

Illegal Logging in South Eastern Europe

Regional action plan



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Regional action plan

REC WORKING PAPER

By

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Background

In the region of South Eastern Europe (SEE), the forest sector has significant untapped potential to contribute to the social and economic development of large strata of the population. It is therefore vital to identify trends, such as illegal logging, that hamper the region's full forestry potential.

There are general patterns that can be discerned for the countries under consideration:

- sizeable areas of state-owned forest with areas (especially border areas) that are particularly vulnerable to illegal timber harvesting;
- mixed young and old forests, with a decreasing tendency of high-quality forests;
- lack of reliable and aggregate data on forests and forest management structures; and
- recent losses of substantial forest areas due to clear cutting and forest fires.

The political changes that took place in the region in the late 1990s and early 2000s have had varying impacts, but have achieved generally positive results, such as: reduced recourse to corruption; new legislation comprising laws establishing public procurement procedures and improved regulation of private forest companies; stricter financial regulations etc. However, further action is necessary to reduce the pressure on forests. Populations rely on forest areas to supplement their income, especially in rural areas afflicted with widespread poverty, and where state control and monitoring is frequently inadequate due to lack of human resources and technical capacity. Poor governance of the forestry sector is a common problem in the region. Forest harvesting, wood processing and trade in forest products is often unauthorised and involves many illegal operators. But market forces also drive illegal logging: manufacturing plants provide easy-to-access, cheap timber, as opposed to legally sourced and more expensive wood (due to the permitting and harvesting processes).

The main types of illegal logging in the Western Balkans include:

- logging without permission or concession from public forests;
- wood theft or illegal logging from private forests;
- false declaration of volumes, species, values or origins of harvested wood;
- logging in non-marked or prohibited areas;
- obtaining logging authorisation through bribes;
- killing or burning trees so that they can be logged; and
- logging in prohibited or protected areas, such as national parks.

All of the countries in the region have established a legal foundation for regulating forestry activities, mainly in the form of a Forestry Act. However, forestry regulations are also enshrined in different forms of sectoral legislation — environmental protection law, hunting legislation, tourism legislation, penal codes, spatial planning codes etc. — resulting in reduced power for implementing organisations and creating problems in terms of overall coordination.

One of the most pressing regional obstacles, shared by most countries, is an overall lack of coordination and consistency between various institutional and administrative frameworks. Furthermore, institutional capacities need further strengthening. There is an overall lack of well-established bilateral processes with neighbouring countries to combat illegal timber trade. Joint actions in controlling cross-border traffic are not sufficiently implemented. Data collection and monitoring systems are still inadequate and do not provide regulators with enough accurate and accessible information vital for forest management and for tracking down perpetrators. The participation of civil society in the forestry sector remains mostly symbolic. Sanctioning systems (administrative and judicial) are generally weak and are often unable to provide even basic procedural knowledge related to forestry crimes. This is particularly serious in the judicial system, where, for instance, illegal forestry activities rarely result in an enforced court sentence. Enforce-

ment is inefficient in private forests, for which national forest agencies are limited to providing forestry and consulting services — albeit without much success, as it is evident that the private forestry sector is underdeveloped and lacks professionalism. Another problem is that forest inspectors and police lack sufficient equipment, such as vehicles, fuel and technical monitoring equipment. Financial audits of forestry operators are also inefficient: they rely solely on documentation, but the recorded data are not verified against actual forest-related activities.

In 2003, the European Commission adopted the Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan to address the problems of illegal logging and trade in illegally logged timber. Under its umbrella, the EU negotiates voluntary but binding partnership agreements with several of its trade partners, especially those countries that export a high volume of illegal wood to the EU. These partnership agreements aim at excluding or minimising exports of illegal wood to the EU through a licensing scheme, improving the enforcement of forest law, and bringing about a reform of the forestry sectors of wood-producing countries to combat illegal activities and underlying causes including corruption and inefficient legal protection. The reforms that the FLEGT Action Plan is attempting to promote also include the development of credible legal and administrative structures, institutional strengthening, capacity building, and technical systems to verify that timber is produced in accordance with national laws (e.g. verification systems). Some of the weaknesses of the FLEGT Action Plan are the voluntary nature of the scheme, the currently narrow scope of wood covered (i.e. round wood, sawn wood, plywood and veneer), and that the licensing scheme only covers direct imports from partnership countries (in many cases, wood is first exported to third countries where it is processed at a lower cost than in the EU, and exported later on as finished or semi-finished wood products from an “untainted source”). Another important drawback is that the partnership agreements only apply to imports and not illegal trade in wood at national or local level. Again, the parties can negotiate to include coverage of the domestic market on a voluntary basis.

Role in the economic sector

Forestry is a source of immeasurable social and economic importance for the region's overall growth and well-being. Given the relatively large territory of forests in the region, the wood industry should be an important contributor to the development of local economies. In

many rural areas, where opportunities to earn income are scarce, forest resources provide employment, fuel wood and additional income.

The forestry sector has great potential for substantial growth — not just for wood-related activities (e.g. providing construction material), but also for ancillary products and services such as biomass, mushrooms, medicinal herbs, hunting and eco-tourism. Forest values could be several times higher if better managed, through measures on forest infrastructure, silviculture treatment (cleaning and thinning) and increased inhabitant awareness of forest protection. The overall estimated value of wood products and services is often vastly underestimated.

Forest use and volume

Most countries determine and regulate the volume of high- and low-quality cuttings through legislation, provisional annual cutting plans and rigorous controls. The limits set out in legislation are largely based on natural conditions, sustainable forestry management policies and the principles of sustainable forestry management. Exceeding the allowed, planned volume usually leads to forest degradation and thus requires rigorous controls and strict adherence to forest management plans. National practices differ, however, with more generous volume limits in some countries and more efficient controls, monitoring and data collection on forestry inventory in others. In the interests of sustainable forestry, it is crucial to have reliable data about the current state of forests in national inventories. However, figures for logging volumes are not available for all countries, especially since there is a large difference between officially registered volumes and real figures (including illegally logged timber and wood procured by other means).

In general, volume is easier to estimate and control in state-owned forests than in private forests. In the latter, accurate information about the annual volume of production does not normally exist, due mainly to the proportion of harvested amounts that owners use for their own needs, often without resorting to required permitting procedures and thus keeping them off the official records of forestry management authorities. Also, the scarcity and divergence of available data in national forest inventories and other information sources — such as data collected through forestry management companies, public surveys etc. — significantly restrict the possibility of measuring and controlling harvest volumes.

Consumption of firewood

Levels of firewood consumption in the region are relatively high, and this is especially true in Albania, Kosovo (as defined by UNSCR 1244), the former Yugoslav Republic of Macedonia and Serbia. In Montenegro, the use of firewood is apparently less significant. Given the currently unfavourable socioeconomic conditions, firewood represents an affordable source of energy for many households. A few general conclusions can be drawn on the basis of national information:

1. Consumption of firewood is most significant in rural areas, especially where other sources of energy are scarce.
2. Firewood is collected and consumed mainly by rural households, although some urban areas use firewood in significant amounts throughout the year for heating and cooking (e.g. in Albania, Bosnia and Herzegovina, and Kosovo [as defined by UNSCR 1244]).
3. Levels of firewood use are high, but decreasing gradually. The slow trend, however, is unable to offset current pressures on forestry resources in the short and medium term, as overall demand for firewood, in absolute terms, is high.
4. One of the main incentives for illegal logging is that official consumption estimates are lower than actual consumption.
5. With a few possible exceptions, the main sources of firewood are public forest estates.
6. Shortage of alternative energy sources (irregular or insufficient electricity supply, for instance) triggers excessive use of forests.

Wood industry

In terms of the share of large and small companies, the picture in the wood industry is rather mixed. One problem is that many of the wood processors are not properly registered. One general trend that can be discerned is a lack of qualified staff in the wood industry. Other problematic trends include the growing number of smaller-sized wood processing enterprises and difficulties with outdated processing technology, which puts the regional processing industry at a disadvantage both domestically and in the context of the larger European market.

Wood trade

Exports of logs and wood products have dropped significantly since the early 2000s, although the amount of

imported wood products has increased significantly in recent decades. Whereas during the 1980s exports and imports in the forest sector were almost in balance, both exports and imports declined in the 1990s — especially exports. In countries affected by the war and the UN trade embargo, such as Serbia, the drop was very steep and had long-term negative consequences for the domestic wood industry. After the political changes of 2000, the transition to a market economy in the forest sector, the restructuring of the wood industry, and increased investment in modern technology, the region's wood industry is growing, in terms of both imports and exports.

These countries now have the potential to cover the main domestic demands of local processing industries and energy sectors. Most of the countries have access to good-quality hardwood and softwood and, increasingly, have capacity for greater supply.

Some countries are more successful in exporting abroad, including Bosnia and Herzegovina, which mainly exports to Germany, Italy and countries of the ex-Yugoslavia. Bosnia and Herzegovina has extensive resources of hardwood and softwood, as well as a low-cost, skilled labour force combined with manufacturing facilities and capacities for timber and furniture production that surpass domestic demand, making this sector export-oriented.

In fact, it is a common trend in the region that the trade balance has shifted towards imports with a corresponding negative trend towards export deficits. As a consequence, the industry suffered seriously and partly collapsed during that period and could not be revitalised even after removing the trade restrictions. A further common trait in the region is that the political, social and economic changes in the last 15 years have contributed to significant changes in the structure of the wood processing and furniture industry. With political changes in 2000 and the transition towards an open market economy in the forest sector, exports have started recovering slowly and the value of wood exports and imports is increasing.

Illegal logging and other illegal forestry activities

Types of illegal forestry activities

Illegal logging, already identified as a major problem, is exacerbated by numerous factors including unfavourable social and economic conditions, insufficient numbers of forestry police and inefficient judicial and sanctioning systems.

Wood theft in public and private forests

The most common illegal activity in state-owned forests is wood theft. The perpetrators are mainly the local population, sometimes organised in smaller groups. Theft is often committed in forests located near villages and towns, or in smaller estates surrounded by private forests. One explanation for this tendency is that it is more cumbersome to protect smaller and isolated estates than larger

ones that might be subject to continuous monitoring and supervision by forest guards and forest police. Forest theft is generally less pronounced in high altitudes, where accessibility is limited. The motivations for theft are roughly divided between securing firewood for personal consumption and worked wood mainly for further sale.

Forest theft in privately owned forests constitutes a more complex problem. Forest estate plots are very small on average and owners mainly live in towns, so there is no organised security service for private forests. On the other hand, it is very often the case that owners themselves log and harvest their forests in order to obtain a subsistence income. The extent and severity of illegal logging in private forests largely depends on the availability of public services that provide a measure of regulatory control (such as marking trees to be logged or issuing necessary docu-

TABLE 1: Forms of forest corruption

CORRUPTION RELATED TO...	WHO AND HOW	POTENTIAL IMPACTS
Illegal logging	Firms and landowners	Deforestation, land erosion, damage to vulnerable and protected forests
Monitoring of logging	Forest controllers, fee collection system, trading system	Informal logging, poor knowledge about actual timber production and environmental damage
Environmental control	Forest controllers	Loose controls for the protection of non-timber values and environmental damage
Timber trade/timber theft	Forest traders, customs officers, buyers	Reduced state revenues, illegal sale of protected species, higher prices
Regulatory systems	Forest authorities, politicians	Misleading forest management plans, unsustainable logging and deforestation
Royalties	Political levels, fee collection system	Lower state revenues
Logging licences	Political levels, forest authorities, information brokers	Uncontrolled or unsustainable logging
Terms of concession	Political levels, forest authorities	Exploitation of forests, too large concession areas, decreased revenues

Source: GTZ Policy Briefs No.1/09. "Corruption in the forestry sector and illegal logging." <http://www.gtz.de/de/dokumente/gtz2009-en-policy-briefs-corruption.pdf>

mentation); the degree of organisation among private owners (e.g. the existence and efficiency of associations of private owners); the degree of awareness of forestry issues; and the introduction of disincentives for illegal activities in private forests.

Logging in contradiction of legal provisions

Logging has to be planned and carried out in accordance with environmental, social and labour legislation. Many smaller contractors, especially in the wood processing industry, are tempted to ignore applicable social and labour laws to increase profits. For instance, there is a practice of engaging workers that are not on the payroll to avoid paying additional social charges and taxes to the state. Another practice is to only report minimum salaries and pay the additional amount unofficially.

Logging protected species and/or in protected areas

Harvesting protected species or trees in protected areas (Special Protected Areas, Natura 2000 sites, natural reserves or other relevant areas subject to specific legal protection), contrary to national legislation, constitutes illegal logging. This type of illegal activity is presumed to be less common than other forms, since these species and protected areas normally benefit from more efficient supervision and monitoring and are likely to be more strictly sanctioned, if detected. This type of logging is often unintentional.

Licence irregularities

Logging will not be considered legal unless it is carried out in accordance with a valid licence. Logging activities carried out without obtaining a prior licence and subject to the relevant preparatory procedures are cases of non-compliance. Other types of irregularities are described below.

Logging without authorisation

Logging without authorisation is only illegal if national law requires licensing for logging. In some countries there is no system for issuing licences to contractors for cutting. The risk of misuse is partly mitigated to the extent that logging is exclusively carried out by forest management enterprises that are legally registered to carry out such activities. Hence, this system could provide some protection to public forests. In private forests, however, logging is more frequently carried out by contractors that

lack proper mandates and competencies. It is common practice in many countries for private forest owners to decide who will do the cutting.

Logging outside demarked borders or concession boundaries

It is often the case that a company or natural person harvests in neighbouring forests, either intentionally or while unaware of restrictive borders. Such logging frequently takes place in public forests. Perpetrators, when detected, typically claim ignorance of precise boundaries. There are also cases in which forest management services for private forests have been involved in this type of illegal activity, usually by providing false documentation regarding the origin of the wood. Logging outside concession boundaries is only observed in countries with an established system of concessionary rights. There may be cases in which loggers report high volumes extracted in forest concessions corresponding to additional volumes extracted from within non-authorised boundaries.

Using illegally obtained wood in industrial processing

This is particularly frequent in small or medium-sized processing companies that might not have the same market position and power to demand only legally harvested wood. Such companies are often also forced to buy cheaper, illegal wood to secure a competitive advantage. Larger companies with a significant market presence pay more attention to public reputation and growing concern about forest governance, and are therefore more inclined to insist on buying only legally harvested wood.

Exceeding authorised volumes

This phenomenon is common in both private and public forests, but especially in private forests. Whereas logging in public forests is followed up by monitoring and control of the harvested area and logged timber, there are normally no such requirements for private forests.

Unethical activities

Although not necessarily defined as illegal on the basis of national provisions, there are activities conducted with a view to logging trees later that could otherwise not be logged. Such activities include girdling or ring-barking to kill trees so that they can be legally logged; cutting down either undersized or oversized trees in public forests; obtaining logging concessions through bribes (especially in state-owned forests); and fraudulent behaviour towards

private owners of enterprises commissioned to carry out cuttings in their forests.

Deliberate forest fires

The main aim of causing fires is to obtain approval for clear cutting that would not otherwise be granted. Where forests are damaged by fire, clear cutting is normally required for reasons of sanitation and rehabilitation. Bearing this in mind, fires frequently break out in areas where clear cutting is not permitted, and requests for clear cutting in these burned areas are submitted soon afterwards. Although there are strong grounds to suspect that fires are deliberately caused in these areas, it is cumbersome to gather the necessary evidence related to physical causes and possible motives. Another reason for burning forests is to expand agricultural land.

Illegal transport, trade and timber smuggling

Illegal wood finds markets both domestically and abroad. Exports of illegal as well as legal wood are less common in countries where demand for wood is many times greater than supply. From another perspective, both legal and illegal wood may be subject to certain illegal or irregular actions, contrary to national regulations. Some of these activities are described below.

Transporting logs without authorisation

There are multiple cases where logs are transported and traded without the necessary accompanying documentation prescribed by national laws. This is especially frequent for short-distance transport in rural areas where transport is generally unregulated. The recipients of such cargo are either rural populations (firewood) or small rural sawmills (industrial wood). The origin of wood transported over greater distances on public roads is more frequently documented.

Smuggling timber

Smuggling, which essentially involves attempting to conceal the entire act of transportation, as if it has never taken place, is a common problem in some countries. It is usually achieved through the falsification of documents.

Trading in protected species

This activity covers exports and imports of tree species banned under international law (e.g. the Convention on International Trade in Endangered Species of Wild Fauna and Flora). Information is scarce as to whether this occurs

in the region. Trade in wood species and products on the list of protected species has not been recorded in Serbia, for example.

Illegal accounting practices

Declaring lower export values and volumes

This is most common in countries with significant import and export tariffs. However, the current tendency in Western Balkan countries is towards reducing these tariffs as part of the process of adjusting tax rates to those of the EU and WTO.

Undergrading, undervaluing, undermeasuring and wrongly classifying tree species destined for export or the local market

This phenomenon is especially noteworthy in terms of registering chunks of lower quality in cooperation with corrupt officials charged with making official declarations of timber produced in state-owned forests. There is, however, a lack of reliable data concerning the extent of this practice. The false declaration of wood types typically concerns highly valuable timber species, such as fruit trees or protected species.

It is also suspected that the manipulation of debt cash flows to transfer money to a subsidiary or parent company to avoid taxes on profits is something that takes place in the region. The practice is uncommon where the state owns all the forest management companies, since state-run companies have a very limited interest in generating profits. Suspicions are mainly focused on the wood processing industry, but there are no precise figures at the moment.

Invasion of public forested lands by rural families, communities or private corporations

Although public forestlands are invaded from time to time, mainly for agricultural purposes, this was a more frequent practice some 50–60 years ago. At that time, there was more available land to be occupied, and regulations were generally weaker.

Exports and imports

Most trade in illegally harvested wood takes place on the domestic market. Such trade concerns, in particular, firewood and, in smaller quantities, technical wood (e.g. sawn timber).

The wood trade in several countries is negative (more imports than exports). The negative balance of export-

import in round wood and sawn timber is one factor stimulating illegal logging. The exporting of wood material is often blamed for increased forest harvesting under illegal conditions.

The recent abolishment of import tariffs in Albania may have contributed to stimulating imports. It may also have a positive impact on illegal logging by reducing timber prices and making illegal logging less profitable. On the other hand, while illegal logging could be reduced, lower timber prices limit interest in forest management and could lead to other land uses at the expense of forestry.

The presence of illegally harvested wood in the region's export market is considered insignificant, partly because export volumes are rather limited (especially firewood, for which illegal logging is the most common) and partly due to the control and inspection mechanisms in importing countries and increasing demand for certified wood (e.g. FSC-certified wood).

Main drivers of illegal logging and other illegal forestry activities

Illegal logging is a complex issue linked to several economic sectors, and it can only be effectively prevented and combated if the main drivers are identified. These drivers often depend on political and socioeconomic contexts, and may be characteristic of certain regions. Two types of illegal logging can be clearly distinguished in the Western Balkans: 1) poverty-driven illegal logging; and 2) commercial illegal logging. These types of illegal logging generally take place in different forest areas, are carried out by different types of people and have different impacts. For instance, poverty-driven illegal logging is typically carried out in remote locations, out of sight of state authorities and law enforcement bodies.

The most tangible drivers of illegal logging in the SEE region include:

- poor socioeconomic conditions (i.e. low incomes and high unemployment rates), particularly in rural, mountainous areas;
- supply and demand gaps in the wood processing industry, which opens significant space for wood supplies outside legal channels;
- the predominance of public forest lands with insufficient forest areas in private ownership through which people could meet their wood-related needs;
- high demand for firewood;
- lack of affordable energy sources for rural households, while illegally obtained wood can be cheaper;
- insufficient supply of and support for the development of alternative, non-wood-based energy sources;
- institutional weaknesses of the competent authorities, insufficient infrastructure, lack of knowledge, corruption etc.;
- inefficient judicial authorities;
- insufficient interest on the part of police authorities in combating this type of illegal activity;
- poor inter-institutional cooperation regarding preventive and repressive activities, and lack of coordination, cooperation, information exchange and dialogue between stakeholders involved in the prevention, detection and suppression of illegal actions;
- non-transparent procedures for the procurement and sale of wood; and
- lack of public awareness and lack of engagement on the part of NGOs and civil society to agitate for action against illegal forest activities.

It is important to keep in mind that illegal logging carried out to fulfil the needs of poor local populations is negligible compared to the overall enterprise of illegal logging.

Although steps have been taken to revamp and modernise the legislative and policy framework in the forestry sector and to strengthen the institutional capacities, more concrete measures are necessary. In addition, the more complex and non-transparent the legislation and administrative framework, the higher the risk that natural and legal persons will exploit existing grey zones.

The Regional Action Plan

Objectives and scope

The objective of the Regional Action Plan is to present a list of measures designed to combat illegal forestry activities, including trade issues and corruption, in the SEE region.

Each type of measure includes several concrete activities, expected results and indicators of progress and success. These measures are aimed at addressing both small- and large-scale illegal activities. While taking into account prevention, detection and suppression, the Regional Action Plan focuses on prevention as the main, long-term instrument for combating illegal forestry activities.

The broader issues of governance and law enforcement are also addressed. Improved implementation of laws is required. In addition, overregulation is contributing to illegality. Institutional reform for the separation of forest control from forest management functions is also required.

A partnership with other institutions and networks would improve the exchange of information and experience at regional level, and also enhance the transfer of best practices to further strengthen the capacity of beneficiaries to implement environmental legislation.

Other illegal activities demand a parallel process and will be targeted by separate actions that are coordinated with the current action plan.

The action plan concentrates on three means of combating illegal activities:

Prevention

1. Legal measures
2. Improve management structures and systems in public forest administration/enterprises
3. Combat corruption at higher levels of government and public administration
4. Support the development of responsible business practices in the forestry sector
5. Introduce demand-side measures locally and/or in importing countries to reduce demand for illegal timber

6. Reduce the costs of legal timber harvesting and trade
7. Reduce domestic demand for timber
8. Increase the long-term legal supply of timber
9. Alleviate rural poverty

Detection

10. Improve monitoring of forest use and timber trade
11. Enhance the effectiveness of legal oversight

Suppression

12. Strengthen collaboration with police force
13. Increase the effectiveness of the judiciary
14. Strengthen regional cooperation and coordination

These means are described in greater detail in the tables on the following pages.

PREVENTION 1					
Legal measures					
ACTIVITY	EXPECTED RESULT	IMPACT INDICATORS	RESPONSIBLE FOR IMPLEMENTATION	MEANS OF VERIFICATION	TIMEFRAME
1.1 Adjust the legal framework to make implementation more effective	1.1.1 Relax regulations to expand volume of legal supply of fuel wood and timber for subsistence consumption	Adoption and application of laws and regulations; improvement and adjustment of legal framework	Government bodies (relevant ministries), national parliaments	Laws, legal amendments, regulations	2012–2014
	1.1.2 Adjust regulations to strengthen local ownership and/or user rights of forest resources				
	1.1.3 Adjust penalty codes to be reasonable and effective				
	1.1.4 Harmonise existing legislation (harmonise loopholes while avoiding gaps, overlaps and conflicts)				

PREVENTION 2

Improve management structures and systems in public forest administration/enterprises

ACTIVITY	EXPECTED RESULT	IMPACT INDICATORS	RESPONSIBLE FOR IMPLEMENTATION	MEANS OF VERIFICATION	TIMEFRAME
2.1 Reform forest public administration to separate control functions from forest management functions	2.1.1 Separation of forest control from management function	Separation of forest control from management function at regional and district levels	Relevant ministries (forestry)	Reports of related sectors by the competent ministries	2012 and ongoing
	2.1.2 Better resourced, trained and equipped field personnel for the accomplishment of functions	Increased percentage of field staff having basic equipment		Annual progress report from competent forestry service	
2.2 Improve the financial standing of public forest administration/enterprise to allow salary increases and financial incentives for staff	2.2.1 Guidelines for motivation system for field personnel are developed and proposed for use	Implementation of procedures in practice	Relevant ministries (forestry)	Availability of internal regulation on motivation reward system	Ongoing
	2.2.2 Training of forest staff on prevention of illegal activities in forestry and combating illegal logging	Number of trainings organised and number of people trained		Programmes from trainings, lists of trained people	

PREVENTION 3

Combat corruption at higher levels of government and public administration

ACTIVITY	EXPECTED RESULT	IMPACT INDICATORS	RESPONSIBLE FOR IMPLEMENTATION	MEANS OF VERIFICATION	TIMEFRAME
3.1 Adjust general anti-corruption programmes to focus more closely on the forest sector	3.1.1 Targeting of corruption in forestry sector established as major component of the general anti-corruption programme	Numbers of cases reported and percentage of cases addressed	Relevant ministries (forestry)	Reports of related sectors	2012 and ongoing
	3.1.2 Special status attained by forest service inspectors	Percentage of employees with "civil servant" status		Statistics	
	3.1.3 Introduction of a system of forestry sanctions	Number of cases reported and percentage of cases addressed		Regulation for adequate sanctions system	

PREVENTION 4

Support the development of responsible business practices in the forestry sector

ACTIVITY	EXPECTED RESULT	IMPACT INDICATORS	RESPONSIBLE FOR IMPLEMENTATION	MEANS OF VERIFICATION	TIMEFRAME
4.1 Promote forest certification and chain of custody systems	4.1.1 Increased interest in forest certification, and adoption of SFM standard and chain of custody	Increased percentage of certified forests	Relevant ministries (forestry)	Guidelines for forest certification, SFM standard and statistics	2012 and ongoing
	4.1.2 Guidelines for forest certification and SFM standard are developed and proposed for use				

PREVENTION 5

Introduce demand-side measures locally and/or in importing countries to reduce demand for illegal timber

ACTIVITY	EXPECTED RESULT	IMPACT INDICATORS	RESPONSIBLE FOR IMPLEMENTATION	MEANS OF VERIFICATION	TIMEFRAME
5.1 Adjust domestic public procurement policies to reward legal timber	5.1.1 Improved regulations and guidelines	Availability of improved regulations and guidelines	Relevant ministries (forestry)	Reports of related sectors of relevant ministries and competent national authorities (forestry)	2012–2014

PREVENTION 6

Reduce the costs of legal timber harvesting and trade

ACTIVITY	EXPECTED RESULT	IMPACT INDICATORS	RESPONSIBLE FOR IMPLEMENTATION	MEANS OF VERIFICATION	TIMEFRAME
6.1 Simplify administrative procedures (e.g. when granting logging licences, preparing forest management plans)	6.1.1 Improved regulations and related administrative procedures	Level of procedural satisfaction among forest actors	Relevant ministries (forestry)	Statistics and surveys	2012

PREVENTION 7

Reduce domestic demand for timber

ACTIVITY	EXPECTED RESULT	IMPACT INDICATORS	RESPONSIBLE FOR IMPLEMENTATION	MEANS OF VERIFICATION	TIMEFRAME
7.1 Eliminate excess capacity of wood processing industries	7.1.1 Establishment of control system on wood processing industries	Implementation of control programme	Relevant ministries (forestry)	Statistics	Ongoing
7.2 Propose alternative sources of energy	7.2.1 Availability and affordability of non-wood-based energy sources	Increased percentage of households using non-wood-based energy sources	Ministries and authorities responsible for energy policy	Statistics	Ongoing

PREVENTION 8

Increase the long-term legal supply of timber

ACTIVITY	EXPECTED RESULT	IMPACT INDICATORS	RESPONSIBLE FOR IMPLEMENTATION	MEANS OF VERIFICATION	TIMEFRAME
8.1 Expand log supply from plantations	8.1.1 Afforestation of agricultural land	Reforested area	Relevant ministries (forestry)	Statistics	Ongoing
8.2 Enhance fuel wood supply by intensifying farm and community-level plantations	8.2.1 Support for sustainable agro-forestry practices for fuel wood production in rural areas	Area of land under sustainable agro-forestry practices	Relevant ministries (forestry)	Statistics from the ministry of environment and the ministry of forestry	Ongoing
8.3 Enhance fuel wood supply by securing natural regeneration of forest and bush land	8.3.1 Improved policies and instruments for the sustainable development of communal forest in degraded and bush land	Area (in hectares) of communal forest with management plans	Relevant ministries (forestry)	Statistics from the ministry of environment and the ministry of forestry	Ongoing

PREVENTION 9

Alleviate rural poverty

ACTIVITY	EXPECTED RESULT	IMPACT INDICATORS	RESPONSIBLE FOR IMPLEMENTATION	MEANS OF VERIFICATION	TIMEFRAME
9.1 Enhance rural incomes and reduce population pressure	9.1.1 Regulations and guidelines for income generation from legal forestry activities and diversification of agricultural activities in rural areas developed and implemented	Increased percentage of rural communities with income generation from legal forestry activities and other agriculture-related activities	Relevant ministries (forestry)	Regulations and guidelines approved for income generation from legal forestry activities	2012

DETECTION 10

Improve monitoring of forest use and timber trade

ACTIVITY	EXPECTED RESULT	IMPACT INDICATORS	RESPONSIBLE FOR IMPLEMENTATION	MEANS OF VERIFICATION	TIMEFRAME
10.1 Enhance the use of technology in detecting crimes related to harvesting, transport, processing and trade	10.1.1 Logistics and needed technology for data collection of forest crimes and their analysis	Availability of data needed for analysis and decision making	Relevant ministries (forestry)	Information analysis	2012
10.2 Provide more reliable estimates on the extent of illegal logging	10.2.1 An effectively upgraded system for data gathering and analysis	Availability of regulations and guidelines	Relevant ministries (forestry)	Information analysis	2012
10.3 Oblige forest managers to provide financial data in an easily verifiable form	10.3.1 Improvement of related regulations and guidelines for data reporting by forest managers	Availability of regulations and guidelines	Relevant ministries (forestry)	Reporting from ministries responsible for environment and forestry	2013
10.4 Improve exchange of crime-related information between government institutions	10.4.1 Stronger cooperation amongst interested parties	Increased percentage of detected crimes in respective field	Relevant ministries (forestry)	Reporting from competent ministries (environment, forestry, justice)	2012
10.5 Improve statistical systems to enable analysis of illegal timber flows	10.5.1 Efficient and updated system for data gathering and analysis	Availability of data needed for analysis and decision making	Relevant ministries (forestry)	Information analysis	2012

DETECTION 11

Enhance the effectiveness of legal oversight

ACTIVITY	EXPECTED RESULT	IMPACT INDICATORS	RESPONSIBLE FOR IMPLEMENTATION	MEANS OF VERIFICATION	TIMEFRAME
11.1 Establish institutional arrangements separating monitoring and law enforcement from timber production and sales	11.1.1 Finalisation of reforms to separate forest control function from management functions	Separation of forest control functions from management functions at regional and district levels	Relevant ministries (forestry)	Reports from related sectors MEFWA	2012–2013
11.2 Conduct intensive financial audits on forest administration/ state forest enterprises	11.2.1 Financial audit programmes are implemented in conformity with law	Number of financial audits executed and results published	Relevant ministries (forestry)	Execution of financial audit programmes	Ongoing
11.3 Increase resources available for law enforcement	11.3.1 Strengthened capacities of bailiffs' offices and LGUs for executing decisions on administrative and penal transgression	Number of decisions executed	Relevant ministries (forestry)	Executed decision on administrative transgressions	Ongoing and penal
11.4 Provide financial incentives for law enforcement staff	11.4.1 Elaboration and promotion of an internal system of rewards for better performance of field staff	Availability of internal regulation on motivation reward system	Relevant ministries (forestry)	Regulation on motivation reward system	2012–2013

SUPPRESSION 12

Strengthen collaboration with police force

ACTIVITY	EXPECTED RESULT	IMPACT INDICATORS	RESPONSIBLE FOR IMPLEMENTATION	MEANS OF VERIFICATION	TIMEFRAME
12.1 Improve collaboration in field work between forest inspection personnel and police force	12.1.1 Establishment of a procedure and responsibilities for information flow and coordination	Increased number of joint actions	Relevant ministries (forestry)	Reports	2012–2015

SUPPRESSION 13

Increase the effectiveness of the judiciary

ACTIVITY	EXPECTED RESULT	IMPACT INDICATORS	RESPONSIBLE FOR IMPLEMENTATION	MEANS OF VERIFICATION	TIMEFRAME
13.1 Improve the use of non-forest legislation to prosecute forest crime offenders	13.1.1 Approval of proposals for improving existing laws and regulations	Number of adopted and approved laws and regulations	National authorities	Laws, legal amendments, decisions of ministerial councils, approved regulations	2012–2015
13.2 Raise awareness of forest significance among judges and law enforcement personnel	13.2.1 Heightened awareness of the importance of the environment – and forests in particular – among judges and law enforcement personnel	Organisation of periodical coordination meetings between court and forestry service personnel	National authorities	Court procedure used to resolve high-profile cases related to the forestry sector	2012

SUPPRESSION 14

Strengthen regional cooperation and coordination

ACTIVITY	EXPECTED RESULT	IMPACT INDICATORS	RESPONSIBLE FOR IMPLEMENTATION	MEANS OF VERIFICATION	TIMEFRAME
14.1 Improve cross-border collaboration between the competent national authorities	14.1.1 Establishment of regional cooperation channels for information flow and coordination	Increased number of cross-border and regional joint actions	Relevant ministries (forestry)	Control reports	2012 and ongoing
14.2 Informal regional coordination	14.2.1 Establishment and operation of an informal coordination platform	Number of regional cooperation events and joint actions	Relevant ministries (forestry)	Progress reports	2012 and ongoing

Monitoring and evaluation

Monitoring is understood to cover the implementation of all activities proposed in the Regional Action Plan. Monitoring of legal compliance is included, as well as monitoring of the implementation of other measures (formulating legal amendments, making planned investments etc.).

The key element of a monitoring system is the indicator set, which should include:

- input indicators (e.g. human resources and investment funds for combating illegal activities);
- process indicators (e.g. participation of stakeholders, preparation of policies and plans in a timely manner); and
- impact indicators (e.g. employment, change in government revenue, state of environment).

Ideally, these indicators should derive from the action plan, but since the plan is a broad document — providing the main lines of action but scant in detail — the indicator set will have to be developed and expanded accordingly.

The success of the Regional Action Plan will be measured using impact indicators. Process and input indicators are applied if the means chosen to achieve ultimate aims are implemented in a timely and appropriate manner. Process and input indicators are nevertheless necessary because a detectable change in impacts may be observed only after a relatively long period of implementation. Process and impact indicators enable quick reporting on how implementation is progressing. If monitoring were based solely on impact indicators, there would be a substantial delay in providing feedback to policy makers and stakeholders.

The monitoring system should be sound and trusted by stakeholders. The monitoring entity must not be administratively or financially dependent on the entities or individuals being monitored. In some cases, stakeholder trust can be achieved by involving independent international parties to assist in monitoring activities. Monitoring of legal compliance may also be carried out by private companies or non-governmental organisations with sufficient technical competence. Partnership arrangements between public and private sectors and/or civil society are another option.

The monitoring entity must establish a mechanism to coordinate data collection and collation. Data usually come from several sources, and due to different reporting systems the data are not always compatible. The various entities involved in monitoring need to have clear and detailed directions as to the frequency of reporting and the types of information they are expected to generate.

From a technical point of view, it is important to establish a baseline for monitoring data. Sometimes this is not a major problem, especially if monitoring is based on analysis of routinely collected data. These data need to be archived appropriately to enable comparisons over time, and must be specific and focused on issues that are important to the action plan's success. The nature of illegal activities is often such that monitoring data have to be collected through specific studies. Unless these are carried out early on, there is a risk that appropriate comparisons over time will not be made.

Tentative budget

The tentative budget for the Regional Action Plan is based on a questionnaire sent to senior ministry officials responsible for forestry in the beneficiary countries. The budget is approximate, given the lack of responses from some countries to questions related to the cost of some of the activities. The budget allocation is for one year and concerns only the means obtained from external assis-

tance for action plan implementation. This necessarily excludes internal resources within national public administrations (i.e. action plan activities 11 and 14). In this context, the projected minimum annual budget per country is EUR 209,700. For the six countries in the SEE region the projected minimum for action plan implementation is EUR 1,258,200.

PREVENTION 1

Legal measures

ACTIVITY	EXPECTED RESULT	RESOURCES	TIME NEEDED	COST	ANNUAL BUDGET PER COUNTRY
1.1 Adjust the legal framework to make its implementation more effective	1.1.1 Relaxed regulations to expand the volume of legal supply of fuel wood and timber for subsistence	1 legal expert 1 local expert	100 days for the legal expert 200 days for the local expert	EUR 200 per diem for the legal expert EUR 100 per diem for the local expert	EUR 40,000
	1.1.2 Regulations adjusted to strengthen local ownership and/or user rights of forest resources				
	1.1.3 Penalty codes adjusted to be reasonable and effective				
	1.1.4 Existing legislation harmonised (to avoid loopholes, gaps, overlaps and conflicts)				

PREVENTION 2					
Improve management structures and systems in public forest administration/enterprises					
ACTIVITY	EXPECTED RESULT	RESOURCES	TIME NEEDED	COST	ANNUAL BUDGET PER COUNTRY
2.1 Reform of forest public administration to separate control functions from forest management functions	2.1.1 Separation of forest control function from management function	1 expert	50 days	EUR 200	EUR 10,000
		1 expert trainer	100 days	EUR 200	EUR 20,000
	Trainings abroad		One training for 10 people (EUR 100 per diem; 3 days' minimum plus travel expenses, EUR 300 per head)	EUR 6,000	
	Equipment		Needs to be defined		
2.2 Improve the financial standing of public forest administration/enterprise to allow salary increases and financial incentives for staff	2.2.1 Development of guidelines for motivation system for field personnel	1 expert trainer	100 days	EUR 200	EUR 20,000
	2.2.2 Training of forest staff on preventing illegal activities in forestry and combating illegal logging	Trainings abroad		One training for 10 people (EUR 100 per diem; 3 days' minimum plus travel expenses, EUR 300 per head)	EUR 6,000

PREVENTION 3

Combat corruption at higher levels of government and public administration

ACTIVITY	EXPECTED RESULT	RESOURCES	TIME NEEDED	COST	ANNUAL BUDGET PER COUNTRY
3.1 Adjust general programmes to pay increased attention to forestry sector	<p>3.1.1 Targeting of corruption in forestry sector established as a major component of the general anti-corruption programme</p> <p>3.1.2 Special status attained by forest service inspectors</p> <p>3.1.3 System of forestry sanctions introduced</p>	1 expert	25 days	EUR 200	EUR 5,000

PREVENTION 4

Support the development of responsible business practices in the forestry sector

ACTIVITY	EXPECTED RESULT	RESOURCES	TIME NEEDED	COST	ANNUAL BUDGET PER COUNTRY
4.1 Promote forest certification and chain of custody systems	<p>4.1.1 Increased interest amongst forest users to certify forests, and adoption of SFM standard and chain of custody systems</p> <p>4.1.2 Development and introduction of guidelines for forest certification and SFM standard</p>	1 forest certification expert with PR and marketing experience	50 days	EUR 200	EUR 10,000

PREVENTION 5

Introduce demand-side measures locally and/or in importing countries to reduce demand for illegal timber

ACTIVITY	EXPECTED RESULT	RESOURCES	TIME NEEDED	COST	ANNUAL BUDGET PER COUNTRY
5.1 Adjust domestic public procurement policies to reward legal timber	5.1.1 Improved regulations and guidelines	1 expert	30 days	EUR 200	EUR 6,000

PREVENTION 6

Reduce the costs of legal timber harvesting and trade

ACTIVITY	EXPECTED RESULT	RESOURCES	TIME NEEDED	COST	ANNUAL BUDGET PER COUNTRY
6.1 Simplify administrative procedures (e.g. for granting logging licences and preparing forest management plans)	6.1.1 Improved regulations and related administrative procedures	1 expert	7 days	EUR 100	EUR 700

PREVENTION 7

Reduce domestic demand for timber

ACTIVITY	EXPECTED RESULT	RESOURCES	TIME NEEDED	COST	ANNUAL BUDGET PER COUNTRY
7.1 Eliminate excess capacity of wood processing industries	7.1.1 Put in place a control system for wood processing industries	1 expert	25 days	EUR 200	EUR 5,000
7.2 Propose alternative sources of energy	7.2.1 Availability and affordability of non-wood-based energy sources	1 expert	50 days	EUR 200	EUR 10,000

PREVENTION 8

Increase the long-term legal supply of timber

ACTIVITY	EXPECTED RESULT	RESOURCES	TIME NEEDED	COST	ANNUAL BUDGET PER COUNTRY
8.1 Expand log supply from plantations	8.1.1 Afforestation of agricultural land	1 expert	50 days	EUR 200	EUR 10,000
8.2 Enhance fuel wood supply by intensifying farm and community-level plantations	8.2.1 Support for sustainable agro-forestry practices for fuel wood production in rural areas	1 expert	75 days	EUR 200	EUR 15,000
8.3 Enhance fuel wood supply by securing natural regeneration of forest and bush land	8.3.1 Improved policies and instruments for the sustainable development of communal forest in degraded and bush land				

PREVENTION 9

Alleviate rural poverty

ACTIVITY	EXPECTED RESULT	RESOURCES	TIME NEEDED	COST	ANNUAL BUDGET PER COUNTRY
9.1 Enhance rural incomes and reduce population pressure	9.1.1 Develop and implement regulations and guidelines for income generation from legal forestry activities in rural areas	1 expert	50 days	EUR 200	EUR 10,000

DETECTION 10

Improve monitoring of forest use and timber trade

ACTIVITY	EXPECTED RESULT	RESOURCES	TIME NEEDED	COST	ANNUAL BUDGET PER COUNTRY
10.1 Enhance the use of technology to detect crimes related to harvesting, transport, processing and trade	10.1.1 Logistics and technology for data collection on forest crimes and their analysis	1 expert	120 days	EUR 200	EUR 24,000
10.2 Provide more reliable estimates on the extent of illegal logging	10.2.1 An effectively upgraded system for data gathering and analysis				
10.3 Oblige forest managers to provide easily verifiable financial data	10.3.1 Improved regulations and data reporting guidelines from forest managers				
10.4 Improve exchange of crime-related information between government institutions	10.4.1 Stronger cooperation established among interested parties				
10.5 Improve statistical systems to enable analysis of illegal timber flows	10.5.1 Updated system for data gathering and analysis				

DETECTION 11

Enhance the effectiveness of legal oversight (internal resources within national authorities)

ACTIVITY	EXPECTED RESULT	RESOURCES	TIME NEEDED	COST	ANNUAL BUDGET PER COUNTRY
11.1 Establish institutional arrangements separating monitoring and law enforcement from timber production and sales	11.1.1 Finalisation of reforms to separate forest control functions from management functions				
11.2 Conduct intensive financial audits on forest administration/ state forest enterprises	11.2.1 Financial auditing programmes implemented in conformity with the law				
11.3 Increase resources available for law enforcement	11.3.1 Strengthened capacities of bailiffs' offices and LGUs for executing decisions on administrative and penal transgressions				
11.4 Provide financial incentives for law enforcement personnel	11.4.1 Internal system elaborated and promoted to reward better performance of field personnel				

SUPPRESSION 12

Strengthen collaboration with police force

ACTIVITY	EXPECTED RESULT	IMPACT INDICATORS	RESPONSIBLE FOR IMPLEMENTATION	MEANS OF VERIFICATION	TIMEFRAME
12.1 Enhance cooperation between forestry inspection personnel and police	12.1.1 Procedural responsibilities established for information flow and coordination	1 expert	30 days	EUR 200	EUR 6,000

SUPPRESSION 13

Increase the effectiveness of the judiciary

ACTIVITY	EXPECTED RESULT	RESOURCES	TIME NEEDED	COST	ANNUAL BUDGET PER COUNTRY
13.1 Use of non-forest legislation to prosecute forest crime offenders	13.1.1 Existing laws and regulations improved	1 expert	30 days	EUR 200	EUR 6,000
13.2 Raise awareness of forest significance amongst judges and law enforcement personnel	13.2.1 Raised awareness among forestry judges and law enforcement personnel				

SUPPRESSION 14

Strengthen regional cooperation and coordination (internal resources within national authorities)

ACTIVITY	EXPECTED RESULT	RESOURCES	TIME NEEDED	COST	ANNUAL BUDGET PER COUNTRY
14.1 Improve cross-border collaboration between competent national authorities	14.1.1 Regional cooperation channels established for information flow and coordination				
14.2 Informal regional coordination	14.2.1 Informal coordination platform established and operational				

TENTATIVE BUDGET

Approximate annual budget for implementing the measures suggested in the Regional Action Plan

ACTIVITY	APPROXIMATE ANNUAL BUDGET PER COUNTRY (x EUR 1,000)	TOTAL BUDGET FOR 6 COUNTRIES (x EUR 1,000)
PREVENTION	173.7	1,042.2
Legal measures	40	240
Improve management structures and systems in public forest administration/enterprises	62	372
Combat corruption at higher levels of government and public administration	5	30
Support the development of responsible business practices in the forestry sector	10	60
Introduce demand-side measures locally and/or in importing countries to reduce demand for illegal timber	6	36
Reduce costs of legal timber harvesting and trade	0.7	4.2
Reduce domestic demand for timber	15	90
Increase long-term legal supply of timber	25	150
Alleviate rural poverty	10	60
DETECTION	24	144
Improve monitoring of forest use and timber trade	24	144
Enhance effectiveness of legal oversight	/	/
SUPPRESSION	12	72
Strengthen cooperation and collaboration with police	6	36
Increase judiciary effectiveness	6	36
Regional cooperation and coordination	/	/
TOTAL	209.7	1,258.2

THE REGIONAL ENVIRONMENTAL CENTER FOR CENTRAL AND EASTERN EUROPE (REC) is an international organisation with a mission to assist in addressing environmental issues. The REC fulfils this mission by promoting cooperation among governments, non-governmental organisations, businesses and other environmental stakeholders, and by supporting the free exchange of information and public participation in environmental decision making.

The REC was established in 1990 by the United States, the European Commission and Hungary. Today, the REC is legally based on a charter with over 30 signatories. The REC has an office network in 17 beneficiary countries: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, the former Yugoslav Republic of Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia, Slovenia and Turkey. The head office is located in Szentendre, Hungary.

The REC actively participates in key global, regional and local processes and contributes to environmental and sustainability solutions within and beyond its country office network, transferring transitional knowledge and experience to countries and regions.

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