

## Illegal Logging in SEE and EE (Governance, Implementation and Enforcement)

### **Illegal logging activities in Kosovo (under UNSCR 1244/1999)**

#### **A. FACT-FINDING STUDY**

**Prishtina  
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## List of abbreviations

Kosovo	Kosovo (under UNSCR 1244/1999)
KFA	Kosova Forest Agency
MAFRD	Ministry of Agriculture Forest and Rural Development
NFI	National Forest Inventarisation
FAO	Food Agriculture Organization
CPI	Corruption Perception Index
TI	Transparency International
SIDA	Swedish International Development Agency
EAR	European Agency for Reconstruction
SFM	Sustainable Forest Management
USAID	United States for International Development
KCBS	Kosovo Cluster and Business Support
SNV	Netherlands development Organization

Illegal logging involves transnational organized crime, breakdowns in institutional controls and ineffective institutions and can increase tensions across borders and with the international community. The effects of illegal logging are wide ranging: loss of habitat and biodiversity to erosion and land degradation, desertification and climate change to social disruption and economic impacts. Illegal logging also resolves in erosion and degradation of river basins and water quality.

The project “Illegal Logging in SEE and EE: Governance, Implementation and Enforcement” implemented under the ENVSEC initiative, aims to investigate the situation, in order to identify concrete actions to be taken by key responsible actors to close the law, policy, implementation and enforcement gaps in order to sharply reduce or eliminate illegal logging in South-Eastern Eastern Europe.

The project focusing on South Eastern Europe is financed by the Federal Government of Belgium under the ENVSEC Initiative.

The current report is providing an overview of the state of play of the forestry sector, as regards the scope and extent of illegal logging activities in Kosovo (as defined under UNSCR 1244), without taking into consideration the situation in the Republic of Serbia, which is subject to a separate report.



## 1. INTRODUCTION

### 1.1 Overview of the country

Kosovo (under UNSCR 1244/1999) is located in the center of Balkan Peninsula in the South-East Europe with geographic coordinates 42 35 N, 21 00 E. It is bordered in the south-west with Albania (112 km), north-west with Montenegro 159 km), south-east with Former Yugoslav Republic of Macedonia (79 km) and north-east with the Republic of Serbia (352 km). The border perimeter is 702 km.



Total **land area** of Kosovo is 10,887 square kilometers. Kosovo is situated at about 500 meters above mean sea level, surrounded by mountains and divided by a central north/south ridge in two sub-regions of roughly equal size and population.

Kosovo is divided in **five regions** (Prishtina, Gjilan, Peja, Prizren and Mitrovica) and two sub-regions (Ferizaj and Gjakova). Officially Kosovo used to be organized into 30 municipalities but with the process of decentralization six more municipalities will be added. Within these municipalities Kosovo has about 1,500 villages.

The **total population** is above 2 million inhabitants (estimated, because last legitimate population registration took place in 1981). Kosovo is densely populated with almost 200 persons per square kilometer. The population in Kosovo is very young, where 30 per cent are under 15 years of age and more than 50 per cent under 25 years. The population over 65 years are only 5 per cent. The economically active population is about 60 per cent.

Kosovo has a continental **climate** with the temperatures ranging from -20o C during the winter to +40o C during the summer. Average annual rainfall is 720 mm. In the western part the average rainfall is 900-1,000 mm, while in the North and Central/East annual average rainfall is approximately 600 mm. The rainy period is May-June and October-January, while February, March and August are the months with less rain precipitations.

## 1.2 Overview of the country forests

The **total forest area** is 464.800 ha which is larger by 6-8% than previous estimate. 379.200 ha were classified as forestland through interpretation of aerial photos and field surveys. Another 85.600 ha was classified as forestlands through photo interoperation, but could not be surveyed in the field because of mines and another logistic constrains. Out of the total area made up of surveyed and not surveyed forestlands, 278.880 ha is classified as public forestlands and 185.920 ha as private forestlands. Forestland is located Kosovo wide, since Kosovo is know for a mountainous area with an elevation of 400-700 m above sea level and surrounded with mountain with elevations of 2,000 to 2,500 m about mean sea level. Forests are concentrated in the Northern, Western and Southern part mainly.

Out of total territory 53 % is agricultural land and 42 % or 464.800 ha are estimated as forest land, of which 278,880 ha are public forestlands and 185.920 ha are private forestland. Public forest land is under the control of the Kosovo Forest Agency (KFA) which is organized into six geographic regions. KFA- Kosova Forest Agency is central level. KFA is under MAFRD - Ministry of Agriculture, Forestry and Rural Development.

Data source	Public forest (ha)	Private forest ( ha)	Total Forest (ha)
Old statistics	266 000	162 000	428 000
Cadastral Data 2004	196 000	198 000	394 000
<b>National Forest Inventarisation (by FAO) 2003</b>			
Visited area	202 800	176 400	379 200
Nonvisted area	76 080	9 520	85 600
Total	<b>278 880</b>	<b>185 920</b>	<b>464 800</b>

Source: Cadastral agency and FAO (National Forest Inventarisation)

In general 8%-10% of the population generates income or in other words creates livelihood from the forestry and forest industry, but in rural areas the percentage is estimated around 20%. The total value of goods from forestry is estimated 50-75 million euros. Contribution of the forestry sector in GDP is approximately 1.8%-2.6%.

## 1.3 Forest structure

The forest in Kosovo is divided in two types of ownership: private and public ownership. Private ownership is approximately 40% and public ownership is 60%. The forest structure is divided in three categories as follows:

- Broadleaved forest, created through natural seeding, covers more than 90% of forest area. Dominating broadleaved species are oak and beech.
- Coniferous forest, covering 7% of the total forest area, and is dominated by Abies alba, Picea abies and Pinus species.
- Remaining 3% consists of a number of broadleaved species.

The total **standing volume** on public forestland is estimated at about 33.5 million cubic meters. Out of this volume 25.9 million cubic meters trees with a diameter > 7 cm at breast height. On private forestland total standing volume is estimated .at about 19.5 million cubic meters out of which 14.5 million cubic meters are trees with diameter >7 cm.

Kosovo forests are known as young forest because 58% of public forest and 81% of private forest are younger than 60 years.

The structure of the public owned forest is mainly covered with broadleaved species created through the process of natural seeding. Main species are oak and beech covering 66% of the total public forest area, while 5% are covered with coniferous forest and the main species are *Abies alba*, *Picea abies* and *Pinus* species.

## 1.4 Management Structure of Forestry

Kosovo institutions are newly born, the Ministry of Agriculture, Forestry and Rural Development was established on 27 of April 2000 through UNMIK Regulation No. 2000/27 establishing the Administrative Department of Agriculture, Forestry and Rural Development (ADAFRD).

UNMIK Regulation No. 2001/19 of 13 September 2001 on the Executive Branch of the Provisional Institutions of Self-Government in Kosovo, Annex 10, provides for MAFRD's powers and responsibilities. Ministry of Agriculture, Forestry and Rural Development after February 17<sup>th</sup> 2008 is solely managed by the Kosovo Institutions reporting directly to the Kosovo Prime Minister as the head of Government and the Kosovo Parliament. Ministry of Agriculture, Forestry and Rural Development is responsible and in charge of all obligations and operations defined by the law.

**Ministry of Agriculture, Forestry and Rural Development** has the frames of legal and organizational infrastructure needed for the forestry management. Due to the fact of presence of illegal logging it is seen that the current infrastructure is not functional to the highest level.

The following are the *defects* identified with the organizational and legal infrastructure:

- Insufficient number of employees at the Kosovo Forest Agency
- Age and gender issue is not satisfactory
- Low capacity building of the personnel
- Lack of rule of law
- Juridical system delays
- Lack of educational institutions on forestry/wood industry

At present and during the past few years these are some *measures taken* to improve the situation:

- One high school for forestry in Kosovo, operational in Prishtina within the high school of agriculture, one teacher gives all the lectures
- University of Prishtina has only one branch in the Municipality of Ferizaj for Wood Processing Industry
- GTZ-German Organization has one training Centre in Peja for Wood Technical Training
- Swedish International Development Agency implementing the project "Support to forestry education and training in Kosovo" which is implemented in cooperation with Ministry of Agriculture, Forestry and Rural Development and Ministry of Education, Science and Technology (MEST). The objectives of the program are:
  - Capacity building of the involved parties, including private foresters

- Support to development of the strategy for professional education on forestry
- Establishment of sustainable local program for professional education on forestry and creation of the possibilities for advanced education as BSc, M.sc. and Forest Engineer
- Several trainings, courses and study visits to the countries in transition for the participants, are organized as well. So far are registered and near the end of the studies as follow: 16 students/ BSc, 15 students/ Forestry Engineers and 7 students aiming to the Master Degree. Countries where the education is taking place are: Albania, Croatia, Austria, Germany, Serbia, etc

According to the field visits, document and data analyzing the following measures should be taken in order to improve the current situation on forestry management:

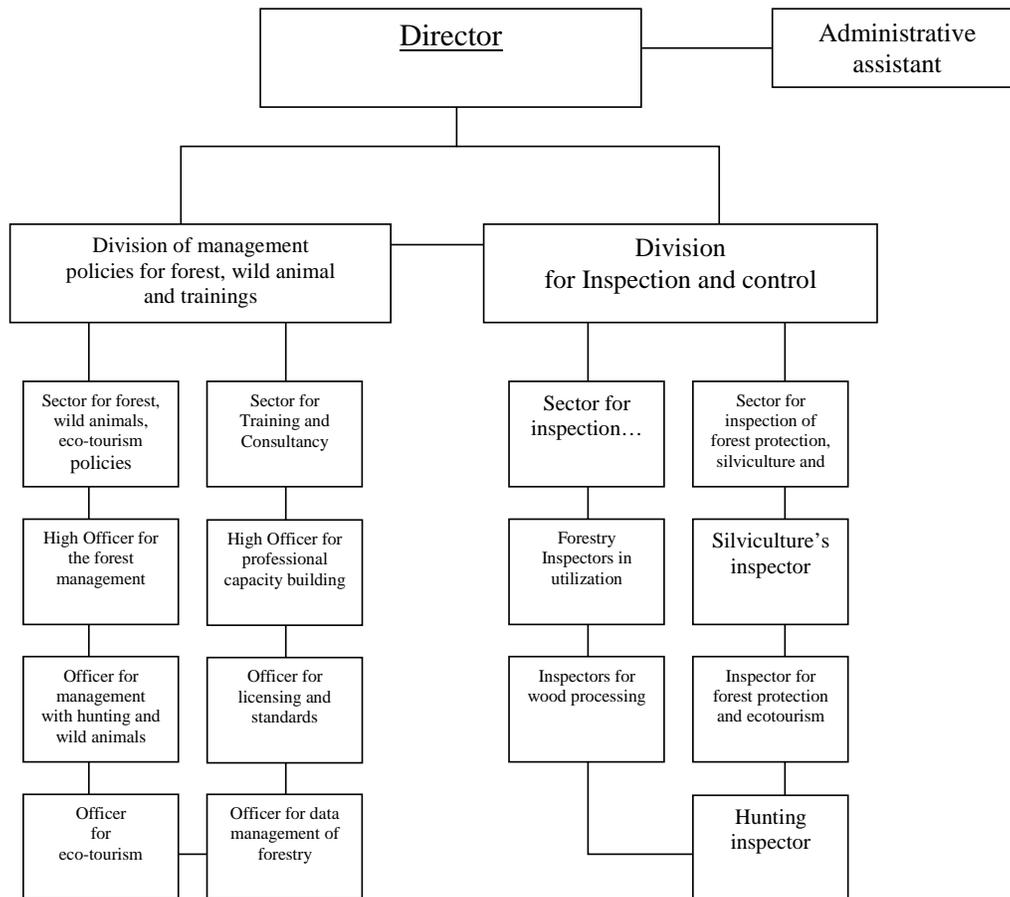
- Improve rule of law/ law enforcement
- Increase combined patrolling of forest guards and Police Officers
- Raise awareness to the wood customers (request receipts, origin of wood, etc.)
- Market should be controlled by the financial officers of the Ministry of Economy and Finance
- Promote environmental/forest protection of the general population and especially for the inhabitants in the vicinity of forest area
- Increase cooperation with the citizen and Kosovo Forest Agency
- Increase cooperation and efficiency of Juridical Institutions
- Promote the fines and penalties in case of illegal logging

The current **organization structure** is as follows:

**Ministry of Agriculture, Forestry and Rural Development** is responsible for managing the forestry in Kosovo. MAFRD performs the management of the forestry through the following bodies:

- *Forest Department within the MAFRD* is responsible for development of policies, legal infrastructure, inspection and human development capacities. Forest Department reports directly to the Permanent Secretary which is a link to the Minister. Director of the Forest Department is in person in charge for management of the department which is divided in two divisions: Division of management policies for forest, wild animal and trainings and division for inspection of control.

## FORESTRY DEPARTMENT ORGANIZATION STRUCTURE



“The **goals** of the Respective department are:

- “Integral forests and forest’s land protection, development of the forest’s funds with purpose of it ecologic, economic and social functioning that indicate saving and raising of the special values as water resources, air cleanup, soil fertility, landscape, agro-tourism and forest’s infrastructure.
- Through controlled use of the lumber that can not be higher then annual growth, to achieve the main objective of the sustainable forest management.
- To defend in balanced way the interests of the legal entities and private persons in the forest sector.”

In order to achieve the above mentioned goals, the Department has promulgated the Law on Forest and has adapted some related normative acts. The forestry legislation in force is harmonized with EU legal standards too.

(Source: MAFRD)

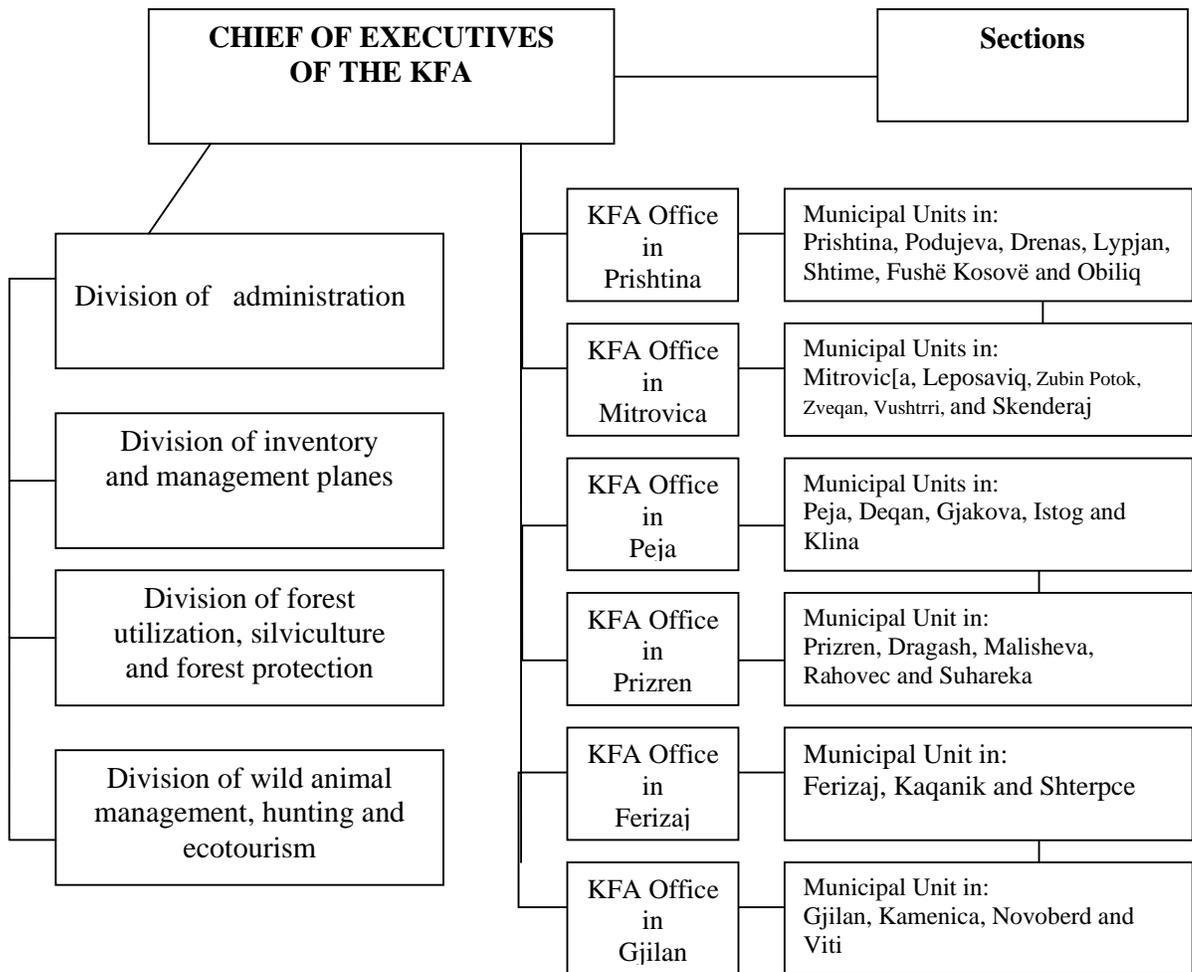
- *Kosovo Forestry Agency* is executive body within MAFRD which reports directly to the Minister, and is managed by the Chief of Executive. KFA is established and regulated by the Administrative Instruction number 07/2003. KFA according to Article 7 on Law of Forest 2003/03 is responsible for management and administration of public forest, National Parks and public forest land and as well as regulation of private forests in Kosovo. KFA has no authority only in exceptional circumstances when stated by law.
- KFA has 6 regional offices:
  1. Prishtina regional office covers 6 municipalities

2. Peja regional office covers 5 municipalities
3. Prizren regional office covers 5 municipalities
4. Ferizaj regional office covers 4 municipalities
5. Gjilan regional office covers 4 municipalities
6. Mitrovicia regional office covers 6 municipalities

In total there are 30 municipalities covered with the presence of KFA units, but with the decentralization process there will be created another six municipalities. Presence of the KFA authority is to be extended within the created municipalities.

The KFA also has a regulatory function in relation to the 185,920 ha of private forestlands.

**KOSOVO FOREST AGENCY ORGANIZATION STRUCTURE**



The number of the KFA's workers and other details on it are presented in the table below.

#### KFA's workers and their structure

No	Qualification	Required Number of Workers	Existing Number of Workers	Gender		Age/ years		
				M	F	20- 30	30 -50	Over -50
1.	PhD	-	0	0	0	0	0	0
2.	MSc	-	0	0	0	0	0	0
3.	Forestry Engineer	60	14	14	0	0	8	6
4.	Technician	120	86	84	2	0	65	21
5.	Foresters	350	192	192	0	0	56	126
6.	Administrative	-	47	28	19	0	26	21
7.	TOTAL	-	331	312	19	0	147	184

Source: MAFRD/ Kosovo Forest Agency, Administrative Division, 2007

### 1.5 Forestry and Economic Development

Forests resources are important factors for the economic, social and environmental well-being of inhabitants of Kosovo. Forestry represents an important input on wood processing industry apart from its use as a source of firewood, wild fruits, different medicinal plants, and construction aggregates. The forested lands have potential for development of many recreational activities, such as tourism and hunting.

In the past, before 1989 Kosovo used to export wood products worldwide and as well contributing in the fulfillment of Yugoslav Republic wood and wood products needs.

Bearing in mind that 39 percent of Kosovo territory is covered by forests, this brings up the fact of high importance within the economical development. Importance arises in proportion with the value of wood products and other benefits arising from forests related areas, which are estimated 50-75 million euros.

This contributes on Gross Domestic Product by 1.8%-2.6%, as well approximately 10% of population is dependant upon the forestry and wood industry. It is estimated that the Government current annual revenue from controlled sales of wood harvested from Public Forests is €1.5 million; this could be increased to €8.0 million if better management. This increase may occur upon investment in forest infrastructure, silviculture treatment (cleaning and thinning) and increased awareness of inhabitants on forest protection.

Kosovo Forestry is facing many obstacles, that are stopping Kosovo benefiting more from this sector. These are the following identified obstacles:

- Undefined arrangements over management with the local bodies
- Lack of professional and operational capacities to implement new laws and regulations
- Lack of experience
- High presence of illegal logging

Legal import data for the wood and wood products available from Kosovo Customs Service office are in € values only. See the following table:

2004	2005	2006	2007	2008
29 875 000 €	30 442 000 €	30 197 000 €	35.365 000 €	41 581 000 €

Export and Import data regarding lumber and firewood products, only in m<sup>3</sup>.

Year	Production Description	Export & Import	Unit	Quantity	Custom Value
2004	Import	Timber	M <sup>3</sup>	228,431.11	7,803,866.58
		Firewood	M <sup>3</sup>	20,527.80	86,835.12
		<b>Total Import</b>	<b>M<sup>3</sup></b>	<b>248,958.91</b>	<b>7,890,701.70</b>
	Export	Timber	M <sup>3</sup>	504	70,880.79
		Firewood	M <sup>3</sup>	n/a	n/a
		<b>Total Export</b>	<b>M<sup>3</sup></b>	<b>504</b>	<b>70,880.79</b>
Year	Production Description	Export & Import	Unit	Quantity	Custom Value
2005	Import	Timber	M <sup>3</sup>	114,444.23	6,984,692.58
		Firewood	M <sup>3</sup>	2,937.50	44,333.06
		<b>Total Import</b>	<b>M<sup>3</sup></b>	<b>117,381.73</b>	<b>7,029,025.64</b>
	Export	Lumber	M <sup>3</sup>	884	171,021.57
		Firewood	M <sup>3</sup>	n/a	n/a
		<b>Total Export</b>	<b>M<sup>3</sup></b>	<b>884</b>	<b>171,021.57</b>
Year	Production Description	Export & Import	Unit	Quantity	Custom Value
2006	Import	Timber	M <sup>3</sup>	224,473.37	11,380,018.95
		Firewood	M <sup>3</sup>	11.80	1,625.76
		<b>Total Import</b>	<b>M<sup>3</sup></b>	<b>224,485</b>	<b>11,381,644.71</b>
	Export	Timber	M <sup>3</sup>	676.13	100,916.03
		Firewood	M <sup>3</sup>	n/a	n/a
		<b>Total Export</b>	<b>M<sup>3</sup></b>	<b>676.13</b>	<b>100,916.03</b>
Year	Production Description	Export & Import	Unit	Quantity	Custom Value
2007/August	Import	Timber	M <sup>3</sup>	47,837.84	5,333,629.95
		Firewood	M <sup>3</sup>	n/a	n/a
		<b>Total Import</b>	<b>M<sup>3</sup></b>	<b>47,837.84</b>	<b>5,333,629.95</b>
	Export	Timber	M <sup>3</sup>	25,677.51	129,162.20
		Firewood	M <sup>3</sup>	n/a	n/a
		<b>Total Export</b>	<b>M<sup>3</sup></b>	<b>25,677.51</b>	<b>129,162.20</b>

Source: UNMIK Customs Service Database for the past four years

## 1.6 Wood Industry

Official cutting /logging are around 200.000m<sup>3</sup>/year, most of this timber is used for heating. Currently demand is higher, it is estimated that national need for timber is 1 million m<sup>3</sup> /year. It is estimated that firewood import is 100,000 cubic meters annually but this excludes the wood imported from the Republic of Serbia.

The gap between demand and supply is 4 times more demand than supply. The impact of the difference on the demand and supply is one of very important factors of illegal logging and import of wood, in order to reach the state of equilibrium of demand and supply.

The reserves are estimated as follows:

- Public Forest: 56% firewood and 44% technical wood
- Private forest: 54% firewood and 46% technical wood

In Kosovo, 1480 enterprises are registered as wood processors at the Ministry of Trade and Industry.

According to Association of Wood Processors, 80 of the most important companies employ approximately 3000 employees, but bearing in mind that in Kosovo it is a common practice from the companies not to declare the actual number of employees, this number is higher. Out of the total number of companies 6 of them have a turnover over 1 million € and the rest have a declared turnover below 1 million €

Kosovar wood processing companies mostly use beech (*Fagus*), Oak (*Quercus*) and other broadleaves in their production. Wood processors produce doors, window frames, furniture, flooring materials, boxes, fencing materials, garden equipment and other woods products. Finished products represent more than 75 % of production while semi – finished products make up less than 25%.

The actual need for technical wood is unknown due to lack of studies in this field, but in the past annual import of technical wood was estimated 300.000 cubic meters.

Relatively a high percentage of the harvested wood can be used by the processing industry. Of the total annual felling allowance, 43 percent is categorized as technical wood (class 1 and 2), while the remainder is used for heating purposes. With a high capacity for supply, the Kosovo wood primary production can, to a certain extent, cover the demands of the local processing industry. Furthermore, owing to low wood prices per cubic meters wood produced in Kosovo will become an important item in foreign trade.

During the past ten years Kosovo's wood processing industry has developed and modernized in attempt to reach international standards. Products of wood industry are mainly sold in the local market and in few cases the markets of the neighboring countries. The wood industry has a sufficient capacity for supplying the local market and increasing the export.

In addition, most sawmills in Kosovo only saw logs into rough, mixed grade lumber, and do not appear to recognize, or have not yet explored, the potential value of waste products from lumber production, i.e. sawdust and wood chips.

## **1.7 International commitments affecting the forestry sector**

The international support affecting the forestry is present in Kosovo right after the year of 1999.

At the beginning UN FAO was the main supporter to the forestry sector. UN FAO implemented four main forestry projects financed by Norwegian Government.

- The Emergency Rehabilitation Project during the years 1999 – 2000 providing the sector with necessary logistic support (e.g. vehicles, office furniture, computers, nursery development),
- The Forest Institutional Capacity Building Project during the years 2001-2003 supporting the re-establishment of institutional structures,
- The Forest Inventory Project conducted during the years 2002-2003 and
- Support in implementing a Forest Sector program (2004-2006).

In 2004 the Swedish Development Agency (SIDA) provided funding for a three-year training and education program. The overall objective of this program was to improve the capability in

managing and utilizing forest resources in a cost efficient and sustainable manner, resulting in increased contribution to the national economy, and increased employment opportunities. The project main outputs:

- An educational strategy and structure capable of driving forest education in Kosovo,
- Upgraded skills of existing personnel and
- Sustainable domestic vocational educational program and established higher education opportunities for BSc and MSc levels at forestry faculties abroad.

The Norwegian government is implementing a project to support forest management using GIS technology.

United States for International Development (USAID) implemented the “Kosovo Cluster and Business Support” program (KCBS), which covers a number of business sectors. In relation to agriculture, the target sectors are dairy, beef, poultry, animal feed, fruit, vegetables and wood sector. The approach of the project is to identify specific problems between the farmer and final consumer, and provide specific technical and other support to solve them.

The EAR Founded Project SFMP (Sustainable Forest Management Project). The main stakeholders and beneficiaries of project SFM were : the farmers and forest owners who benefited from the training and support to forestation to diversify rural farm activities and the thinning programme (including from minority areas), scientific community, state institutions and environmental NGOs which was included in the process of Natura 2000 site identification and involved in the consultation process regarding the zonation and management of National Parks, the counterpart institutions within the Ministry of Agriculture, Forestry and Rural Development, the Kosovo Forest Agency and Ministry of Environment and Spatial Planning, local forestry businesses benefited from better managed forest in terms of production of wood and non wood products.

SNV Balkans and SIDA signed the 4 year agreement in January 2009 on the Strengthening Sustainable private and decentralized forestry through Promotion of Economic Development through Capacity Building in Farmer Based Forest Management in Kosovo and its region. The project’s main aim is to support the private and decentralized forestry development in Kosovo and addressing concrete issues at regional level contributing to economic development of forestry. SNV will contribute to this in providing advisory services and working closely with the actors involved in private and decentralized forestry. The impact of this program is leading to sustainable managed private and decentralized forest providing proper products and services to citizens and society.

## **1.8 Corruption Perception Index (CPI) of Transparency International (TI)**

Bearing in mind that Kosovo is still not recognized as a member from a considering number of International Organization, it is not possible to find Corruption Perception Index (CPI) of Transparency International (TI).

The latest information from Transparency International shows that most countries in Balkan have not improved their position in the global anti- corruption index. The index showed that Croatia is considered as the last corrupt country in the region in 66<sup>th</sup> place, followed by Montenegro at 69<sup>th</sup>, Romania, Bulgaria and Macedonia tied at 71, Serbia at 83rd, Albania at 95<sup>th</sup> and Bosnia ranked 99<sup>th</sup>.

Taking in consideration general situation of Balkan countries, the Kosovo position in Corruption Perception Index (CPI) of Transparency International (TI) it is not difficult to estimate.

## 1.9 Main driver of illegal logging / Types of Illegal Logging

During the conflict of 1999 in Kosovo many houses and other objects were burned down. Right after the conflict in the year of 1999 demand for the wood was high due to the reconstruction and rebuilding of houses financed by the international and diaspora support. The conflict and previous regime had impact on the financial stability of the population in Kosovo, even ten years after the international presence in Kosovo is faced with high unemployment rate estimated around 40%. In Kosovo 45 percent of population is poor out of which 15% live in extreme poverty (defined as individuals who have difficulty meeting their basic nutritional needs), with another 18 percent vulnerable to the poverty. These figures are relatively high even though Kosovo has showed progress in the economical development but still it is very dependant from the international community and diaspora. The estimated GDP in Kosovo is 5 billion USD or 2300 USD per capita (est. 2007).

The main driver of illegal logging is the economical status of the population of Kosovo. Bearing in mind the upper mentioned figures the population is obliged to find illegal ways in securing heating and financial sources by trading wood.

Forestry land at lower altitudes is attractive for illegal logging due to lower cost and easier access to them. There are two main factors for illegal logging:

- The illegal harvesting of the firewood forest for personal profits/needs from private and public forest
- The illegal harvesting from public forestlands for organized crime

The main types of illegally logging in the Kosovo

- Logging with out permission from pubic forests
- Logging in protected areas as such national parks
- False declaration of origin of wood
- False declaration of volume of harvested wood
- Illegal logging from private forest, etc

Court Charges and their structure for the damages in the public forests

Year	Requests for Charges	Infraction charges	Criminal charges	Charges Volume of Damage m3	Value of damage €	Investigated cases
2004	5,415	3,729	1,652	11,997	1,465,583.00	-
2005	7,899	5,872	1,977	18,550	2,003,515.00	40
2006	8,732	6,568	2,164	20,588	2,350,532.00	—
2007	3,699	3,203	466	8,421	1,031,327.44	6
<b>TOTAL</b>	<b>25,745</b>	<b>19,372</b>	<b>6,259</b>	<b>59,556</b>	<b>6,850,957.44</b>	46

Source: KFA, 2007/ Annual Forest's Management Planes (for 2004- 2007)

During the period of four years, out of 25745 request for charges sent in the court, only 46 were investigated. This is a relatively low figure in comparison to the requests, this shows a low level of effectiveness of juridical system.

## 2. DEFINITIONS OF ILLEGAL LOGGING

Illegal logging can be described as forestry activities connected with wood harvesting, processing, transporting and trading in violation of law. Forestry in Kosovo is regulated by **Law No.2003/3, on Forests in Kosovo**, Article 36: of Law No 2003/3 on Forests in Kosovo defines “Fines and Minor offences”-“With punishment with fine from 2.000€up to 25.000€is punished the natural person, particularly legal person for the activity indicated below in the protected forests”. Article 20 defines “Tree cutting”, Article 25 defines “Timber Transport”. Forest Law No.2003/03 regulates and addresses measures against the illegal logging, but the current situation with illegal logging is due to lack of law enforcement. Low level of law enforcement is due to lack of qualified forest engineers within KFA in central level, insufficient forest guards within KFA in regional/municipal level, very slow processing of lawsuits within the Courts and disobeying the law by the citizens. The forest law No.2003/03 has been sent to the Kosovo Assembly (December, 2009) for amendments, and one of the key issues is management of National Parks will be withdrawn form the responsibilities of Kosovo Forest Agency.

### 2.2 Licensing procedures

Licensing are issued and endorsed by the Forest Department which is under MAFRD (Ministry of Agriculture, Forestry and Rural Development). KFA – Kosova Forest Agency makes the plan for forest logging. The professional staffs of KFA (forest engineers, forest technicians) make the plan for forest logging one year in advance. Forest Logging Plan is published in local news papers and KFA tenders the forest logging in particular plots. Only the qualified firms that are specialized for forest logging can apply for forest logging.

The planning phase is conducted by the Kosovo Forest Agency according the specification in **Article 18 of Law on Forest 2003/03 in section Annual Operational Management Plans**  
18.1

- a) The Forest Agency shall adopt annual operational management plans for each area of public forest under its administration.
- b) Operational management plans shall describe both forest improvement activities and harvest activities.
- c) The Forest Agency may prepare such plans itself or may adopt plans prepared by others.

Procedures for wood harvesting and licensing for public forest is conducted by the Kosovo Forest Agency according the specification in **Article 20 of Forest Law 2003/3**

20.1No person may take axes, saws, or other wood harvesting equipment into a public Forest  
20.2No person may harvest trees from public forests under the administration of the Forest Agency unless:

- a) The person has a valid licence issued under this Article; and
- b) The trees have been lawfully marked before harvest.

20.3Licences to harvest trees in a public forest are valid only if the harvest is consistent with a valid operational management plan covering the forest.

20.4The Forest Agency may issue licences and mark trees for harvest in a public forest under this Article.

20.5The Forest Agency shall collect a standing tree payment reflecting the value of standing trees to be harvested and a fee reflecting the cost of issuing the licence and marking the trees.

20.6 (a) The Minister shall issue rules concerning standing tree payments, fees, and licences that:

- 1) Provide for licences to be awarded and payments to be set under certain circumstances by public auction;
- 2) In other circumstances, set minimum prices for various kinds and qualities of wood;
- 3) Set the fees for the service of issuing licences and marking trees; and
- 4) Set standards for collection and handling of standing tree payments, including standards for assessing interest if payments are delayed.

(b) Before adopting or revising a rule under this section, the Ministry shall consult with the Forest Agency and the Forest Advisory Board and shall give the public opportunity to comment on a draft version of the rule.

20.7 The Forest Agency shall pass on the fee (representing the cost of issuing the licence and marking the trees) to the Central Fiscal Authority for addition to the Kosovo Consolidated Budget and shall pass the standing tree payment on to the Forest Restoration Fund.

Procedures for wood harvesting and licensing for private forest is conducted by the Kosovo Forest Agency according the specification in **Article 12 of Forest Law 2003/3**

### **Private Forest Management and Timber Harvest**

12.3 On private forests and forestland:

- a) No person may cut and no owner of a Parcel may allow to be cut any tree unless an authorized official of the Forest Agency has marked the trees.
- b) Officials may only mark trees if the harvest is consistent with the requirements of this Law and any rules promulgated and plans made under this Chapter.
- c) When a forest owner requests the Forest Agency to mark trees for harvest—
  1. After consultation with the forest owner, the Forest Agency may order the forest owner to undertake actions necessary for the regeneration or protection of the forest.
  2. If rules or plans under this Chapter apply to the forest, such orders shall be consistent with those rules or plans.
- d) The Minister may by rule set fees for the marking of trees under this section

Transports of logs is conducted according the specification in **Article 25 of Forest Law 2003/3**

### **Transport of Logs**

#### **Article 25 - Transportation Permits**

25.1 It is unlawful to transport into, out of or within Kosovo, a larger amount of Wood Products then the amount specified by the Minister in a rule unless-

- a) The person possessing the logs has a permit from the Forest Agency; and
- b) The Wood Products bear an official stamp affixed by the Forest Agency.

25.2 The sale or purchase of Wood Products without proper marks and permits is prohibited.

25.3

- a) The Forest Agency shall issue permits and mark Wood Products upon payment of the prescribed fee and proof of lawful harvest of the timber.
- b) The Forest Agency may include conditions in the permit, including limits on the manner and timing of transport and requirements that the Wood Products bear proper identifying marks.
- c) The Forest Agency shall transfer the permit fees to the Kosovo Consolidated Budget.

25.4 The Ministry may issue rules concerning:

- a) the issuing of permits;
- b) the marking of Wood Products;
- c) the setting of fees for permits; and
- d) the definition of the term 'Wood Products'.

#### **Felling and transport procedures from private forests**

- Based on annual management plan
- Forest owner submits the application
- The title deed and the copy of plan should attach to the application form
- Request is revised and in case it is approved,
- Trees for felling are selected and marked
- They are registered in the marking book,
- Structure and revise of tree structure is done
- Felling permit is issued
- Felling of marked trees take place as well as processing of wood assortments in the spot
- Approval of felling, and stamping the wood assortments for transport
- Freight permit is issued upon request.

#### **Felling procedures in public forests**

Based on the long-term (management) plan and annual plan, the following actions should be undertaken:

- Selection and stamping of trees for felling
- Recording into stamping book
- Revising of structure of wood volume
- Drafting of annual operational plan
- Advertisement of tender
- Selection of bidder
- Contracting – Licensing
- Follow-up of contract dynamics implementation
- Felling of stamped trees and processing of wood assortments on the spot
- Approval of felling and stamping the wood for transport
- Issuance of freight document upon request by contractor

The legal infrastructure in place is well designed and adequate to prevent illegal logging and control the forest harvesting. Legal aspects were created by the local professionals and in close cooperation with the international bodies. Several foreign experiences were consulted and the law is in harmony with the European Union legislation.

But the following obstacles allow the presence of illegal logging:

- newly established institutions/ insufficient expertise
- lack of professional capacities/ forest engineers
- delays in juridical system
- lack of physical control

### 2.3 Existing legal infrastructure of forestry

In the post conflict era in Kosovo, in the certain fields the laws passed before the year 1989 by the Kosovo Assembly and Former Republic of Yugoslavia were in force. The same applied for the Forestry sector. The previous law was complete for different sectors but with lack of procedures for public participation and local management. It was not complaint with the new circumstances which are aiming toward free market business environment. Discrepancies were regulated with UNMIK temporary regulations. The previous law was applicable until the year of 2003 when the Forest Law No.2003/03 was produced in cooperation with UNFAO. The law was produced based on the principles of transparency and free market. It is based on principles of major global policies on sustainable forest management, set forth in Annex III to the Report of the United Nations Conference on Environment and Development (UNCED/Rio de Janeiro, 3-14, June 1992). These principles are eligible for application in democratic societies.

According to the law in force, **“the forests of Kosovo are a national resource. It shall be managed in such a way as to provide a valuable yield and at the same time preserve biodiversity. Forest management shall also take into account other public interests”**. The law defines the management of national resources i.e. forests. The forest law No.2003/03 has been sent to the Kosovo Assembly (December, 2009) for amendments, and one of the key issues is management of National Parks will be withdrawn form the responsibilities of Kosovo Forest Agency.

The following are the identified weak points:

- License procedure: the current normative regulates the licensing procedure through the tendering procedure, but the KFA is aiming through the amendments to reduce the activities of private companies only in service provision
- KFA property not defined
- Unarmed foresters
- Forest restoration fund is “hereby established as a special purpose dedicated fund within the Ministry’s budget for the purpose of enabling the Ministry to invest and encourage others to invest in forestry and to support other forestland-related services or projects ‘ but is not applicable in practice due to the contradiction with legal financing procedures with Kosovo Consolidated Budget
- Municipality functions: the law does not define the role of municipalities and there are discrepancies in the competences of central and local level
- Public feed back: Article 17 deals with public feed back. Public feed back needs to be included more excessively since the feed back is of high importance

Policy and strategy paper on forest sector development in Kosovo 2010-2020 is on a final draft phase. The forestry strategy was created by the MAFRD in cooperation with SIDA and FAO.

It consist introduction, the role of government, status of forest sector, policy interventions in prioritized areas and framework for implementing strategies. Since it is in a draft phase it is not in place for the moment.

Existing legal infrastructure of forestry:

1. Administrative Directive No.2000/ 23 On establishment of the Forest Authority of Kosovo 2000
2. UNMIK Regulation No.2000/ 27 On establishment of the Administrative Department for Agriculture, Forestry and Rural Development.2000
3. UNMIK Regulation No.2000/ 45 On local self-government 2000

4. UNMIK Regulation No.2001/ 06 Amending UNMIK administrative direction no. 2000/23 implementing UNMIK regulation no. 2000/27 on the establishment of the Administrative Department of Agriculture, Forestry and Rural Develop. 2001
5. Administrative Instruction No.2001/1 Announces that KFA is responsible for public forest and forest land administration...2001
6. UNMIK Regulation No.2001/ 19 Appendix X Have to do with nomination of the Ministry of Agriculture, Forestry and Rural Development (MAFRD) and his tasks...2001
7. Law No.2003/ 3 Law on Forests in Kosovo 2003
8. Administrative Directive No.07/ 2003 On establishment, responsibilities and activities of the KFA 2003 Law o.2004/29 For changes and fulfillment of the Law No.2003/3 on Kosovo Forests 2004
9. Law No.02/ L53 Law on Wildlife Management 2006
10. Administrative Instruction No.06/ 2005 On the registration, licensing, of the producers of forestry seedling material and seedlings of the decorative trees 2005
11. Administrative Instruction No.12/ 2005 On establishment of the prices, taxes for the use of the wood forestry products, non-wood products and professional technical services.2005
12. Administrative Instruction No.23/ 2005 About the issue of professional licenses 2005
13. Administrative Instruction No.25/ 2005 For Selling of Forests Trunks and Woods Assortments 2005
14. Administrative Directive No.02/ 2005 On responsibilities and tasks of the foresters 2005
15. Administrative Instruction No.03/2006 On the authorizations and competences of forests inspections and procedures of issuing decisions 2006
16. Administrative Instruction No.12/ 2006 have to do with management planes for the forests in Kosovo. 2006
17. Administrative Instruction No.15/ 2006 About standards and conditions for licensing of the wood processors 2006

Source: MAFRD/ FD

### 3. ILLEGAL LOGGING

Illegal logging refers to the illegal harvesting, transporting, selling or buying of timber according to national law on forest no.2003/03.

#### 3.2 Volume of Illegal Logging

Inventory performed by Norwegian Forestry Group estimated that uncontrolled cutting occurs in 35% of forest area. The latest information shows that illegally logging it is identified as a problem. 40% of public forest land and 29% of private forestlands have been subject to uncontrolled or illegal harvesting activities. Informal estimates suggest that approximately 100,000 m<sup>3</sup> per year are cut illegally. This figure is relatively high. The main reason of this activity is economic and social status of population that lives in forest regions.

However, there was widespread concern about illegal cutting, and it appeared that there would be broad public support for actions to resolve this. In the area of forest protection from illegal cutting, there are a number of activities developed and still continuing as:

In most attacked areas from illegal cuttings, Kosovo Forest Agency) has placed permanent check-points with Kosova Police as in "Grykën e Deçanit", and it is expected soon to place check-points in "Grykën e Rugoves" Peja and in "Grykën e Lloqanit" Deçan. Forest guards

have submitted 2183 tickets of offence and 1027 for penalty for the period of January-May 2009. KFA have continued implementation of an Action Plan in cooperation with Police, which resulted in 500 checks for the period of January – May 2009 and 1000 cubic meters of illegally cut timber has been confiscated.

### **3.3 Other Forest Damages / Crimes**

- There is a considered number of hectares covered with waste.
- Sites for extraction of sand gravel and stone on public forestland.

### **3.4 Intentionally starting of forest fires and unlicensed harvest of mushrooms, medicinal herbs and forest fruits**

Intentionally start of forest fire is not an issue in Kosovo, but the forest fires during the summer are present mainly due to negligence and weather factors. Forest fires this year were 13 cases and no ha of forest was damaged, comparing to last year (2008) when we had around 40 forest fires covering 200 ha of forest.

Mushrooms, medicinal herbs and forest fruits are collected in individual bases, but there is no licensing nor any organized collection. These products can be important for the rural population in order to secure financial sources but there is no supporting legislation for supervising and/or controlling this issue.

### **3.5 Export and imports of Illegal Timber**

Illegal export of timber is not available in Kosovo due to lack of supply to meet the demand. Illegal import of wood is present mainly in the border with Serbia and Albania due to lack of control of border zone.

There are no data available for the illegal import of timber in Kosovo.

### **3.6 Impact on Government Finances**

Illegal logging has direct and indirect impact on government finances. Illegal logging has impact on the government finances through:

- Reducing the government revenue
- Increasing cost for supervision

Forestry has impact on the Government annual revenue through:

- Annual income estimated 1.5 million euro through the controlled sales of wood harvested from Public Forest
- Issuance of licenses for harvesting of Private Forest it is estimated that generate annual in average 0.210 million euros
- Contribution to the Gross Domestic Product estimated 1.8%-2.6%, based on the data from Agriculture Master Plan of Kosova 2007-2003 it is estimated that contribution of forestry to GDP can be increased up to 3%-4%.

In various reports it is estimated that the values can be increased up to six times with better management and reduction of illegal cutting.

The table below shows the revenue stream from controlled sales that are generated for the government

#### Government revenue stream from controlled sales of Public forest

Year	Planned Harvest in M <sup>3</sup>	Technical wood in M <sup>3</sup>	Impl. M <sup>3</sup> (80%)	Price 1m <sup>3</sup> /€	Total €	Firewood in M <sup>3</sup>	Impl. M <sup>3</sup> (80%)	Price m <sup>3</sup> /€	Total €
2004	114,692	29,449	23,559	30	706,776	85,243	68,194	10	1,388,720
2005	110,958	29,914	23,931	30	717,936	81,044	64,835	10	1,366,288
2006	110,793	33,200	26,560	30	796,800	77,593	62,074	10	1,417,544
2007	94,923	25,415	n/a	30	n/a	69,507	n/a	10	n/a
<b>TOTAL</b>					<b>2,221,512</b>				<b>4,172,552</b>

Source: Kosovo Forest Agency

According to the KFA the annual allowable harvesting for the public forest is implemented by local companies through tendering procedures, and revenues go directly to the consolidated budget of Kosova.

#### Government revenue stream from issued individual licenses for the harvesting of private forests

	Private forest				Afforestation	
	Planned harvest m3	Impl. M3	Price 1m <sup>3</sup> /€	Total €	Planned ha	Impl. Hectars
<b>2004</b>	132,724	101,200	1,5	151,800	85	22
<b>2005</b>	139,211	140,250	1,5	210,375	23	26
<b>2006</b>	154,555	142,206	1,5	213,309	200	186
<b>2007</b>	145,381	n/a	1,5	n/a	176	146
<b>TOTAL</b>				<b>575,484</b>		

Source: Kosovo Forest Agency

Whereas the annual allowable cut in the private forests is implemented by private owners themselves, and private owners here only pay for the license that they get from the KFA for cutting their forest, and they pay the license fee direct to the government

*FAO report "Forest Inventory Report", 2002/2003* the annual allowable cut is 900,000 m<sup>3</sup>, so the potential is quite high, As a result of exploring this potential, based on the prices quoted by the KFA for firewood and technical wood for both sectors, *FAO in report "Forest Inventory Report, 2002/2003 prepared Scenario on total obtain revenues if* If we assume that the level of implementation of the annual allowable cut by the KFA is at 60%, then the potential revenues generated for the government and for the KFA will be like in below table

#### Total revenues obtained based on Scenario 1 (Impl. 60%)

Scenario	Planned harvested M3	Technical wood			Firewood			Total revenue euro
		Harvested in M3	Fee to KFA A €/M	Sales/Fee Revenue in €	Harvested in M <sup>3</sup>	Fee to KFA €/M <sup>3</sup>	Sales/Fee Revenue in €	Total Revenue €
<b>Public Forest</b>	543,013.04	142,095.47	30	4,262,864.10	183,712.36	10	1,837,123.60	6,099,988
<b>Private</b>	356,986.9	98,350.23	3	295,050.69	115,8	1.5	173,762.93	468,813.6

<b>Forest</b>	6				41.95			2
<b>All Forests</b>	900,000	240,445.70	n/a	4,557,914.79	299,5 54.30	n/a	2,010,886.53	6,568,801. 32
<b>40% Profits returned to the KFA</b>	n/a	n/a	n/a	1,823,165.92	n/a	n/a	804,354.61	<b>2,627,520. 53</b>

Source: Calculations based on the report by FAO, and on the KFA data

If we assume that the level of implementation of the annual allowable cut by the KFA is at 60%, then the potential revenues generated for the government and for the KFA will be like in Scenario 1 in table showed above. Thus revenues generated for the government will be about 6.6 million, where about 40% (2.6 million euros) of that will be given back to the KFA for forestry investments

According the Law on Forest 2003/03, 40% of the income is returned to the Kosovo Forest Agency for infrastructure improvement.

Under the Law on Forests, 40% of revenues forwarded by the KFA to the Kosovo Consolidated budget, is supposed to be returned to the KFA for forest improvements, such as road infrastructure, forest afforestation and other forest maintenance tasks.

### 3.7 Threats to the Environment

The demand of wood for heating is one of main reason for illegal logging and is putting pressure of Kosovo forests and ecosystem. Bearing in mind that Kosovo is surrounded by high mountains the following are the threats to the environment:

- Erosion in mountains area
- Deforestation and degradation of forest land
- Reduction of flora and fauna
- Natural disbalance
- Reduction of O2 emission
- Climate changes
- Flooding of agricultural fields
- Change of environmental landscape

Only a third of forest area in Kosovo is considered ecologically healthy and economically productive.

### 3.8 Identified gaps and weakness of the current regime

Bearing in mind that Kosovo has a newly set-up administration, starting from the year of 1999. The Kosovo institutions in cooperation with the International bodies have prepared and drafted many required legal documents for different issues. In the field of forest policy there was no legislation inherited from the previous regime.

The responsible bodies in cooperation with the stakeholders prepared the draft Strategy for Forest 2010-2020, Forest Law has been drafted on 2003/03, Law on Hunting and plus 15 different administrative instructions.

Obstacles and barriers to sustainable forestry are:

1. lack of higher level of education on forestry management,
2. Lack of professional staff for forest treatment/ forest engineers
3. Kosovo's forest management suffers from obsolete and incomplete forest inventories necessary to determine sustained yield; weak forest management planning capacity and multiple use orientation; an inability to identify, set aside and protect high conservation value forests; outdated harvest techniques and technologies;
4. lack of forest protection, in general lack of human capacity,
5. Staff training at all levels in forest to support of the forest management plan, on skills for improving social communication, the evaluation of social and environmental impacts of forest management activities, and the ability to evaluate social and environmental aspects relating to standard compliance.
6. weakness of rule of law / insufficient capacities to implement new laws and regulations
7. Application of the law is inhibited by low budget allocations, lack of development strategy, incomplete legal infrastructure, too few workers, inadequate capacity building in the sector and absence of an effective information system for the sector
8. The new law does not elaborate on the role of municipalities.
9. The minimum threshold is not determined by this law. Fines imposed by judges neither cover the value of the damage created, nor are sufficient to deter the violator from future violations. For whatever reason, the courts are not serious in implementation of the law. Very few cases of forest violation are solved. Illegal harvesting remains an attractive occupation on a wide scale.
10. Forestry not a real high priority of Kosovo Government
11. Lack of funds and resources
12. The Forest Restoration Fund is defined by law, but does not work in practice since it is in contradiction to the KCB's legal financing procedures.
13. Private sector still not developed well
14. The private forestry sector in Kosovo is underdeveloped. No intensive professional activity is applied in the sector.

Responsibilities that Kosovo Forest Agency has, regarding the private sector in forestry, are limited to provision of the extension services as well as consulting. More serious cooperation among both sectors needs to be developed.

#### 4. LIST OF STAKHOLDERS

- Muzafer Luma – Chief of executive Kosova Forest Agency
- Faruk Bojaxhi – Regional Director – Prizren – Kosova Forest Agency
- Xhezair Bibaj – Forest Inspector
- Hajrush Kurtaj – SNV Project
- Bajram Batusha – Forest Department MAFRD ( Ministry of agriculture, forest and rural development )
- Skender Januzi – Legal Expert – MAFRD
- Ismail Hetemaj – Environmental Expert – (Ministry of Environment and Spatial Planning)
- Bashkim Gashi – Director of forest Owners association
- Sebiha Ramaxhiku – SNV Project
- Naser Krasniqi – FAO
- Burim Meqa – KPEP – USAID
- Vehbi Ejupi – Environmental inspector( Ministry of Environment and Spatial Planning)

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