



**Definition
of forest policy priorities in Ukraine
and the rationale for the need to provide
advice to the SFI project**

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About the Project "Sustainable Forestry Implementation" (SFI)

The project "Promotion of multifunctional sustainable forest management planning and implementation in Ukraine" (SFI) is a project established within the framework of the Bilateral Cooperation Programme (BCP) of the Federal Ministry of Food and Agriculture of Germany (BMEL) with the Ministry of Environment and Natural Resources of Ukraine (MENR). It is a continuation of activities started in the forest sector within the German-Ukrainian Agriculture Policy Dialogue (APD) forestry component

The Project is implemented based on an agreement between GFA Group, the general authorised executor of BMEL, and the State Forest Resources Agency of Ukraine (SFRA) since October 2021. On behalf of the GFA Group, the executing agencies - Unique land use GmbH and IAK Agrar Consulting GmbH - are in charge of the implementation jointly with the SFRA.

The project aims to support sustainable forest management planning in Ukraine and has a working focus on the results in the Forest Policy and National Forest Inventory

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1. Regulatory and social attitudes to forestry

The key parties shaping the regulatory and public attitude to forestry are:

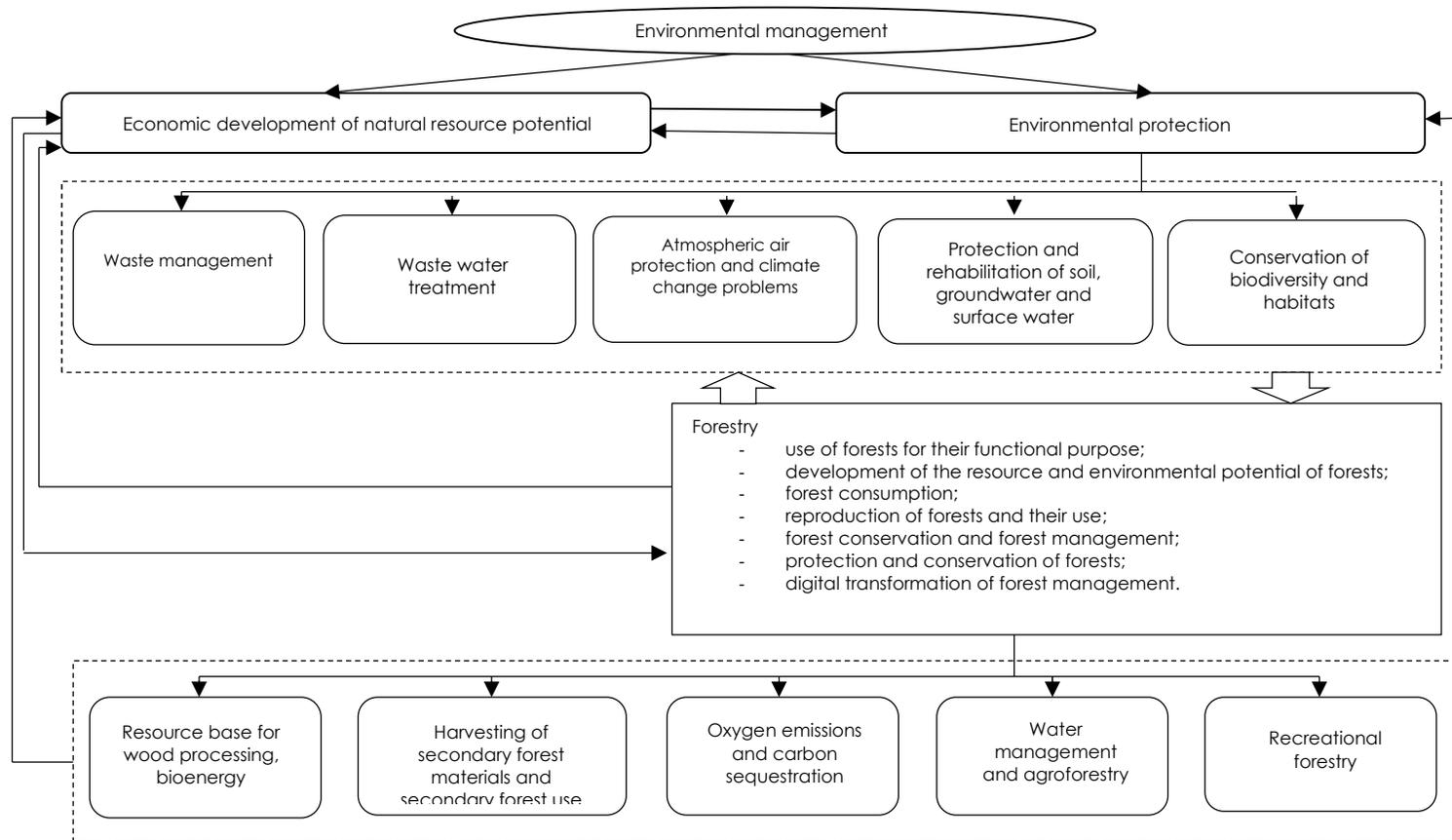
1. The Ministry of Environmental Protection and Natural Resources of Ukraine, in accordance with the Law on the Cabinet of Ministers of Ukraine, forms the state policy in the field of forestry, issues binding legal decisions, and submits regulations to the Cabinet of Ministers of Ukraine for consideration. At the same time, the Ministry determines the policy in a number of environmental areas, among which forestry is not always the most important (Table 1).
2. The State Forest Resources Agency of Ukraine is a regulatory body responsible to the Ministry for the implementation of state policy and, through its regional offices, oversees the work of subordinate enterprises.
3. The State Enterprise "Forests of Ukraine" is a business entity that conducts forestry in state forests.

Every Member of Parliament of Ukraine has legislative initiatives in the field of forestry. Their generalisation and submission to the Verkhovna Rada is the function of the Environmental Committee (headed by O. Bondarenko).

The State Ecological Inspectorate of Ukraine is responsible for general control over forestry. At the same time, in the context of decentralisation of authority, the influence of local communities on forestry is not regulated. Some regional councils, especially in Polissya, have communal forests under their jurisdiction, and control over their work is insufficient: there are 300.000 hectares of communal forests in Zhytomyr region only, and about 1.2 million hectares in Ukraine. In addition, a significant part of the forests is located in reserve lands and is not assigned to forest users.

Table 1

Forest management in the system of ecological and economic reproduction of environmental management



Developed by Y.Marchuk

2. Forest management system

The current forest management system in Ukraine is based on state, communal and private ownership of forests as defined in the Forest Code of Ukraine as amended in 2006. The total area is 10.7 million hectares.

1. State ownership of forests.

State-owned forests are subordinate to the state:

- State Forest Resources Agency of Ukraine - 7.4 million hectares
 - including the State Enterprise "Forest of Ukraine"
 - forests of enterprises of direct subordination, nature reserves and national parks, forests of scientific institutes
- Ministry of Environmental Protection - protected areas - national parks and reserves.
- Ministry of Education - university forests (NUBiP and LNLTU)
- Ministry of Defence - defence forests.

2. Communal ownership of forests: approximately 1.2 million hectares, with forests located in Polissya (5 oblasts) and Carpathian (3 oblasts) regions. Forestry is managed by communal departments under the regional councils.

3. Private ownership of forests - there are 2 farms in Ivano-Frankivsk and Rivne regions with an area of about 15 thousand hectares.

Since no state forest inventory has been conducted for more than 20 years in all forests, the exact ownership figures can only be estimated today.

According to satellite imagery of the country's territory, most of the forests are unaccounted for - these are forests on agricultural land, self-sown forests on private plots of land - approximately 600,000 hectares.

Some forests are located in the reserve lands of local communities and are not assigned to users. Their area can be more than 100 thousand hectares.

Conclusion: it is necessary to conduct a state forest inventory.

3. Forest management control system

The forestry management and control system is unbalanced.

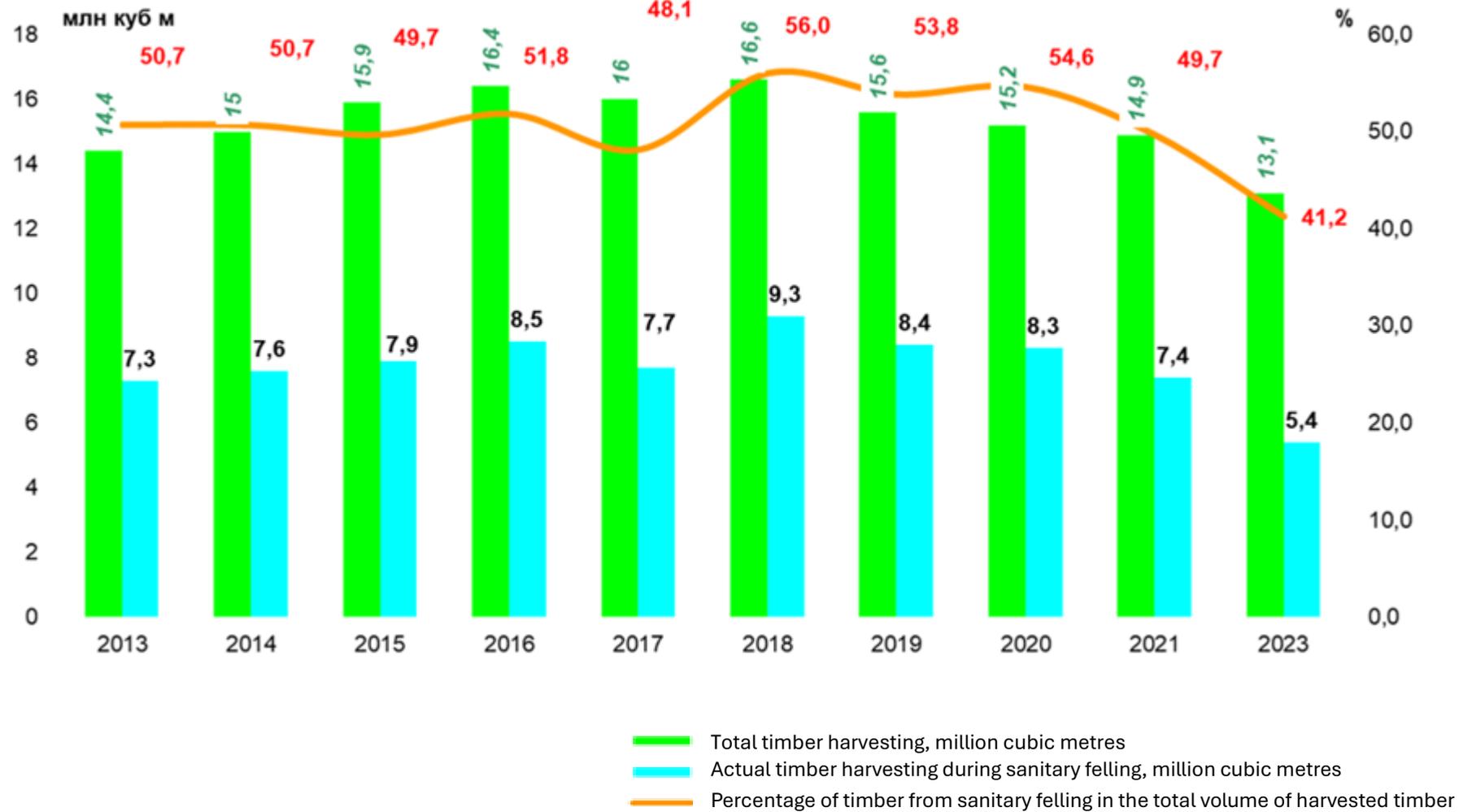
1. The Ministry of Environmental Protection has undergone several reorganisations in recent years.
2. Forestry was periodically subordinated to the Ministry of Ecology and the Ministry of Agriculture, which did not ensure stability.
3. The reform of the SFRA led to the reduction of regional forestry departments from 24 regional (plus Crimea) to 9 interregional ones, with a reduction in the number of civil servants by one third.
4. The same reorganisation was carried out in the State Environmental Inspectorate, which also has regional structures instead of oblast ones.
5. Thus, the current system of control over forest management is insufficient, and there is no control in communal and private forests.
6. The CMU resolution establishing the status of the State Forest Guard (with the right to control) and the forest guard of permanent forest users has not yet been adopted, which does not provide for effective departmental control.
7. The SFRA is deprived of the right to control other forest users.

In this regard, offences recorded by the Environmental Prosecutor's Office have become systemic:

1. First of all, unauthorised logging without permits.
2. Violations in the allocation of logging areas for felling due to underestimation of timber reserves.
3. Underestimation of the actual grade of wood when it is released to the consumer.
4. A significant amount of sanitary felling (Fig. 1).

Figure 1

Dynamics of total timber harvesting and actual timber harvesting during sanitary felling million cubic metres



4. The need for amendments to the legal acts in the field of forestry in Ukraine. Problems and proposals.

Over the past decade, Ukraine has adopted a number of legislative and other regulatory acts that affect the development of local communities and decentralisation of power, while the war has significantly changed approaches to management decision-making and caused huge environmental and economic damage in the country.

The social factor has been exacerbated by problems with the population leaving Ukraine's borders (about 10 million) and moving to the western regions. The estimated decline in GNP over three years is about 25%.

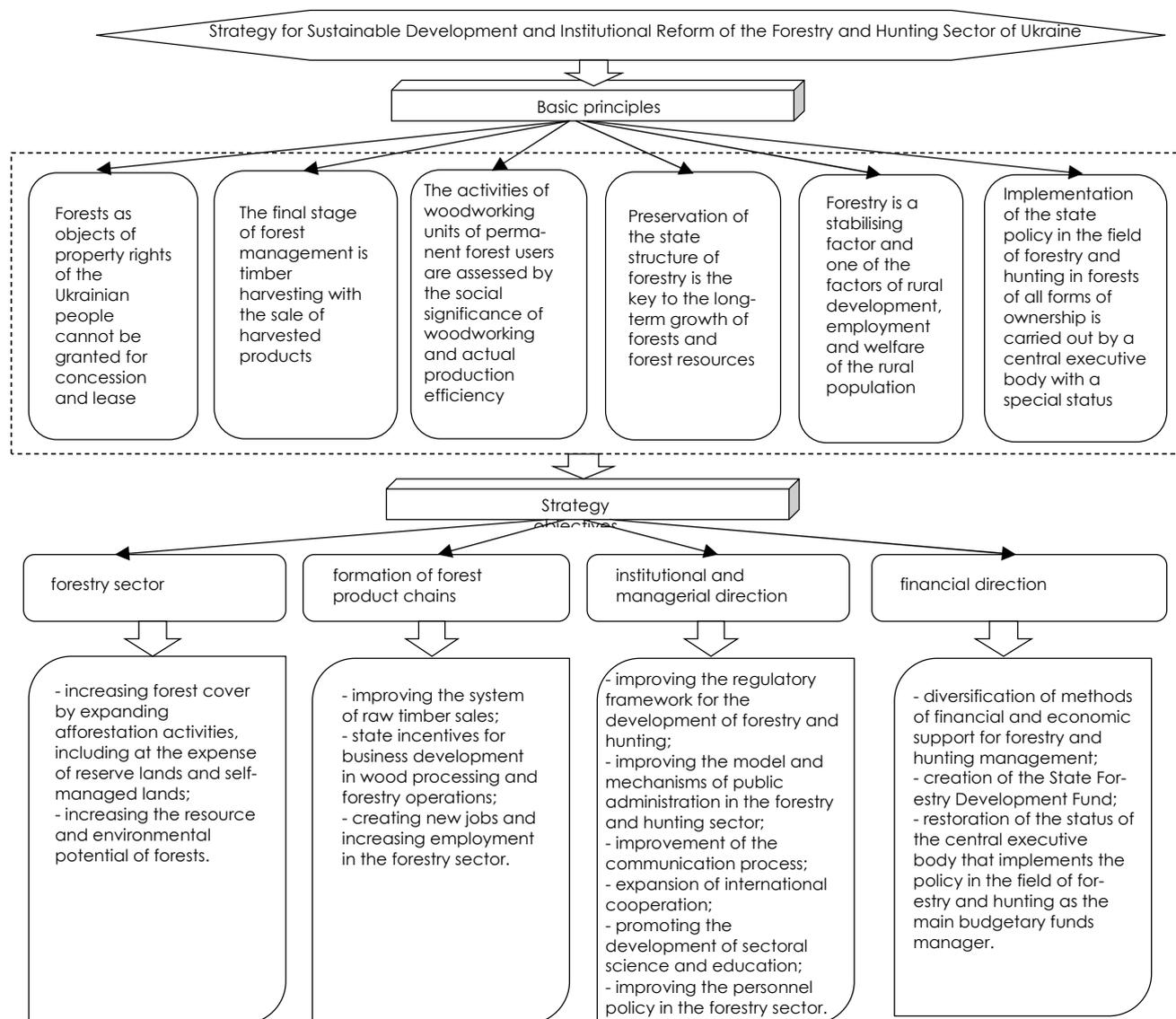
These and other factors require prompt decisions to be made: on the one hand, to strengthen the country's defence capability, and on the other hand, to stimulate economic development. In this regard, forestry plays an important role in mobilising resources and supporting businesses and local communities. **At the same time, about 1 million hectares of forests along the border from Volyn to Kharkiv, which are of military and defence importance and for which a special status of forests of special environmental protection value needs to be developed and approved, which requires a separate regulatory document.** At the same time, more than 1 million forests have been affected by the war, destroyed or mined, and restoration of forest management will take time.

The regulatory framework for forest management is currently based on the Forest Code adopted in 2006 with a number of amendments and the 'State Forest Management Strategy of Ukraine until 2035' approved on 29.12.2021 with amendments dated 22.09.2023.

Given the martial law and the creation of the State Enterprise "Forests of Ukraine", which is in fact a monopolist in forestry on an area of 7.4 million hectares (the total area of forests in the state is 10.6 million hectares), the adopted strategy needs to be significantly revised, both in terms of decentralisation and the creation of 1.469 territorial communities, and in addressing forestry issues in the current environment.

The main priorities of the Strategy until 2035 need to be clarified (Table 2):

Principles and objectives of the strategy for sustainable development and institutional reform of the forestry and hunting sector of Ukraine



- Increasing the forest cover of the territory to a scientifically justified optimal level, expanding protective afforestation and agroforestry activities in line with the Presidential Decree 'On Large-scale Afforestation of Ukraine' in terms of funding;
- Increase productivity, improve the quality of forest plantations, and increase the resilience of forest ecosystems to the impact of negative environmental factors in the context of climate change and military operations;
- Increasing the environmental protection potential of forests and preserving their biodiversity in accordance with the adopted European regulations;
- expanding the use of methods of rational use of forest resources, deep processing of wood, and the adoption of the Law 'On the Wood Market';
- interest of local communities in the integrated use of forest resources and efficient forestry, support for rural development in the context of decentralisation.

At the same time, the relationship between the branches of government in the field of forestry is regulated by the Forest Code as amended in 2006.

The ownership of forests in modern conditions needs to be regulated (Section II, Part I, Articles 7-15 of the FCU). The creation of a land market, strengthening of the role of local communities and centralisation of forest management creates a conflict of interest that requires legal regulation. Therefore, the adoption of the Law 'On National Forest Policy' becomes necessary. It should provide for:

1. The state of Ukraine's economy and military operations on our territory and their impact on forestry.
2. Defining the role and place of state-owned enterprises in the use and management of forest resources, both at the national and territorial levels.
3. The country's heterogeneity in terms of geographical division and, accordingly, forest resource potential and damage to forests by military operations.
4. Vulnerability of forests, especially coniferous monocultures, to climate change and the significant ecological importance of protective forests in the south of the country and the need to restore them.
5. Regulation of relations between state ownership of forests and increased autonomy of territorial communities, especially in forest regions, including through tax mechanisms.
6. The absence of a state strategy for the development of deep wood processing and its development on a fragmented basis.
7. Shortage of jobs in forest regions and massive outflow of labour abroad and mobilisation.
8. The significant role of wood as an energy resource and the need to protect plantations from unauthorised felling.

9. Increasing role of forests as objects of green tourism, winter and summer recreation and hunting.
10. Training and development of professional staff for forestry.

And to solve key problems:

1. The need to balance the environmental, economic and social functions of sustainable forest management.
2. Imperfect distribution of management functions in forests of different agencies and forms of ownership.
3. Lack of funding for forestry in the South and East of the country.
4. The presence of illegal logging and trafficking of illegally harvested timber, and a high level of poaching.
5. Lack of legislative framework and mechanisms for managing and controlling communal forests.
6. The need to regulate agricultural land where natural regeneration has occurred.
7. The need to improve the system for developing protective forestry and agroforestry, and to improve the system for combating forest fires.
8. Low level of public awareness.
9. Lack of legal and economic mechanisms to stimulate the introduction of environmental technologies.
10. Deterioration of the sanitary condition of forests.
11. The imbalance in the age structure of the forest fund.
12. Unprofitable hunting industry.
13. Insufficient scientific support for the development of forestry and hunting through funding.
14. The need to overcome the consequences of military operations in the East of Ukraine in forests.
15. The imbalance of the national timber market.

The adoption of the National Forest Policy should resolve the main problems:

1. Expanding the restoration of forest resources based on national programmes.
2. Conservation of biodiversity in forests, forest management based on ecologically oriented forestry.
3. Effective monitoring of forest conditions, protection from fires, and protection from pests and diseases.
4. Rational and integrated use of all resources and ecological functions of forests.

5. Ensuring stable demand for timber and other forest resources, increasing deep wood processing.
6. Ensuring that forests effectively perform their protective functions in the face of climate change.
7. Identification of strategic directions for the development of technologies, use and production of machinery and mechanisms for forestry operations.
8. Transition to a gradual and selective principle of forest management, broad stimulation of natural regeneration of forests in appropriate conditions.
9. Addressing the issue of financial support for forestry in different geographical areas, promoting long-term investments in forestry.
10. Long-term stability of forestry, tax and environmental legislation.

And to provide for the development of its main goal with this in mind:

- fair distribution of public goods;
- balancing economic, environmental and social interests;
- define the basic principles, goals and strategy of forestry development;
- take into account the approaches of the European Union in the field of forests.

For the balanced goals of international forest policy and its implementation in Ukraine, it is necessary to:

- stimulate the conservation and restoration of forest resources to reduce the impact of climate change on the natural environment and preserve its diversity;
- Ensure intergovernmental control over the market for illegally harvested timber and effective trade and equitable distribution of resources between forested and low-forested countries;
- Through intergovernmental structures and governmental agreements, encourage seasonal approaches to highlighting economic, environmental and social problems of forests and forest areas and the possibility of financial assistance to areas that are at environmental and social risk;
- development of a unified approach to the level of forest management (e.g., forest certification, national forest inventory) and objective criteria for assessing forest management.

The forest policy should be based on the approved forestry development strategy, taking into account some of the comments made to the strategy. Particular attention should be paid to the instruments for implementing forest policy and the distribution of powers between executive authorities.

5. Issues to be considered when developing the new Forest Code of Ukraine

Separately, when developing the new Forest Code of Ukraine, it is necessary to take into account key acute issues that have a significant public resonance:

1. Forests, as objects of property rights of the Ukrainian people, cannot be granted for concession and lease.
2. Preserving the state forest management structure is the key to the long-term growth of forests and forest resources, ensuring their viability and biodiversity. At the same time, the development of a competitive environment through communal and private ownership of forests will create conditions for local communities to be interested in forestry.
3. Forestry is a stabilising factor and one of the key drivers of rural development, providing employment and improving the welfare of the rural population.
4. State support for the creation of forests on private land. Tax preferences for forests of all forms of ownership.
- !5. Taking into account the special state importance of forests, the value of forest resources and their belonging to the property rights of the people of Ukraine, the implementation of the state policy in the field of forestry and hunting in forests of all forms of ownership is carried out by the central executive body with a special status, which is subordinated to the Cabinet of Ministers of Ukraine.
6. To effectively regulate relations with agriculture in particular, water policy reform requires separate development. Water supply in the context of climate change is problematic. Therefore, the restoration and development of agroforestry is a crucial factor in the fight against water and wind erosion. And, the flooding of peatlands in Polissia will not only maintain the water balance, but also play an effective military defence role.
7. Of course, a separate section should be devoted to the system of restoring soils damaged by the war and the role of forestry in this.
8. A separate area of development is the carbon fund and the carbon certificate market. Forestry is the main accumulator of CO₂, and the use of such a fund for reforestation is an additional source of funds.

6.The need to develop a separate state programme 'Forests of Ukraine until 2035

It is necessary to develop a separate state programme 'Forests of Ukraine until 2035' with specific volumes, executors and funding. The country has not had such a programme for more than 10 years, nor has it had a balanced incentive tax policy designed for long-term forest management.

Thus, the development and discussion of these proposals could be a topic for consultations and discussions of the project.

7.Reform of the management system in the Enterprise "Forests of Ukraine"

The reform of the management system at the State Enterprise "Forests of Ukraine" to create a single enterprise has gone through several stages over the past two years: forestry - branch - supra-forestry - office - interregional branches.

The established security department is unable to provide effective control, as evidenced by criminal cases for violations of forestry legislation.

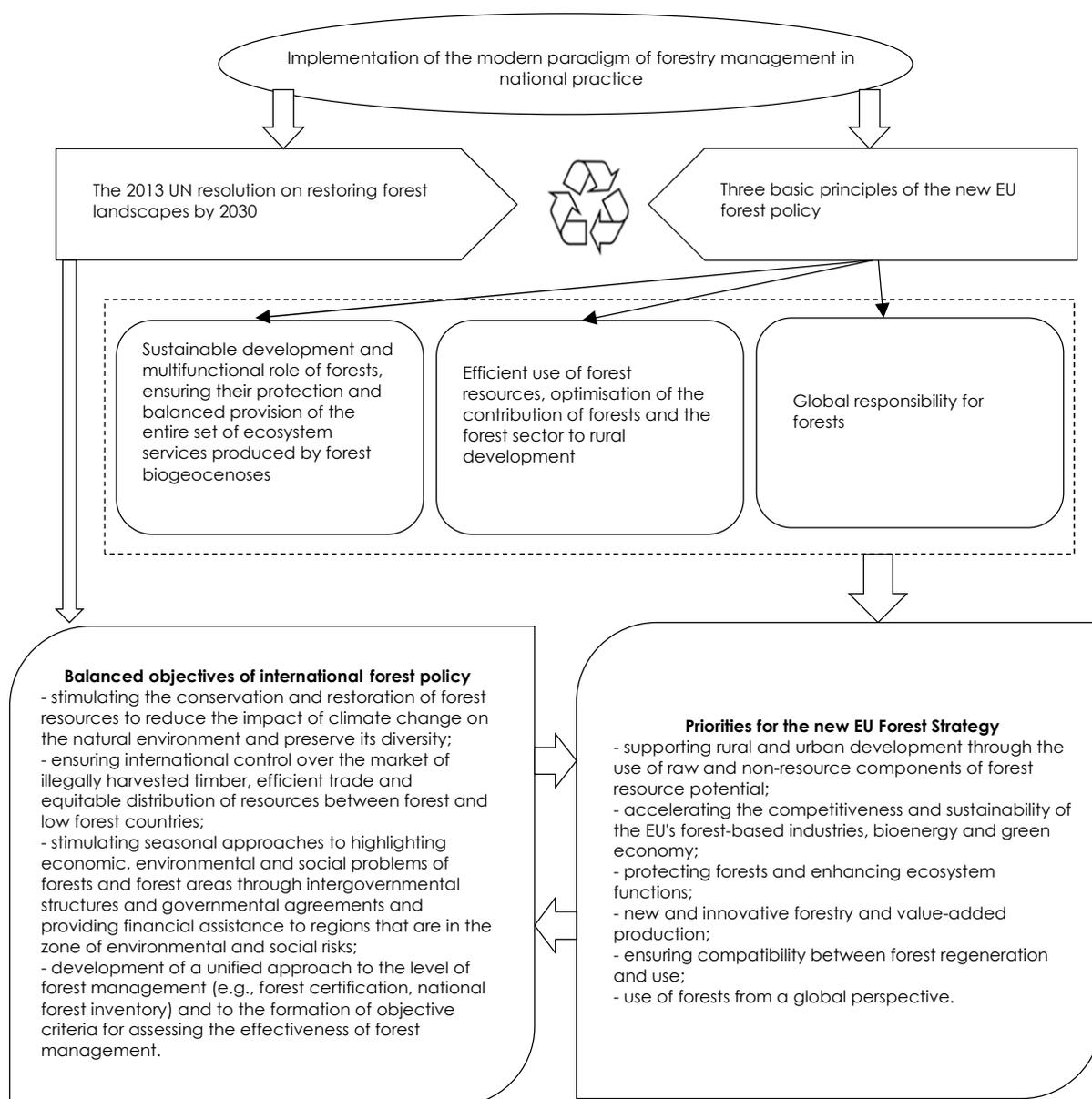
Periodic changes in the management system and the level of business entities may lead to:

- to the loss of forest certification
- to the risks of protecting forests from fires and pests in the context of climate change
- shortcomings in the forest inventory.

In fact, the 9 interregional offices that have supra-forestry units (which combined 3 former forestry enterprises) responsible for forestry in 2 or 3 regions have increased their staff to 300-400 employees per branch, leaving 2-3 employees in the supra-forestry unit to organise the work of 30-50 forestry units. This can unbalance the management system.

There is a need to adopt the Law "On the SFE Forests of Ukraine", taking into account modern EU regulations.

Implementation of the modern forestry paradigm in the practice of forest management in Ukraine



8. Forest inventory

The forest inventory system is a professional mechanism for monitoring forest management. Today, due to the lack of personnel, funding mechanisms and military actions, it cannot provide an effective data mechanism for the development of forest policy in the country.

At the same time, within the limits of its capabilities, SE Ukrderzhlisproekt carries out field work in certain regions

As an expert in the German-Ukrainian Agricultural Policy Dialogue project, I had to develop the current law on national forest inventory and present it to the Ukrainian parliament.

Negotiations were held in Germany with the Ministry of Agrarian Policy on the allocation of funds from the German government to organise a national forest inventory.

The experience of a separate institute in Germany that conducts national forest inventory was studied. For example, in Germany, approximately 68.000 trial areas have been set aside for the national forest inventory project.

The National Forest Inventory allows to analyse the efficiency of forest management, the condition of forest plantations and determine the mechanism of forest growth over a certain period of time through the mechanism of trial areas and systematic processing of the results obtained. This key indicator is used to calculate the estimated cutting area in Ukraine. In fact, by entrusting this work to a forestry project that simultaneously designs all forestry activities in the forests of Ukraine, we have only just begun this work.

At the same time, for the post-war period, I would consider it necessary to separate the functions of designing forestry measures (Ukrderzhlisproject) and forest inventory by different institutions. In this case, the national forest inventory will ensure constant control over forest management in an independent format. For example, the functions of the national forest inventory could be entrusted to the Kharkiv Research Institute of Forestry and Agroforestry named after H.M. Vysotsky, with the creation of appropriate scientific expeditions. This institute already has a network of research stations in different regions of Ukraine. But this is possible only in a stable post-war period with predictable funding.

At the moment, carrying out these works by Ukrderzhlisproject within the limits of their funding is probably the only way out.

9. Annex 1 - SFI project consultancy needs assessment

Indicators	Challenges to be addressed by the SFI project (by priority)	The format of the expected consultations	NSTE/ISTE	The time timeframe
1.1.	Political component. Distribution of responsibilities in the context of decentralisation between executive authorities and determination of their impact on forestry.	Analytical note on the distribution of powers in the context of decentralisation between executive authorities and determination of their impact on forestry. EU examples.	NSTE/ISTE	01.02.2025
1.1.	Forestry practice. Forest management based on the principles of sustainable development. Balanced approaches to environmental, economic and social factors.	Holding of the All-Ukrainian Scientific and Practical Conference "Current state, problems, main tasks and prospects of forest reproduction and protection in the context of climate change"	NSTE	4.03.2025p.
1.1.	Resource component. Development of the timber market, environmental services of forestry, especially in the context of climate change. Hunting industry.	Preparation of an analytical note and participation. 1. Meeting of the working group of woodworkers of Ukraine to prepare amendments to the Law "On the Timber Market". 2. Holding a roundtable discussion at the Committee on Economics of the Verkhovna Rada of Ukraine. 3. Preparation of amendments to the Law "On Hunting Economy of Ukraine". Weekly participation in the working group meetings. 4. Roundtable discussion on amendments to the Law "On Hunting Economy of Ukraine"	NSTE	1)03.01.2025 2)8.01.2025 3)01-02.2025 4)03.2025
1.2.	Financial component - research. Assessment and proposals on the budgetary and fiscal system and its role in forestry.	Analytical note of assessment and proposals on the budgetary and fiscal system and its role in forestry.	NSTE	Q.25
1.2.	Political component - research. Distribution of powers in the context of decentralisation between executive authorities and determination of their impact on forestry.	Holding a roundtable and discussing legislative changes in forest policy	NSTE/ISTE	Ver.25

