities of the main actors.

Figure 6 – Main EU instruments addressing biodiversity and climate change in forests



* The EAFRD obligations apply only to recipients of EAFRD funds.

Source: ECA.

11 The Commission published its 2014-2020 EU strategy for forests and the forest-based sector in 2013⁵ as a framework for all forest-related policy-making in the EU, including rural development, environment and climate policy. **Box 2** shows the strategy's objectives for 2020. The Commission plans to publish a new strategy in 2021.

Box 2 – Objectives of the forest strategy to 2020

To ensure and demonstrate that all forests in the EU are managed according to sustainable forest management principles and that the EU's contribution to promoting sustainable forest management and reducing deforestation at global level is strengthened, thus:

- contributing to balancing various forest functions, meeting demands, and delivering vital ecosystem services;
- providing a basis for forestry and the whole forest-based value chain to be competitive and viable contributors to the bio-based economy.

12 The EU has not set specific objectives or targets for forest biodiversity or the health status of forests. Nevertheless, the following general objectives also concern forests:

- The Habitats⁶ and Birds⁷ directives aim at maintaining or restoring, in favourable conservation status, natural habitats and species of wild fauna and flora of Community interest⁸, and at protecting all the wild bird species that occur naturally in the EU. Around 50 % of Natura 2000 areas are forests.
- The EU Biodiversity Strategy to 2020⁹, in line with the EU's obligations under the UN Convention on Biological Diversity (see paragraph **07**), aims to halt the loss of biodiversity and the degradation of ecosystem services in the EU by 2020 and

⁵ Communication from the Commission to the European Parliament, the Council, the European Economic Committee and the Committee of the Regions: “[A new Forest Strategy: for forests and the forest-based sector](#)”, COM(2013) 659 final.

⁶ Council Directive 92/43/EEC (OJ L 206, 22.7.1992, pp. 7-50).

⁷ Directive 2009/147/EC (OJ L 20, 26.1.2010, pp. 7-25).

⁸ Articles 2 and 3 of Directive 92/43/EEC and Article 1 of Directive 2009/147/EC.

⁹ Communication from the Commission to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions: “[Our life insurance, our natural capital: an EU biodiversity strategy to 2020](#)”, COM/2011/0244 final.

restore them wherever feasible, while stepping up the EU contribution to averting global biodiversity loss.

- The EU Biodiversity Strategy to 2030¹⁰ states that “the Commission will request and support Member States to raise the level of implementation of existing legislation within clear deadlines. It will in particular request Member States to ensure no deterioration in conservation trends and status of all protected habitats and species by 2030. In addition, Member States will have to ensure that at least 30 % of species and habitats not currently in favourable status are in that category or show a strong positive trend.” The Strategy also aims at defining, mapping, monitoring and strictly protecting all the EU’s remaining primary and old-growth forests.

13 One of the key targets of the biodiversity strategy was to restore at least 15 % of degraded ecosystem services in the EU by 2020. In 2015, the Commission assessed¹¹ that progress had been insufficient, and that the trend in the degradation of ecosystems and services had not yet been halted. In 2020, the Commission also published a report¹² on the state of ecosystem services, including specific information on forest ecosystems. According to the report, there have been improvements in structural condition indicators (biomass, deadwood) since 2010, but some key degradation indicators, such as tree-crown defoliation, continue to worsen. It concludes that, in general, the condition of EU forests is poor.

Rural development policy is the biggest source of EU financing for forests

14 The EU Forest Strategy to 2020 describes the European Agricultural Fund for Rural Development (EAFRD) as its “resource backbone” because it accounted for 90 % of total EU forestry financing. Other EU financing sources include the LIFE programme, financing for research under Horizon 2020, the European Regional Development Fund, the Cohesion Fund and the EIB Natural Capital Financing Facility.

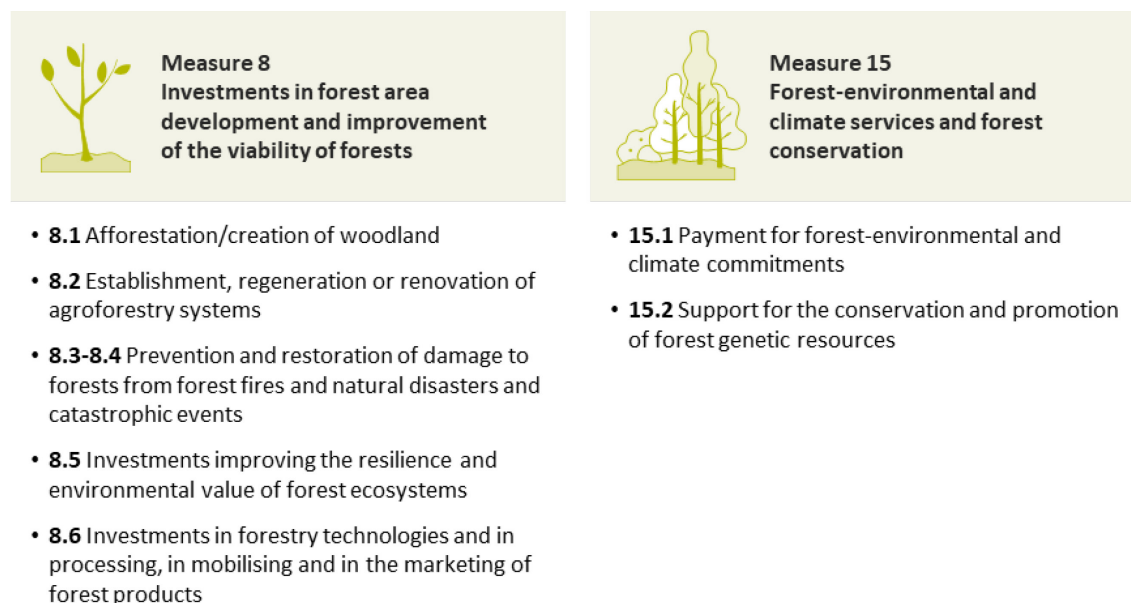
¹⁰ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: “EU Biodiversity Strategy for 2030 – Bringing nature back into our lives”, COM(2020) 380 final.

¹¹ Mid-term review of the EU biodiversity strategy to 2020.

¹² “Mapping and Assessment of Ecosystems and their Services: An EU ecosystem assessment”.

15 Rural development spending is available to support two forestry measures focussing on creating woodland, and supporting existing woodland (see [Figure 7](#)).

Figure 7 – Rural development forestry measures



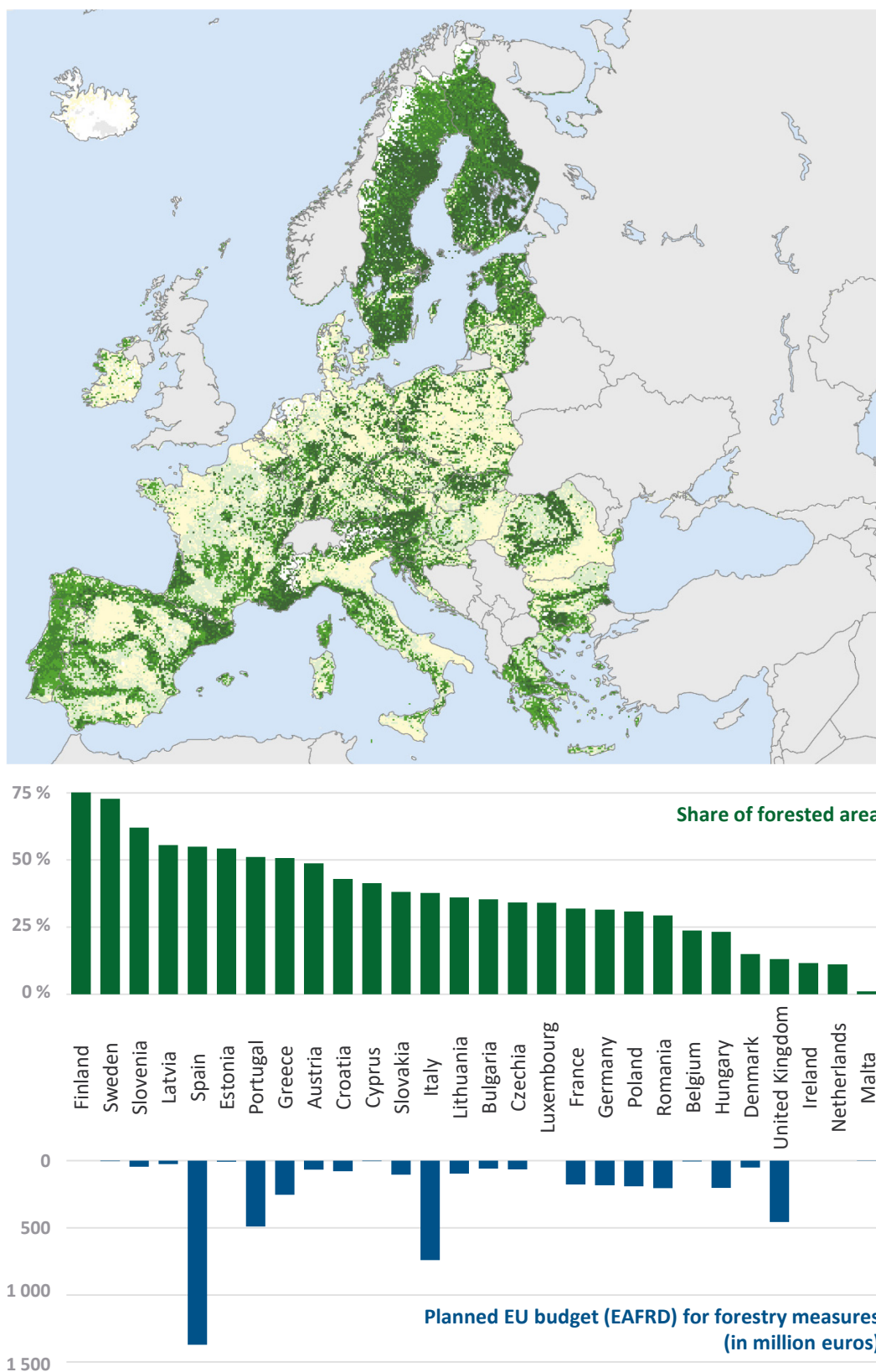
Source: Articles 21-26 and 34 of Regulation (EU) No 1305/2013 and Article 1(9)(a) of Regulation (EU) 2017/2393.

16 Several other rural development measures can also have an impact on forests. For example, forest areas can benefit from Natura 2000 payments. Further examples of actions under other measures include forestry advisory services, investments in infrastructure to develop and adapt forestry, and support for the drawing up of forest management plans.

17 Member States can decide whether to include forestry measures in their rural development programmes and how to use them to support forests. They set specific forestry requirements in their rural development programmes. 24 Member States allocated, in total €4 890 million of EU money to the two forestry measures for the 2014-2020 period¹³ (see [Figure 8](#)) and by the end of 2020 they spent 49 % of these funds. Finland, Ireland, Luxembourg and the Netherlands have not allocated any money to forestry measures in their rural development programmes. The Commission does not track forestry expenditure under other measures.

¹³ Based on the Commission data from the first approved rural development programmes.

Figure 8 – Forested area and planned EU money for forestry measures



Source: ECA, based on map from European Environment Agency, created on 12 November 2009, last modified on 28 October 2015; on State of Europe's Forests 2015 data; and on Commission's data from the first approved 2014-2020 rural development programmes.

18 The Commission's 2017 evaluation of forestry measures¹⁴ concluded that the effect of rural development support for forests was generally positive and could contribute significantly to delivering economic, environmental and social benefits. It found that support for the prevention and restoration of damage to forests had the most significant effect supporting, between 2007 and 2013, around 10 million hectares (5 % of EU forests). Support for afforestation was used during the 2007-2013 period to plant 287 490 hectares of new forest (around 0.2 % of EU forests).

¹⁴ European Commission: [Evaluation study of the forestry measures under Rural Development](#). Final report. Alliance Environment EEIG. September 2017.

Audit scope and approach

19 We examined whether EU action supports biodiversity protection and addresses climate change in EU forests. We looked at (a) the impact of the Commission's action in a number of key environmental and climate policies and (b) the particular impact of forestry measures funded through EU rural development.

20 Our scope covered EU forests, and we focused on the key EU policy areas referred to in [Figure 6](#). Where the EU Timber Regulation is concerned, we looked exclusively at the monitoring of domestic timber.

21 To collect and assess evidence, we:

- examined the relevant EU legislation, the Commission's strategies, proposals and guidelines, and reports of relevance to biodiversity and climate change in EU forests, the Habitats and Birds directives (Natura 2000) and the EU Timber Regulation;
- consulted experts at the Commission and reviewed documentation from three Member States selected on the basis of the materiality of the expenditure on rural development forestry measures and on the variety of their forest types: Germany (Mecklenburg-Vorpommern and Sachsen-Anhalt), Spain (Castilla la Mancha and Principado de Asturias) and Poland. Travel restrictions due to COVID-19 pandemic only enabled an on-the-spot visit to Germany (where we visited EU funded projects);
- analysed expenditure data on biodiversity and climate change in EU forests co-financed by the EAFRD;
- organised a panel of experts to obtain further knowledge in certain areas and assess our preliminary audit findings;
- used a questionnaire to all Member States in relation to 35 rural development programmes to collect information and evidence concerning their implementation of EAFRD forest sub-measures – in particular on the extent to which those sub-measures have contributed to biodiversity protection and climate change mitigation and adaptation.

22 The period covered by this audit is 2014-2020, which is the programming period for the most recent multiannual financial framework. We also took into account the Commission's legislative proposals for the Common Agricultural Policy (CAP) for the new programming period (2021-2027).

23 With this report, we aim to facilitate policy discussions impacting EU forests and to feed into set up the 2021-2027 CAP, the new EU forest strategy, the development and implementation of the proposed European Climate Law, and the new EU Adaptation Strategy and consideration of the EU Timber Regulation.

Observations

Key EU policies have a positive but limited impact on forests

24 Most of EU environmental and climate policies have an impact on forests. We examined whether key EU environmental and climate policies promoted biodiversity and addressed climate change in forests, in line with the international and EU targets set for forests protection.

The EU partly protects biodiversity in its forests

25 The EU has endorsed international agreements (see paragraph [07](#)) and therefore needs to respect a number of targets directly related to biodiversity in forests. In addition, the EU treaty calls upon the EU to work for the sustainable development of Europe based on, among other things, a high level of environmental protection and improvements in environmental quality.

26 The main EU environmental provisions on biodiversity are set out in the Habitats and Birds directives. The directives require Member States to protect habitats by designating areas known as Natura 2000 sites and defining conservation measures to keep or restore their status. Natura 2000 covers around 23 %¹⁵ of EU forests. The following forests located in Natura 2000 sites are protected (see [Figure 9](#)):

- The forests with habitats types that correspond to those mentioned in the Annex I of the Habitats Directive;
- Any forest located in Natura 2000 sites, hosting species mentioned in the Annex II of the Habitats directive or/and in the Annex I of the Birds directive.

27 In addition, there are specific species protection provisions¹⁶ that apply in the whole territory of Member States. These provisions concern the protection of e.g. resting, breeding and nesting spaces. However, the area of the forests concerned by these provisions is, in practice, difficult to establish. Under the Environmental Liability Directive, which applies to Annex I forest habitat types and the forest habitats of

¹⁵ [Mapping and Assessment of Ecosystems and their Services: An EU ecosystem assessment. Annex-eu-ecosystem-assessment_final.pdf.](#)

¹⁶ Article 5 [Directive 2009/147/EC](#) and articles 12 and 13 [Directive 92/43/EEC](#).

protected species outside of Natura 2000, illegal loggers are liable to restore the habitat damage that they cause.

Figure 9 – Percentage of EU forests inside and outside Natura 2000 sites



Source: ECA.

28 Under the EU biodiversity strategy¹⁷, which applies inside and outside Natura 2000 sites, the Commission sets non-binding targets (see paragraph **12**) in guidelines and recommendations.

29 In 2017¹⁸, we drew attention to a number of weaknesses in the management of Natura 2000 areas. In particular, we concluded that Member States too often delayed or inappropriately defined their conservation measures. The conservation measures necessary to maintain or restore habitats and their flora and fauna need to be taken in time and be specific enough in order to be implemented effectively. For the current audit, we checked 15 Natura 2000 management plans that included forest areas, and found that 14 of them lacked specific conservation measures (see **Box 3**). External evaluators contracted by the Commission have found that the quality of conservation measures is often poor.

¹⁷ For the two strategies, see footnotes **9** and **10**.

¹⁸ Special report 1/2017: “More efforts needed to implement the Natura 2000 network to its full potential”.

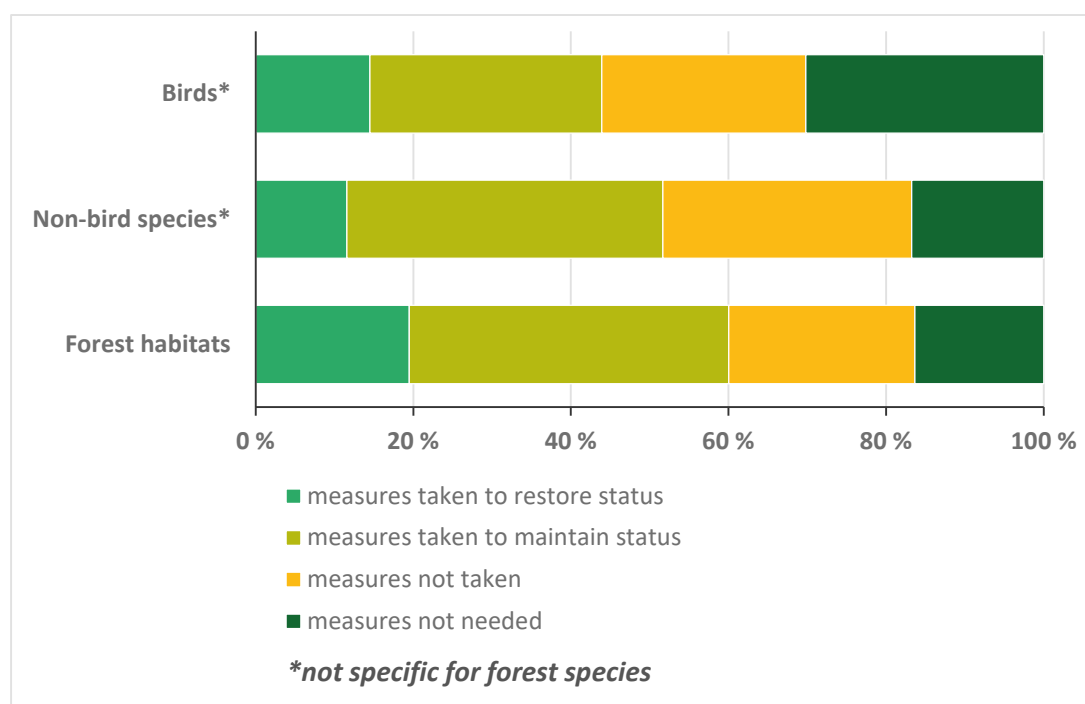
Box 3 – Examples of non-specific conservation measures

In Spain, the authorities recognised that, in practice, as a consequence of poor contacts between the agricultural and conservation administrations, management plans do not often propose specific conservation measures.

In Poland, four out of the five “programmes of conservation tasks” we reviewed contained objectives and targets that were neither specific nor measurable.

30 Most of the assessments of the habitats protected by the Directive indicate bad or poor conservation status (85 % – see paragraph 04) of EU forests. We found that most conservation measures aim to maintain rather than to restore status. *Figure 10* shows measures taken to maintain or restore the status of forest habitats and species.

Figure 10 – Measures to maintain and restore status



Source: ECA, based on reporting by Member States under Article 12 of the Birds Directive and Article 17 of the Habitats Directive. Compiled by EEA and ETC/BD.

31 The Commission knows about the forest status through the information reported by the Member States (see paragraph 04). In addition, the Commission receives information about poor application of conservation measures in Member States through complaints from e.g. NGOs and, occasionally, from other sources such as investigations of infringements in other areas. During the 2014-2020 period, the Commission received more than 900 complaints concerning the application of the Habitats and Birds directives.

32 Where the Commission learns that a Member State is failing to comply with its obligations under the two directives, it can open an infringement procedure (see example in [Box 4](#)). As of January 2021, 13 infringement cases relating to the absence or insufficient quality of conservation measures for Special Areas of Conservation under the Habitats Directive were still open.

Box 4 – Protecting old forests in Poland

In 2007, in accordance with the Habitats Directive, the Commission approved the designation of the Puszcza Białowieska Natura 2000 site as a "site of Community importance". The site is also designated under the Birds Directive as a "special protection area" for birds. According to the Commission, Puszcza Białowieska is one of the best preserved natural forests in Europe, and is characterised by the presence of many old trees, in particular some of 100 years or more.

In 2016, the Polish Minister for the Environment authorised, for the period from 2012 to 2021, almost a threefold increase in the harvesting of timber in the Białowieża forest district, as well as forest management operations in areas where all intervention was previously prohibited. The Commission learnt about this through a complaint delivered by eight NGOs and through publicly available information. The Polish government argued that the work was necessary to halt the spread of the spruce bark beetle.

Considering the Polish argument to be without grounds, on 20 July 2017 the Commission brought an action before the Court of Justice for a declaration that Poland had failed to fulfil its obligations under the Habitats and Birds directives. On 17 April 2018, the Court ruled in the Commission's favour.

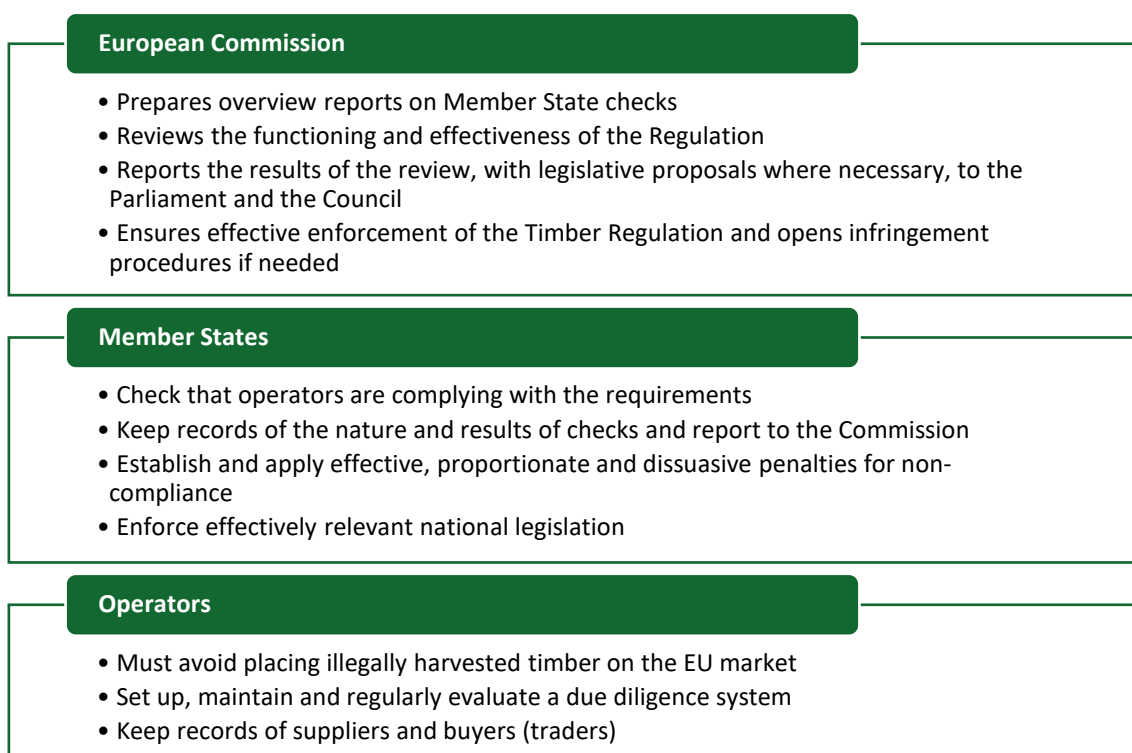
The EU has legislation addressing illegal logging but this practice still occurs

33 The EU Timber Regulation¹⁹ prohibits the placing of illegally harvested timber and timber products on the EU market. In general, illegal logging means any illegal practices relating to the harvesting or trading of timber and timber products. The rules in place in the Member State of harvest define whether timber is illegally harvested.

¹⁹ Regulation (EU) No 995/2010 of the European Parliament and of the Council of 20 October 2010 laying down the obligations of operators who place timber and timber products on the market.

34 To minimise the risk of illegally harvested timber reaching the market, the Timber Regulation requires operators to exercise due diligence. To this end, they must collect information on timber type, country of harvest, supply chain and compliance with the rules, assessing any risk and, where necessary, taking remedial action. The Commission, the Member States and timber operators all play a role in putting the Timber Regulation into practice. *Figure 11* describes their respective responsibilities.

Figure 11 – Key responsibilities under the EU Timber Regulation



Source: ECA.

35 The Commission reviewed the effectiveness of the Timber Regulation in 2016, covering the first two years (from March 2013 to March 2015) of its application by Member States²⁰. At that time, the Commission stated that it was too early to conclude whether the Regulation prevented illegal timber from coming to the market. In 2020, the Commission published a report on Member States' checks under the Regulation²¹. According to the report, all Member States were compliant with the formal requirements of the Regulation. The Commission concluded that, despite progress, continuous efforts were needed to ensure that the Regulation was put into

²⁰ Report from the Commission to the European Parliament and the Council on the EU Timber Regulation. COM(2016) 74 final.

²¹ Biennial report from the Commission to the European Parliament and the Council, for the period March 2017 – February 2019, on the EU Timber Regulation. COM(2020) 629 final.

practice consistently and effectively in all Member States. It found that the number of checks remained low compared to the number of operators, and doubted that these low frequency checks would have a dissuasive effect. According to the report, there were an estimated 3 042 884 domestic operators in 21 Member States, and checks were made on 13 078 (0.43 %) during the two-year reporting period. The next review of the effectiveness of the Timber Regulation, together with a fitness check, is due in December 2021.

36 The Commission is responsible for reviewing the functioning and effectiveness of the Timber Regulation. Member State reporting is the main source of information for its reviews. The Timber Regulation requires Member States to make available information on the application of the regulation and leaves it up to the Commission to establish a format and procedure by an implementing act. The Commission has not issued an implementing act but it has set up an online reporting system to collect information on Member State checks in a standardised way. Reporting focuses on the risk criteria for selecting operators, the number of checks, the time taken for checks, the type of information recorded, and penalties. Reporting under the Timber Regulation does not provide the information with which the Commission can analyse the quality of Member States' monitoring activity, the national rules defining illegal logging or the procedures used for checks. Nor does it require Member States to substantiate their replies with supporting documents that would allow it to verify the accuracy or completeness of the information.

37 We reviewed the national procedures for checking domestic logging in Germany, Spain and Poland in order to assess the content and extent of the checks and confirm the importance of the Commission's role in monitoring. We found that procedural weaknesses and missing checks reduce the Timber Regulation's effectiveness in practice (for Poland see [Box 4](#) and for Germany and Spain see [Box 5](#)).

Box 5 – Weaknesses in Member State enforcement

Sachsen-Anhalt (Germany) checks domestic operators mainly under forestry law and nature protection law. Sachsen-Anhalt has no rules and procedures for checks based on the Timber Regulation, and has therefore not checked any domestic operators under it.

Mecklenburg-Vorpommern (Germany) records checks on domestic operators only if third parties or authorities report possible infringements.

Asturias (Spain) checked 12 domestic operators during 2016-2019. Asturias did not check any domestic operators in 2017 or 2018. The Asturias authorities explained that, at the time, they did not have a list of operators subject to the Regulation.

38 The Commission meets regularly with a group of experts from Member State authorities to exchange information about shortcomings revealed by checks, as well as penalties, best practices and lessons learnt. The Commission also receives information about possible infringements through complaints. Since 2017, it has received and followed up eight complaints about failure to implement the Regulation. If it considers that a Member State may be failing to enforce the Timber Regulation properly, the Commission can request more information or open an infringement procedure. So far, infringement procedures have concerned the lack of Member State rules and checks and, in one case, the ineffectiveness of checks (see [Box 6](#)).

39 A recent Commission study²² concluded that remote sensing can be used to detect illegal logging. Remote sensing – typically, the use of aerial photography and satellite data – is a powerful monitoring tool because it is cost-effective and makes it possible to cover large areas. To differentiate legal from illegal logging, remote sensing data must be combined with logging records and information on protected areas and concession boundaries. The Commission has not generally used remote sensing to monitor illegal logging in the EU. It has used this approach to collect information on three infringements with the Habitats and Birds Directives, one of these infringement procedures also included illegal logging (see [Box 6](#)).

²² Study on [Monitoring of Forests through Remote Sensing](#). Final Report. C. Atzberger et al, for the Commission, October 2020.

Box 6 – Remote sensing as an enforcement tool

In 2020, the Commission opened an infringement procedure for illegal logging against Romania²³. According to the Commission, the Romanian authorities have not been adequately checking operators or applying appropriate sanctions. In addition, they have authorised logging without first evaluating the impact on protected habitats as required under the Habitats Directive.

The Commission analysed and combined Earth observation data, maps and geo-tagged photographs to collect evidence about illegal logging in Romania. It found that logging on several Natura 2000 sites resulted in the loss of protected forest habitats and seriously disrupted species.

The EU is taking steps to include forests in its climate change policies

40 Forests can contribute significantly to removing greenhouse gases from the atmosphere. In September 2020, the Commission proposed raising the 2030 greenhouse gas emissions reduction target from at least 40 % to at least 55 % compared to 1990 levels. In December 2020, the Council endorsed this proposal. The new target includes greenhouse gas emissions and removals from all land uses, including forests. The Land Use, Land Use Change and Forestry (LULUCF) Regulation²⁴ requires Member States to comply with the “no debit rule”, whereby accounted greenhouse gas emissions from land use, land use change or forestry are balanced by at least an equivalent accounted removal of CO₂ from the atmosphere in the period 2021 to 2030.

41 Data from recent years has shown a decline in carbon sink values in the EU (see [Figure 12](#)). The 2020 EU Climate Action Progress Report²⁵ indicates that reported net removals of atmospheric CO₂ decreased by 28 % from 2013 to 2018. The reported emissions are those recorded in UNFCCC inventory submissions, which include all emissions by sources and removals by sinks from managed lands. According to the same 2020 EU Climate Action Progress Report, the main reason for the decline in sink values was an increase in wood harvesting rates. In the Commission’s view, a mix of

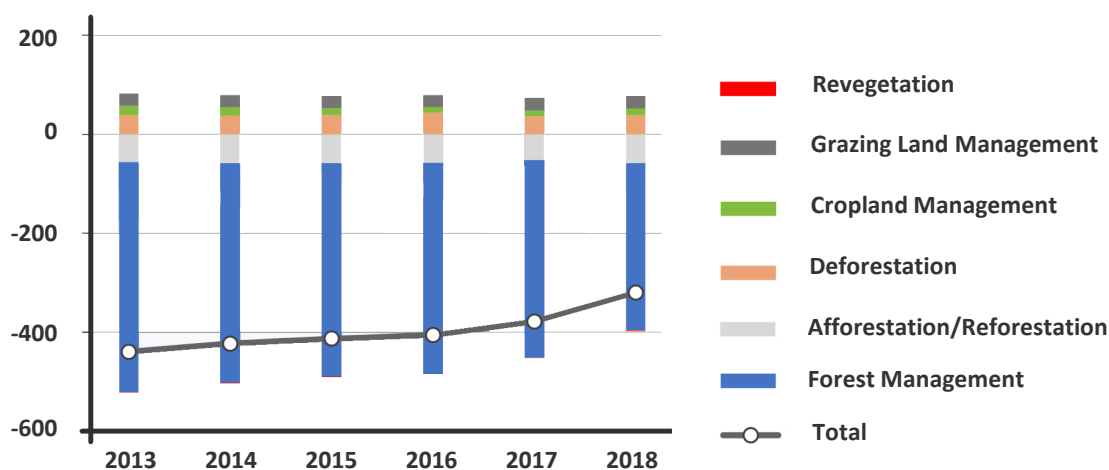
²³ European Commission: Infringement decisions. July 2020.

²⁴ Regulation (EU) 2018/841 of the European Parliament and of the Council of 30 May 2018 on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry in the 2030 climate and energy framework, and amending Regulation (EU) No 525/2013 and Decision No 529/2013/EU.

²⁵ EU Climate Action Progress Report. European Commission. November 2020.

other factors, including an increasing share of forests reaching harvest maturity and an increase in natural disturbances such as insect infestations, storms, droughts and forest fires also contributed to the decline in sink values.

Figure 12 – Net CO₂ emissions and removals reported to UNFCCC, EU-27



Note: The data corresponds to EU-27 LULUCF net removals from activities reported under the Kyoto Protocol second commitment period.

Source: ECA, based on European Commission, EU Climate Action Progress Report, November 2020.

42 According to the LULUCF Decision²⁶, actions to limit or reduce emissions should be reflected in Member States' strategic documents on forests. We reviewed the forest strategies for five Member States/regions. We found that the strategy provided by Asturias (Spain) had not considered climate change mitigation actions, that the three other regions in Germany and Spain had not included quantified targets or indicators in their strategies, and that only the Polish strategy set out the contribution of forests to climate change mitigation (see [Box 7](#)).

²⁶ Decision No 529/2013/EU of the European Parliament and of the Council of 21 May 2013 on accounting rules on greenhouse gas emissions and removals resulting from activities relating to land use, land-use change and forestry and on information concerning actions relating to those activities (OJ L 165, 18.6.2013, pp. 80-97).

Box 7 – Examples of good and bad practices for climate change mitigation in Member States' forest strategies

The Polish authorities have defined targets and indicators for forest cover, growing stock and carbon sequestration. Since 2005 Poland increased forest cover by 259 000 hectares.

In Spain, the “*Plan Forestal de Asturias*” in force at the time of the audit does not identify needs relating to climate change mitigation and hence does not include mitigation measures. It does not consider the role of forests as carbon sinks and has no reference to the potential role of forests in mitigating climate change.

43 The Renewable Energy Directive²⁷ is a key feature of EU climate policy, as it aims to reduce greenhouse gas emissions by stimulating the consumption of energy from renewable sources. The EU’s renewable energy target (20 % of energy from all sources combined by 2020) resulted in an increase in the consumption of solid biomass for energy purposes. In 2018, according to a report from the Joint Research Centre²⁸, 48 % of total woody biomass used in the EU was consumed as energy – up from 43 % in 2010.

44 The Renewable Energy Directive for the 2021-2030 period (RED II) has increased the target share of energy from renewable sources to 32 %. To mitigate the tension between the EU’s energy policy and its climate and environmental policies, it has also introduced sustainability criteria for solid biomass. The Directive requests the Commission to provide operational guidance by 31 January 2021 on the necessary evidence for compliance with these criteria. According to the Commission, this guidance is expected to be adopted in autumn 2021. Member States were required to transpose the Directive into domestic law by 30 June 2021.

²⁷ Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (OJ L 328, 21.12.2018, pp. 82-209).

²⁸ JRC Science for Policy Report: “Biomass production, supply, uses and flows in the European Union”, 2018.

45 Forests are multifunctional and as such they serve different ambitions. The EU's 2012 bioeconomy strategy²⁹, updated in 2018³⁰, was a response to the broad ambition of assessing the effects of multiple policies – including energy, climate, biodiversity and industry – and establishing the possible trade-offs and complementarities between them. The updated strategy includes actions for understanding the boundaries of the bioeconomy – the ecological limits to the EU's production and consumption patterns. Understanding these boundaries aims at helping to promote good practices, for example in relation to the use of forests for energy. Work in this area is ongoing.

46 In the area of climate change adaptation, the EU has not yet adopted legislation to impose targets or require specific action by the Member States. There is no EU legal framework requiring Member States to improve unsatisfactory forest adaptation strategies. The Commission set out an EU climate change adaptation strategy back in 2013³¹. This strategy did not particularly target forests, and the Commission has not yet defined common needs and targets for climate change adaptation measures in EU forests.

47 There is limited research on the means to adapt forests to climate change – for example, in understanding the interdependencies between climate change and projected shifts of forest vegetation. This knowledge gap is recognised in the new EU adaptation strategy³². In our review of climate change strategies in the five Member States / regions we selected for this audit, we observed that this contributed to limited quantified targets and indicators for concrete adaptation measures (see [Box 8](#)).

²⁹ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: “[Innovating for Sustainable Growth: A Bioeconomy for Europe](#)”, COM(2012) 60 final.

³⁰ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: “[A sustainable Bioeconomy for Europe: Strengthening the connection between economy, society and the environment](#)”, COM(2018) 673 final.

³¹ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: “[An EU Strategy on adaptation to climate change](#)”, COM(2013) 216 final.

³² Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: “[Forging a climate-resilient Europe - the new EU Strategy on Adaptation to Climate Change](#)” - COM(2021) 82 final.

Box 8 – National authorities had not defined a strategy to adapt forests to climate change

In Mecklenburg-Vorpommern, the *Aktionsplan Klimaschutz 2019* described areas of great potential for improvement in terms of climate adaptation. These were further detailed in the attached list of proposed measures. However, there was no obligation to implement the measures with most potential (no deadlines and no clear attribution of responsibilities). At the time of the audit none of them were actually in place.

Asturias last carried out a specific needs analysis in relation to climate change adaptation measures in forests in 2001.

The forestry measures examined missed opportunities to significantly improve biodiversity and tackle climate change

48 Rural development is the main source of EU funding for forestry. We examined the link between rural development spending and the requirement for sustainable forest management. We assessed to what extent rural development measures contributed to biodiversity protection and to climate change mitigation and adaptation. We also examined whether the Commission and Member States monitored the effects of forestry measures well.

Rural development spending on forests requires elaboration of forest management plans, but their quality is variable

49 Under the rural development Regulation, one of the conditions for receiving funding for forestry measures is, for holdings above a size defined by each Member State, presentation of “relevant information from a forest management plan or equivalent instrument in line with sustainable forest management”³³. The EU rules define sustainable forest management by reference to the Forest Europe general guidelines from 1993³⁴. To ascertain whether a forest management plan is aligned with the principles of sustainability, we consider that it needs to be assessed against clear economic, social and environmental criteria.

³³ Articles 21 and 34 of [Regulation \(EU\) No 1305/2013](#) (OJ L 347, 20.12.2013, pp. 487-548).

³⁴ Second Ministerial Conference on the Protection of Forests in Europe, 16-17 June 1993, Helsinki/Finland. [Resolution H1: General Guidelines for the Sustainable Management of Forests in Europe](#).

50 The 2014-2020 EU Forest Strategy promotes the use of forest management plans and states that they are the core of rural development funding and the Biodiversity Strategy to 2020. Forest management plans should set objectives for forest management and forestry activities and establish how those objectives are to be achieved in a specified forest area. Biodiversity and climate change considerations should be an integral part of forest management planning and decision-making. The aim of the Biodiversity Strategy to 2020 was that forest management plans would bring about a measurable improvement, compared with the EU's 2010 baseline, in the conservation status of species and habitats that depend on or are affected by forestry.

51 The 2014-2020 Forest Strategy required the Commission, in close cooperation with Member States and stakeholders, to identify "*objective, ambitious and demonstrable sustainable forest management (SFM) criteria that can be applied in different policy contexts such as climate change, bioenergy or bioeconomy, regardless of the end use of biomass*". The Commission set up a working group in June 2014 to identify relevant criteria and indicators. The working group recommended using Forest Europe's criteria and indicators and demonstrating sustainable forest management at Member State level.

52 Forest Europe first defined criteria and indicators for monitoring sustainable forest management in 1998, and updated them in 2015³⁵ (see **Box 9**). These indicators could be used to check forest management plans if thresholds were defined to make a distinction between sustainable and unsustainable forest management. The indicators serve for monitoring trends. The Commission considers monitoring and demonstrating environmentally sustainable forest management to be particularly challenging.

Box 9 – Forest Europe indicators for sustainable forest management

Forest Europe has defined six criteria and 45 indicators for sustainable forest management. One criterion, "Maintenance, conservation and appropriate enhancement of biological diversity in forest ecosystems", addresses biodiversity and consists of 10 indicators, covering aspects such as the volume of deadwood, the number of threatened forest species and the diversity of tree species.

³⁵ Updated Pan-European indicators for sustainable forest management.

53 We reviewed how the Member States we selected for examination assess whether a forest management plan is aligned with the principles of sustainability. We found that, in Germany, the rules for drawing up forest management plans set thresholds for age structure and the sustainable use of increment. German forestry law also covers other environmental aspects, but without specifying thresholds. According to Polish forestry law, forest management plans should translate broad principles of sustainable forest management into practice. **Box 10** describes the situation in Castilla La Mancha and Asturias.

Box 10 – Checks on forest management plans in Castilla La Mancha and Asturias

Spanish law requires the central government, in consultation with the Autonomous Communities, to develop a set of concrete sustainability criteria for defining the content of forest management plans, with indicators for monitoring.

In 2014, Castilla La Mancha approved a manual containing recommendations for the content of forest management plans. The desired content includes e.g. a description of priorities taking account of compatibility between forest uses (economic, environmental and social), and a description of planned activities taking account of the potential for regeneration of a specific forest type. Forest management plans that follow these recommendations are deemed sustainable.

By contrast, the term “sustainable forest management” is not defined in Asturias. Therefore, the Asturias’ authorities could not assess whether or not a specific plan is in line with “sustainable forest management”.

54 Member States have not defined thresholds to assess whether a forest management plan is environmentally sustainable or not. The existence of a forest management plan thus provides little assurance that rural development funding is directed to environmentally sustainable activities (see paragraph **49**).

The forestry measures examined had a limited impact on biodiversity and resilience to climate change

55 EU rural development policy seeks to deliver on a range of objectives. Funding goes to measures that are designed to foster competitiveness, develop rural economies or ensure the sustainable management of natural resources together with climate action. In order to ensure the sustainable management of natural resources, the rural development forestry measures should be designed to contribute to biodiversity protection and to climate change mitigation and adaptation. We reviewed to what extent rural development forestry measures do so.

56 The rural development rules set minimum environmental requirements for **afforestation** (EAFRD sub-measure 8.1) that aim to increase tree diversity and resilience to climate change. These minimum environmental requirements impose the use of tree species that are resilient to climate change or mixed with other species (at least 10 % of broadleaved trees by area or three tree species each making up at least 10 % of the area)³⁶. Although, therefore, an afforested area must be planted with a variety of species, it may consist in practice of large adjacent areas of monoculture. Other than these requirements, there are no EU rules on increasing forests resilience to climate change.

57 We reviewed how the selected Member States have put the minimum environmental requirements into practice. In eight out of nine afforestation projects, we found that the rules were interpreted as allowing clusters of monoculture, with limited improvements to biodiversity and resilience (see example in [Box 11](#)).

Box 11 – An example of an afforestation project

In Asturias, forestry measures focus on the economy and address low profitability in the forest sector. In the project we reviewed, the beneficiary planted 37 hectares of fast growing non-native conifers (Monterey pine) and 12 hectares of broadleaves (European beech and chestnut) in nine areas of monoculture. A better mixing of tree species would have been more beneficial for biodiversity and for the forest's future potential to withstand climate change.

³⁶ Article 6 of [Commission Delegated Regulation \(EU\) No 807/2014 of 11 March 2014 supplementing Regulation \(EU\) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development \(EAFRD\) and introducing transitional provisions \(OJ L 227, 31.7.2014, pp. 1-17\)](#).

58 The Commission published its CAP legislative proposals for the post-2020 period in 2018. The proposal for CAP strategic plans³⁷ gives Member States more flexibility in the design of forestry support schemes. The proposal does not include minimum environmental requirements for afforestation. However, it would only allow Member States to finance investments in afforestation that are consistent with climate and environmental objectives in line with the Forest Europe guidelines³⁸.

59 *Reforestation* and other actions under EAFRD sub-measure 8.5 aim to improve climate change resilience and the environmental value of forest ecosystems. The EU rules leave national authorities to decide on their specific approach to reforestation. We found that four of the five rural development programmes we examined had not defined rules to improve resilience and environmental value of forest ecosystems. In Poland, 551 out of 631 applications for support (87 %) under sub-measure 8.5 concerned the pre-commercial thinning of 11 to 20-year-old trees. This technique increases the growth of the remaining trees and mainly aims to improve the economic value of forest, not its environmental value.

60 We reviewed 15 projects under sub-measure 8.5, and found that eight of them contributed little to climate change resilience and environmental value. We found only one project with potential high contributions. *Box 12* describes two contrasting reforestation projects in Germany, one with and one without benefits for biodiversity and resilience to climate change.

³⁷ Proposal for a Regulation of the European Parliament and the Council establishing rules on support for strategic plans to be drawn up by Member States under the Common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD), COM(2018) 392 final.

³⁸ Article 68(3)(h) of the proposal for CAP strategic plans.

Box 12 – German projects with and without benefits for forest ecosystems

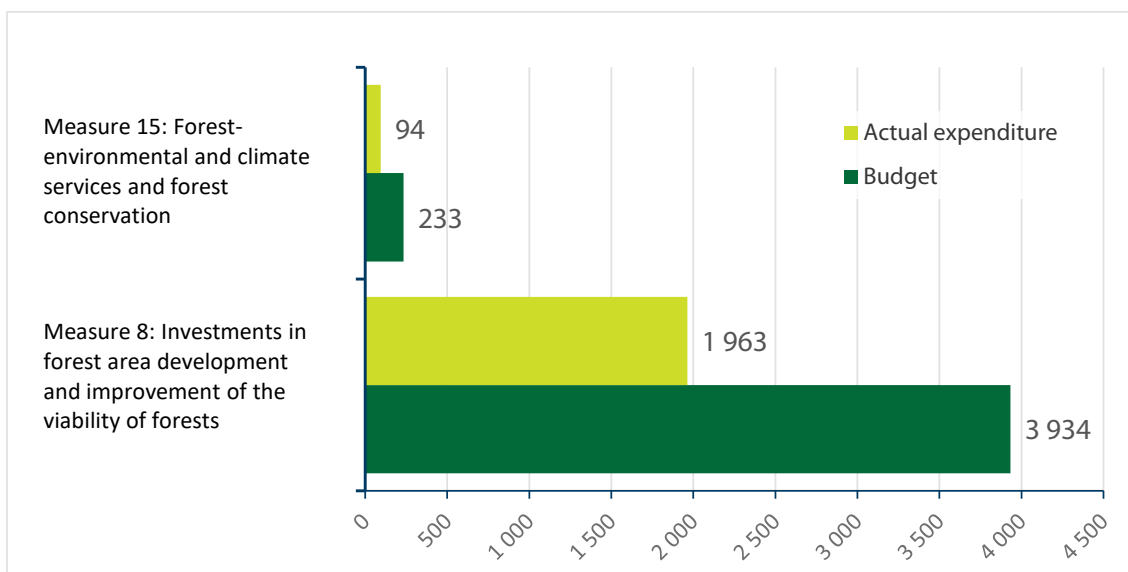
In Sachsen-Anhalt, one reforestation project covered an area of 6 hectares which had suffered from storm, drought and pests, converting it to a climate change resilient and biodiverse mixed forest. We found that new pines had been planted under old stands that were heavily affected by drought and pests, with broadleaves in small, mostly peripheral sections. The soil was poor in humus and nutrition. Replacing damaged trees with the same vulnerable species in large monoculture sections does not make a forest more resilient to climate change nor improve biodiversity.

In Mecklenburg-Vorpommern, a forest area destroyed by storm had been reforested with 7 500 oaks. Because of natural rejuvenation (birch, aspen, beech, hornbeam and rowan), the area had a rich mix of diverse species. There was significant potential for improved biodiversity and climate change adaptation and mitigation.

61 The Member States and regions we selected for this audit had defined selection criteria to prioritise the environmentally most beneficial projects. For example, Castilla La Mancha chose selection criteria for afforestation and reforestation that would favour Natura 2000 areas and areas with a high erosion risk. However, because there was moderate interest in the forestry measures, Member States found it possible to finance all eligible projects. For this reason, selection criteria were not used in practice to target projects with the potential benefits in terms of biodiversity and climate change resilience.

62 In their rural development programmes for 2014-2020, Member States allocated, as of February 2021, €4 166 million to the two forestry measures (4.2 % of the amount budgeted for rural development). By the same date, Member States had used 49 % of this amount (see [Figure 13](#)). This amounts to 3 % of total EU rural development spending, limiting the potential impact. Moreover, the money budgeted and spent for forestry measures is concentrated in a few Member States. From 2014 to 2020, five (Spain, Portugal, the United Kingdom, Italy and Poland) used 73 % of the total amount available for measure 8.

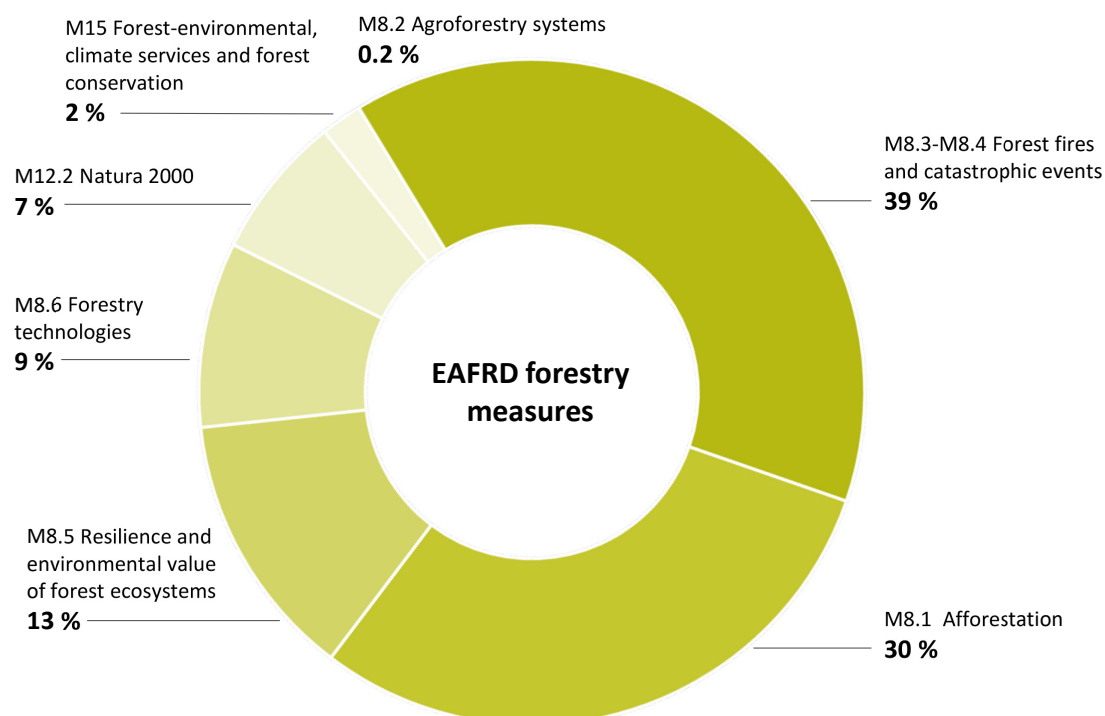
Figure 13 – EAFRD forestry measures: budgeted and actual expenditure (in million euros)



Source: ECA. Based on Member States' information reported to the Commission.

63 Member States declare expenditure by measure to the Commission without specifying expenditure for different sub-measures. In our questionnaire, we requested this information for the two forestry measures and for Natura 2000 payments (measure 12.2). The replies show that the most commonly used sub-measures have been support for the prevention of forest fires and other catastrophic events, and afforestation. Member States have made less use of sub-measures supporting forest biodiversity (Natura 2000 payments, resilience and environmental value of forest ecosystems, forest-environmental and climate services and forest conservation) (see [Figure 14](#)).

Figure 14 – Use of various forestry measures



Source: ECA, based on Member State replies to the questionnaire.

64 Member States' authorities gave several reasons as to why forest owners have not applied for support. The most common reason was the bureaucracy and complexity of the schemes. Furthermore, availability of direct payments influenced decisions on afforestation because of the preference to continue farming and thus receiving direct payments. Afforested areas can receive direct payments during the commitment period, which is up to 12 years. Finally, Member States explained that the EU rules only support actual expenditure and income foregone because of the support scheme, with no reward for environmental benefits. Some felt that factoring environmental value into payment rates could make forestry more attractive and help to achieve the EU's objectives for biodiversity and climate change resilience.

The current monitoring system does not measure the biodiversity and climate change effects of forestry measures

65 The regulations provide for a common monitoring and evaluation system “to demonstrate the progress and achievements of rural development policy and assess the impact, effectiveness, efficiency and relevance of rural development policy interventions”³⁹. Using the common system, Member States are required to assess and report to the Commission (in 2017, 2019 and in the ex-post evaluation) to what extent rural development programme measures have supported:

- (1) *the restoration, preservation and enhancement of biodiversity, including in Natura 2000 areas, areas facing natural or other specific constraints and high nature-value farming, and the state of European landscape; and*
- (2) *carbon conservation and sequestration in agriculture and forestry.*

Member States should use indicators and other evaluation tools, such as studies, to answer these questions.

66 The monitoring system uses three different types of indicators to measure, respectively, outputs, immediate results and longer-term impacts⁴⁰. [Table 1](#) summarises the relevant indicators for monitoring how forestry measures contribute to biodiversity and climate change mitigation and adaptation.

³⁹ Articles 67-69 of [Regulation \(EU\) No 1305/2013](#).

⁴⁰ Annex IV to [Commission Implementing Regulation \(EU\) No 808/2014](#) laying down rules for the application of [Regulation \(EU\) No 1305/2013](#) on support for rural development by the EAFRD (OJ L 227, 31.7.2014, pp. 18-68).

Table 1 – Indicators for monitoring forestry measures

Objectives	Type of indicator	Indicators relevant for forestry measures
Forestry measures	Output	<ul style="list-style-type: none"> • Total public expenditure • Total investment • Number of actions/operations supported • Number of holdings/beneficiaries supported • Total area • Number of contracts supported
Rural development objectives: <ul style="list-style-type: none"> • Restoring, preserving and enhancing ecosystems related to agriculture and forestry • Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in the agriculture, food and forestry sectors 	Result	<ul style="list-style-type: none"> • Percentage of forests under management contracts supporting biodiversity • Percentage of forests under management contracts to improve water management • Percentage of forests under management contracts to improve soil management and/or prevent soil erosion • Percentage of agricultural and forest land under management contracts to improve carbon sequestration or conservation
CAP objectives: <ul style="list-style-type: none"> • Ensuring the sustainable management of natural resources and climate action 	Impact	None of the indicators measures sustainable forest management or climate action in forests

Source: ECA.

67 The output indicators that report on forestry measures show how much money is spent, how many holdings are supported and the share of forests contributing to the environment and climate objectives. The result indicators do not measure the benefits of projects or their contribution to biodiversity and climate change mitigation and adaptation. There are no impact indicators for forests. The Commission’s proposals for the post-2020 CAP would not bring any significant changes to the indicators used for forestry measures and their benefits in the areas of biodiversity and climate change. For an analysis of the Commission’s proposals, see the opinion we issued in 2018⁴¹.

68 Member States are free to develop additional indicators to measure the biodiversity and climate change impacts of their rural development programmes (RDP). Of the Member States and regions selected for this audit, Poland and Spain (Castilla La Mancha) included additional indicators in this way (see [Box 13](#)).

⁴¹ Annex I to ECA opinion 7/2018 concerning Commission proposals for regulations relating to the common agricultural policy for the post-2020 period.

Box 13 – Additional RDP indicators measuring impacts

The Polish RDP includes an impact indicator on the amount of carbon dioxide absorbed (in CO₂ equivalents).

Castilla La Mancha uses several indicators to evaluate the RDP, including the trend in the forest bird index, carbon storage in forest stands and carbon retention in sinks created by afforestation.

Conclusions and recommendations

69 EU forests are multifunctional, serving environmental, economic and social purposes. Sustainable management practices are key to maintaining biodiversity and addressing climate change in forests.

70 This audit focused on the EU's efforts to protect biodiversity and address climate change in EU forests. We found that, in the areas where the EU is fully competent to act, the Commission could have taken stronger action to contribute to the protection of EU forests.

71 The EU approved the Habitats and Birds directives and the Commission has adopted several strategies to address the poor biodiversity and conservation status of EU forests. Under these strategies, the Commission's role in forest biodiversity is limited to setting non-binding targets and issuing guidelines and recommendations (see paragraphs [25-28](#)). For many of the Natura 2000 sites we covered, specific conservation measures for forest areas were lacking (see paragraphs [29-32](#)).

72 The Timber Regulation aims to stop illegal logging in the EU. We found that the Commission has not analysed the quality of Member State checks on domestic operators nor reviewed their definitions of illegal logging. Procedural weaknesses and missing checks reduce the Timber Regulation's effectiveness in practice (see paragraphs [33-38](#)). While remote sensing offers great potential for cost-effective monitoring over large areas, the Commission does not use it consistently (see paragraph [39](#)).

73 The EU is increasingly addressing forests in its climate change policies. Climate change concerns in forests feature in both the Renewable Energy Directive and the Land Use, Land Use Change and Forestry Regulation (see paragraphs [40-44](#)). However, issues such as adapting forests to climate change and setting ecological boundaries on the use of forests for energy are less well developed. Efforts to implement the bioeconomy and a more clearly focused climate adaptation strategy have been affected by limited knowledge and information (see paragraphs [45-47](#)).

74 The EU channels financial support to forestry mainly through the European Agricultural Fund for Rural Development (EAFRD). Spending on forestry measures amounts to 3 % of all rural development spending in practice. One of the conditions for receiving EAFRD funding is that holdings above a size defined by each Member State need to have a forest management plan, or the equivalent, in line with sustainable

forest management. We found that the existence of a forest management plan provides little assurance that rural development funding is directed to environmentally sustainable activities (see paragraphs 49-54). Rural development measures have little impact on forest biodiversity and resilience to climate change in part because of the modest spending on forests and weaknesses in measure design. The legislative proposals for the Common Agricultural Policy after 2020 give Member States more flexibility in the design of forestry support schemes (see paragraphs 55-64). We concluded that the common EU monitoring system does not measure the biodiversity and climate change effects of forestry measures (see paragraphs 65-68).

Recommendation 1 – Improving the contribution to biodiversity and tackling climate change in forests

The Commission should draw up and apply an action plan to:

- (a) review the adoption and application of forest conservation measures within the EU;
- (b) collect and disseminate knowledge amongst Member States about how to adapt forests to climate change, in line with the new EU adaptation strategy.

Timeframe: 2023

Recommendation 2 – Strengthening the fight against illegal logging

The Commission should:

- (a) assess the potential for making legislative proposals with the aim of strengthening its review of Member State checks on the Timber Regulation;
- (b) extend the Commission's use of, and promote Member States' use of, geospatial intelligence including remote sensing techniques to better assure compliance with EU requirements concerning forest management and illegal logging.

Timeframe: 2023

Recommendation 3 – Better focusing rural development forestry measures on biodiversity and climate change

The Commission should ensure that:

- (a) funded forestry actions take place in line with sustainable forest management;
- (b) it has relevant information enabling it to assess the contribution of EU funded forestry measures to biodiversity and climate change mitigation and adaptation in forests.

Timeframe: 2023

This Report was adopted by Chamber I, headed by Mr Samo Jereb, Member of the Court of Auditors, in Luxembourg on 14 July 2021.

For the Court of Auditors

Klaus-Heiner Lehne
President

Abbreviations

CAP: Common Agricultural Policy.

EAFRD: European Agricultural Fund for Rural Development.

LULUCF: Land Use, Land Use Change and Forestry.

RDP: Rural development programme.

UNFCCC: The United Nations Framework Convention on Climate Change.

Glossary

Bioeconomy: The economy based on using biological resources, from both land and sea, for a range of products, including food and feed, materials and energy. A more comprehensive definition of this term is available in the [EU Bioeconomy Strategy](#).

Carbon sink: A forest, ocean, or other natural environment viewed in terms of its ability to absorb carbon dioxide from the atmosphere.

Cohesion Fund: EU fund for reducing economic and social disparities in the EU by funding investments in Member States where the gross national income per inhabitant is less than 90 % of the EU average.

Common Agricultural Policy: The EU's single unified policy on agriculture, comprising subsidies and a range of other measures to guarantee food security, ensure a fair standard of living for the EU's farmers, promote rural development and protect the environment.

Due Diligence: A risk management exercise to minimise the risk of placing illegally harvested timber on the EU market. Due diligence consists of measures and procedures providing access to all relevant information; risk assessment procedures and; adequate and proportionate measures and procedures to mitigate the risk to negligible.

Earth observation: The gathering of information about planet Earth's physical, chemical and biological systems via remote sensing technologies, usually involving satellites carrying imaging devices.

Ecosystem services: The direct and indirect benefits that people get from ecosystems, which can be economic, environmental and social.

EIB Natural Capital Financing Facility: Financial instrument set up by the European Commission and the EIB to provide loans and technical support for projects likely to have a positive impact on biodiversity and/or climate change adaptation.

European Agricultural Fund for Rural Development: EU fund for financing the EU's contribution to rural development programmes.

European Regional Development Fund: EU fund that strengthens economic and social cohesion in the EU by financing investments that reduce imbalances between regions.

Fitness check: An evaluation to identify any overlaps, gaps, inconsistencies or obsolete measures in the regulatory framework for a policy area.

Forest Europe: Short name for the Ministerial Conference on the Protection of Forests in Europe, a structure for intergovernmental dialogue and cooperation on forest policies among 46 European countries and the EU.

Horizon 2020: The EU's research and innovation programme for the 2014-2020 period. Succeeded in January 2021 by Horizon Europe for the 2021-2027 period.

Infringement procedure: A procedure whereby the Commission takes action against an EU Member State that fails to fulfil its obligations under EU law.

Land Use, Land Use Change and Forestry: Greenhouse gas inventory sector that covers emissions and removals of greenhouse gases resulting from direct human-induced land use, land-use change and forestry activities.

Life programme: The financial instrument supporting implementation of the EU's environmental and climate policy through co-financing of projects in Member States.

Multiannual financial framework: The EU's spending plan setting priorities (based on policy objectives) and ceilings, generally for seven years. It provides the structure within which annual EU budgets are set, limiting spending for each category of expenditure. The current MFF covers 2021-2027.

Natura 2000: Network of conservation areas for rare and threatened species, and some rare natural habitat types protected under EU law.

Programming period: The period within which an EU spending programme is planned and implemented.

Rural development programme: A set of national or regional multiannual objectives and actions, approved by the Commission, for the implementation of EU rural development policy.

United Nations Convention on Biological Diversity: Multilateral treaty on the conservation of biodiversity, the sustainable use of its components and the fair and equitable sharing of benefits arising from the use of genetic resources.

United Nations Framework Convention on Climate Change: An international treaty to prevent "dangerous" human interference with the climate system.

Replies of the Commission

<https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=59368>

Timeline

<https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=59368>

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This performance audit was carried out by Audit Chamber I, headed by ECA Member Samo Jereb. The audit was led by ECA Member João Figueiredo, supported by Paula Betencourt, Head of Private Office and Quirino Mealha, Private Office Attaché; Robert Markus, Principal Manager; Maria Eulàlia Reverté i Casas, Head of Task; Päivi Piki, Deputy Head of Task; Grzegorz Grajdura, Alexandru Ilie and Joachim Otto, Auditors. Thomas Everett provided linguistic support and Marika Meisenzahl graphical support.

In Memory of João Figueiredo, 1955-2021



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EU forests are multifunctional, serving environmental, economic and social purposes. Although forest cover has grown in the past 30 years, the condition of forests is deteriorating. Sustainable management practices are key to maintaining biodiversity and addressing climate change in forests. We found that, in the areas where the EU is fully competent to act, the Commission could have taken stronger action to contribute to the protection of EU forests. We make recommendations to the Commission to improve this contribution, strengthen the fight against illegal logging and improve the focus of rural development forestry measures on biodiversity and climate change.

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