

**ENSURING SUSTAINABILITY OF FORESTS AND
LIVELIHOODS THROUGH IMPROVED
GOVERNANCE AND CONTROL OF ILLEGAL
LOGGING FOR ECONOMIES IN TRANSITION**

**Working Document – Albania
for
The World Bank**

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TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS.....	ii
1. INTRODUCTION	1
2. DEFINITIONS OF ILLEGAL LOGGING	4
3. ILLEGAL LOGGING	5
3.1 Volume of Illegal Logging	5
3.2 Types of Illegal Logging	9
3.3 Exports and Imports of Illegal Timber	11
3.4 Impact on Government Finances	12
3.5 Threats to Environment	12
4. GOVERNANCE.....	14
4.1 Policy Framework	14
4.1.1 Overall Forest Policy	14
4.1.2 Government Strategy for Illegal Logging Reduction	16
4.1.3 Targeting of Government Response	16
4.2 Legal Framework.....	17
4.3 Monitoring and Control System	19
4.3.1 Task Force Commission for Forest Resource Protection.....	19
4.3.2 Permanent Government Bodies	20
4.3.3 Legal Procedures.....	22
4.3.4 Shortcomings of the Present System.....	22
5. CONCLUSIONS AND RECOMMENDATIONS	23
6. REFERENCES	26

LIST OF TABLES

Table 3.1	Checklist on Poverty Driven Illegal Activities in the Forest Sector.....	10
Table 3.2	Exports and Imports of Forest-based Products in 2002.....	11
Table 3.3	Value of Exports and Imports of Forest-based Products in 2002.....	11
Table 3.4	Estimated Stumpage Value of Illegal Logging in 2002	12
Table 3.5	Annual Allowable Cut and Removals in Albania	13
Table 4.1	Forestry Contraventions and Their Indemnifications	22

LIST OF FIGURES

Figure 3.1	Official Statistics on Illegal Logging in Albania.....	6
Figure 3.2	Official Data on Removals in Albania	6
Figure 3.3	Firewood Consumption by Sector in Albania	8
Figure 3.4	Firewood Consumption in Albania.....	8
Figure 3.5	Firewood Removals and Estimated Consumption in Albania.....	9
Figure 4.1	Public Institutions Involved in Forestry Sector Regulation.....	20

ANNEXES

Annex 1	Stakeholders' List from the Government, Private Sector, and Civil Society that Were Consulted During the Study
Annex 2	Balance Between Supply and Demand on the National Level

ABBREVIATIONS AND ACRONYMS

%	percent
a	per year
AAC	annual allowable cut
ALL	Albanian lek
CPI	corruption perceptions index
DFS	District Forestry Service
DG	Directorate General
DGFP	Directorate General of Forests and Pastures
ECA	Europe and Central Asia Region
FAO	Food and Agricultural Organization
FPRI	Forestry and Pasture Research Institute
GDP	gross domestic product
ha	hectare
INSTAT	National Statistical Agency of Albania
km	kilometer
m ³	cubic meter
MOAF	Ministry of Agriculture and Forestry
NEA	National Environmental Agency
NGO	non-governmental organization
t	ton
TI	Transparency International
UNFCCC	Convention on Climate Changes
USD	United States Dollar

EXCHANGE RATES**ALL/USD**

1994	104
1995	99
1996	103
1997	144
1998	150
1999	138
2000	143
2001	144
2002	140
2003	123
2004	104

1. INTRODUCTION

Agriculture and forestry are two important components on land-use development in rural areas in Albania. It is typical of rural Albania that villagers manage both agricultural and forestry resources in diverse agroforestry systems where agricultural crops, trees and livestock are found within the same land unit. In watershed areas villagers usually keep the upper side under forest cover (wood and protection from erosion, along with ecological and social impacts) and pasture, whereas the lower side is used for agricultural crops.

Forests cover about 36% of the Albanian territory and together with the pasture area the coverage is about 52%. Pastures and forests have degraded significantly over the past 5-10 years, as a consequence of the country's transition to democracy and market economy. This degradation of the resource base is particularly intense in areas close to villages and communities. There are estimates that the total forest cover would have decreased an average of 15% over the past five years. Local variation is large and there are no estimates to what extent this has affected the growing stock. Degradation is mainly caused by major human pressure on forest resources (i.e., uncontrolled wood cutting and overgrazing). The lack of control mechanisms that followed the transition has led to increased and indiscriminate exploitation of firewood resources. The natural coppices and maquis are now very degraded (Tahiri et al. 2003).

Up to 1990, all forests and pastures were state owned property. After the deep political, economic and social changes of 1990s, three forms of ownership took place: state, communal and private ownerships. Actually, about 73% of the forest area is managed directly by the forest service, 26% is transferred for communal use to villages for their own needs, and over 1% are private forests restituted to their former owners. Comparing the percentages of the areas with those of the volumes, it can be observed that communal forests have a significant lower productivity than state owned ones, being very degraded because of proximity to the villages and under increasing pressure of cutting and grazing. About 40% of the forest surface expected to be transferred for communal use, and 5% to be restituted to their former owners.

The main forest functions are the production, grazing, protection, recreation and conservation. For any one area, multiple classifications were possible (i.e., a plot could be classified for the function production and grazing). It is remarkable, that on 78% of the area the production function was classified as important, protection was classified on 48% of the area, showing the high importance of the forest cover for protecting the land, especially against erosion.

Besides, the forestry sector contributes to poverty alleviation among rural populations. By the end of 2001, about 58% of the country's population lived in rural areas (INSTAT 2003). But there are disproportions among the distribution of rural population and the distribution of natural resources, which has great impacts over the latter. On the rural plain area where lives 65.4% of the rural population, only 40% of the forest area is there, as well as 39% of pastures and 73% of the agricultural land; while on the mountainous area where lives 34.5% of population, there are respectively 60% and 61% of the forest and pasture areas, and 27% of the agricultural land (WB 1992).

All over Albania, especially for the mountainous zones, the forest serves as a source of sustenance, goods and income. First, the firewood collected by villagers, without mentioning a good part of the population in urban areas which are supplied with firewood, are vital for

warming and cooking almost year round. Firewood is an important commodity for Albania because it is used for heating by a majority of households, while in rural areas it is also used for cooking. It accounts for about 45% of the total energy demand (Openshaw 1994). On the other hand, firewood is the predominant use of wood because it accounts for almost 90% of its consumption. In 1992, the total firewood consumption was estimated at 4.25 million m³ of which more than 90% was attributed to households (IFMP 1994, Openshaw 1994). The current consumption is estimated at about 2.42 million m³/a (Annex 2), as the income of Albanians has increased making thus possible to use other sources of energy, especially in the urban centers. However, firewood is still a very important energy source and it will continue to be so for many decades ahead.

Procurement of firewood is still a principal problem of the Albanian forest sector. The main source of firewood is the forest estate. It includes officially firewood cutting (under the authorization of the Forest Service), illegally cut firewood, small branches and deadwood collected by people (with or without the permission of the Forest Service), industrial wood waste and industrial wood residues (after processing). In addition, firewood comes also outside of forests, namely from farms (e.g., fruit trees). As a result, forests are receiving a lot of pressure in order to satisfy the high demand in firewood, especially in the lowlands and around the villages and towns. The firewood, being produced with lower price and in small quantities for rural family demands, has always been allowed to be harvest for free in the rural areas. Currently, the rural sector is able to meet the demands for energy only in the areas adjacent to forests. The areas of energy shortage meet their demands by an excessive use of the existing properties. The long-term objective for the program development for firewood and development of rural energy aims to create the security that forest property, including biomass in the farm, be able to meet the demands for energy for the local population and industry.

Production of forage and grazing for the livestock are also important contributions of forests, but which are not evidenced on official statistics. In addition, their value is not reflected in the gross domestic product (GDP). At the same time, the exclusion of very valuable forest functions, still without market value, do not reflect the real contribution of the forestry sector in the framework of the national economy. Here we can mention the environment services the forests deserve, such as protection of soil and water resources, conservation of biodiversity, protection of agricultural crops from hazard climatic factors; carbon sequestration and slowing down the global warming; conditions for shade, amenities and recreation; protection of coastal areas and fishing. Most of these services are stressed on the Agenda 21, and other international conventions as well, where Albania has adhered.

In some areas, the employment on forestry sector is the only employment possibility of local people and one of the main factors for the reduction of poverty and migration. Along with firewood and timber, forest and pasture areas are used for grazing the livestock and providing fodder for them, which has a positive impact over the rural family income. Though it is an important potential for providing income for the rural population, overgrazing has had a negative impact over the sustainability of natural resources in some areas, and, if it will continue in that way, a further decrease of income for the population of these areas is expected. It must be emphasized that the role of forestry sector on poverty alleviation is not fully recognized when an economic assessment is conducted at the macroeconomic level. As mentioned above, the production of firewood and timber as a living mean, as well as non-timber forest products, grazing and fodder from forests and pastures, and the role of trees on

rural economy, all these have a local importance but are ignored by the economists due to a lack of data.

Last years, a positive impact on reduction of poverty has had the Forestry Project funded by the Albanian government and World Bank in the areas where the project activities were implemented. According to some investigations made in the framework of a Study, the result was that incomes from the forestry sector (firewood, timber, grazing and fodder) count for about 20% on the total annual incomes of rural families for the areas of project intervention. In addition, the family income has increased by 30% for the period of 1997-2001, from which the increase of income from the forestry sector is very significant (about 43%). Furthermore, many villagers believe on a substantial increase from the above-mentioned activities in the future (FAO 2002).

Diverse data show that the DGFP's income from the use of forest and pasture resources accounts for ALL 100-180 million (USD 1.0-1.8 million) per year. The income from wood material makes for 50-75%, pastures 13-19%, and medicinal plants and other non-timber forest products 12-30%. The amount of income in 2002 was around USD 1.73 million, or 97% of the anticipated figure. In the meantime, it is calculated that government expenses during the past four years have been on average USD 20.77 per hectare per year, which is a very low level (DGFP 2003).

The agricultural and forestry sector accounts for 26% of GDP in 2002, with an annual increase of 2%. Almost the same figures are foreseen in 2003. Contribution of the forestry sector is not provided separately. The contribution of the forestry sector is underestimated because services and other attributes of forests (including non-market benefits) and pastures are not included in the assessment. The agricultural sector, including the forest and pasture sector, is considered a priority, among priorities declared by the government of Albania, and such as they will remain for a long time, due to existing economic and social situation of country's development.

The illegal logging phenomenon is neither new nor uncontested by the government. It started in the years prior to the social economic reform; it reached the peak in 1997 and continues to date. From this point of view, the "illness" has not infected only one sector but has extended its roots into other sectors of the economy, and the "cure" for this "illness" requires the inter-sectoral cooperation of public administration, not denying here the interested community and the work of the economic and environmental NGOs.

Poor governance and corruption are problems for all sectors of the Albanian economy and society, and forestry is no exception. For the period 2002-2004, according to the corruption perceptions index (CPI) of the Transparency International (TI) Albania appears to remain at similar levels of CPI scores (2.5) meanwhile other ECA countries have improved their CPI scores. At the same time, Albania's ranking in the CPI classification has dropped from 81 in 2002, to 92 in 2003 and 108 in 2004. This means that the corruption still remains a very important challenge of the government of Albania and the civil society in Albania and there is no improvement for a three-year period.

The following World Bank projects addressing governance weakness in forestry-related sectors are underway in Albania:

- **Legal and Judicial Reform Project** (active) aims to contribute to the legal and justice system reforms, thereby contributing to the strengthening of the rule of law in Albania. The activities include, among others, improvement of the court and case management systems, provides judicial training, strengthens the enforcement of judicial decisions, and reinforces inspection services in the justice system.
- **Public Administration Project** (active) aims to strengthen Albania's weak institutional and governance capacity. The project supports, among others, project management and implementation, including supporting all the required project administration capacities (accounting, audit, procurement, disbursement management, monitoring and evaluation) and supports several specific initiatives for monitoring and publicizing the intermediate impacts of the government's institutional and public administrative reform program.
- **Natural Resources Development Project** (proposed) aims to establish or maintain sustainable, community-based natural resource management in about 218 communes in upland and mountainous erosion-prone lands. One of the two components is focused on forests and pastures.

Years of democratic changes carry as well a boom in participation of Albania in the international conventions and legal acts. In this initiative, a significant place took participation in environmental conventions, global or regional. The forest related international agreements that Albania has ratified and are related to protection of forest resources are listed below:

- Convention on Biological Diversity (Rio de Janeiro 1992) ratified on 10 November 1996
- Convention on Climate Changes (UNFCCC) ratified in 1994
- Convention on preservation of wildlife and natural European habitats ratified by Law No. 8294, dated 2 March 1998
- Convention on fight against desertification in those countries that suffer severely from dryness and desertification, in particular in Africa ratified by Law No.8556, dated 22 December 1999.
- Convention on Access to information, Public participation in environmental decision-making and Access to justice in environmental matters (the Aarhus Convention) ratified by Law No. 8672 (26 October 2000).

2. DEFINITIONS OF ILLEGAL LOGGING

The illegal activities related with forest harvesting are subjects of the Law on Forests and Forestry Service Police and the Penal Code of Albania. The above legal framework gave the definition of the illegal logging as follows:

- in excess of quota (within the forest area contracted for harvesting: cutting of trees without mark)
- outside the forest area contracted for harvesting (outside the forest parcel or forest management unit)
- without appropriate permits
- in a protected area

- cutting and/or illicit acquisition of forest trees and shrubs
- cutting and/or illicit acquisition of high value trees and shrubs and protected species
- cutting of trees in protected areas for erosion control and in upper part of vegetation area
- removing of under/over sized trees from public forests
- illicit acquisition and/or selling without legal permission of timber and firewood
- that engages in the illegal transport and trade of timber or the smuggling of timber
- that is processed without the required licenses.

The following issues of the study ToR definition of illegal logging are not included in the Albanian definition:

- without complying with bidding regulations
- with duplicate felling licenses
- using girdling or ring-barking to kill trees so they can be logged legally
- that contracts with local entrepreneurs to buy logs from protected areas
- reporting high volumes extracted from forest concessions to mask that part of the volume is from unauthorized areas outside of the concession boundaries
- using bribes to obtain logging concessions
- using deceptive transfer pricing and other illegal accounting practices to distort prices, volumes, cash flows and debt service levels (e.g., some companies will inflate the price of imported inputs such as machinery and deflate prices and volumes of their exports to reduce nominal profits, their tax liability with the host country and to illegally transfer funds abroad.)
- that is processed with out the required licenses and that is not in compliance with environmental, social and labor laws

Part of the above issues are subjects of other laws related with the fiscal evasion, labor code, etc.

3. ILLEGAL LOGGING

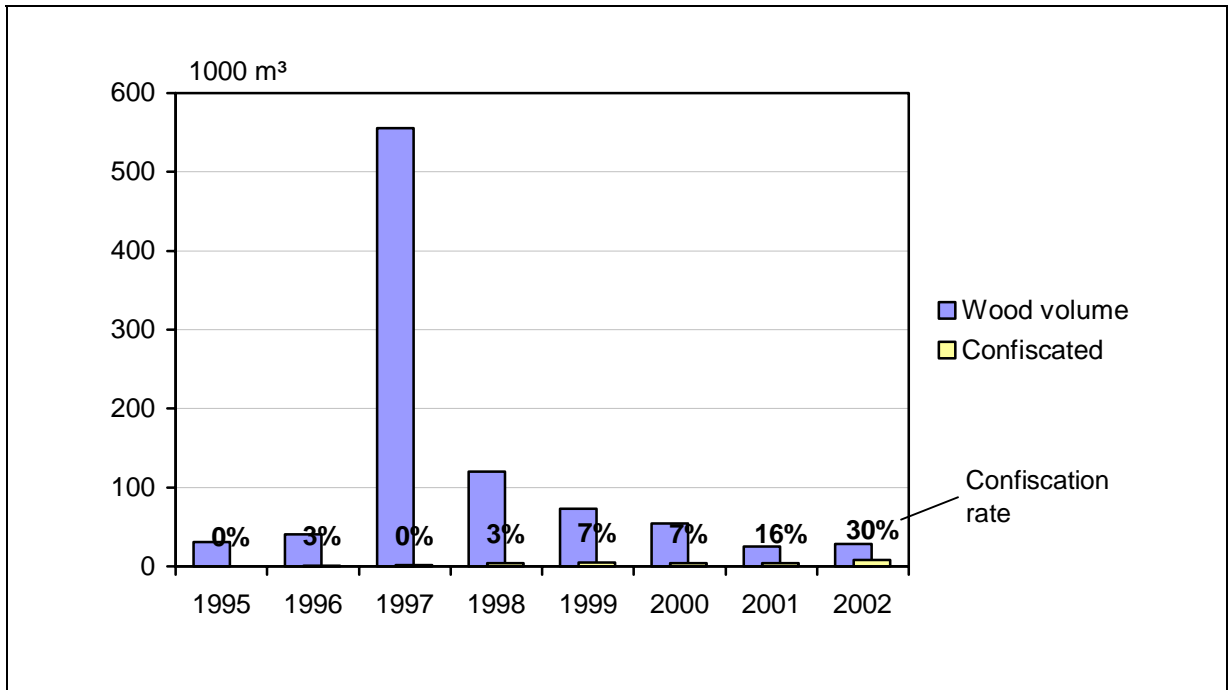
3.1 Volume of Illegal Logging

The official statistics on illegal logging show a decreasing trend. The peak was reached in 1997 when more than 500 000 m³ of illegal logging was recorded. In 2002, the recorded volume of illegal logging was down to 28 400 m³, of which 8 400 m³ (30%) was confiscated by the authorities (Figure 3.1). In 2000, officially recorded illegal logging was about 25% of legal supply.

The actual volume of illegal (or unrecorded) logging, however, probably exceeds legal harvest by a factor of ten. This can be concluded from the discrepancy between the official data on roundwood supply and actual consumption. According to official data, in 2000 the total removals were 214 000 m³ (Figure 3.2).

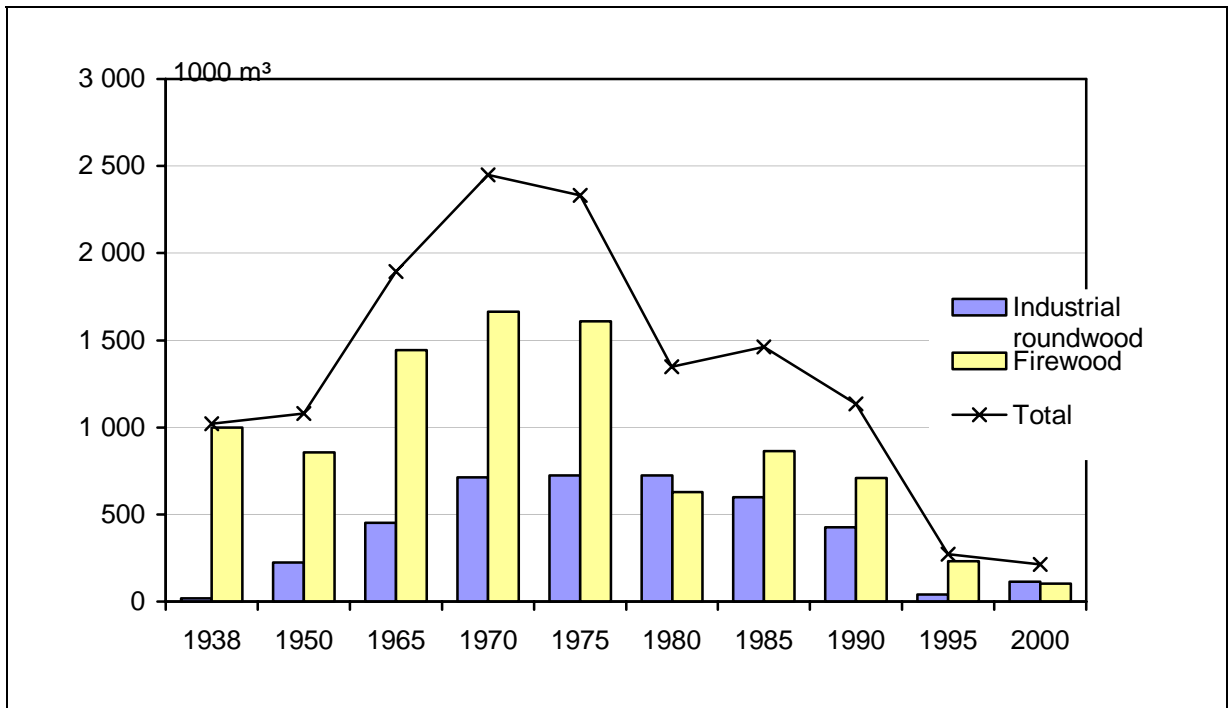
The main consumers of industrial roundwood are the wood material processing industries (which theoretically should buy logs – processing materials from the silviculture/exploiting entities) and construction industry. The current production of industrial roundwood is estimated at 440 000 m³/a.

Figure 3.1 Official Statistics on Illegal Logging in Albania



Source: DGFP 2005.

Figure 3.2 Official Data on Removals in Albania



Source: INSTAT Yearbooks, DGFP. Note: Since 1980, firewood consumption by rural households has been excluded from official statistics.

The largest consumer group of firewood is households, but public institutions, charcoal and lime producers also consume significant volumes of firewood. Part of the supply comes from industry residues and areas outside the forest sector; the total production of firewood from the forest estate is estimated at 2.3 million m³/a (Development Researchers Network et al. 2003). The total firewood consumption by different sectors is estimated at 2.55 million m³/a (Figure 3.3).

Thus, the actual consumption of industrial and firewood exceeds the supply officially provided by the Forest Service suggesting that either the estimates of the Forest Service are too conservative or, most likely, illegal logging is widespread. The production of industrial roundwood is 3-4 times higher than the official supply. Figure 3.4 shows the large difference between the official consumption of firewood and the consultant evaluation based on the experience and studies mentioned above. The difference shown in Figure 3.5 demonstrates a gap that is filled with unrecorded harvested firewood. As there is an obligation to inform authorities of all collection of fuelwood, the unrecorded amount must be considered illegal ⁽¹⁾.

The interviewed stakeholders predicted that illegal logging of industrial roundwood will be reduced in the near future because removal of import tariffs has reduced timber prices and made logging (both legal and illegal) less profitable. In addition, the accessible forest areas may soon become exhausted of industrial roundwood (cf. Chapter 3.5).

⁽¹⁾ In the “Illegal Logging Independent Study” the firewood taken directly from the forest (without paying) is not classified as illegal logging, based on the assumption that rural people have a right to collect firewood for their own consumption. However, it should be clarified that there are no traditional rights to collect firewood free of charge. According to the related legal framework and the Guidelines of the Council of Ministers and MOAF No. 5, 10 October 1994 “On procedures for supplying the rural population with firewood, fodder and wood for construction” the rural communities have the right to harvest for the household needs firewood, fodder and construction wood by payment. The procedure deal with the requests of each family to village/komuna Council and then to DFS for approval in conformity with annual allowable cut of the area. Based on the legal frame 70% of the collected fees from the communal forests goes to the “communal forest reinvestment fund” and 30% to the state budget, meanwhile the fees for firewood harvested in the state forests goes 70% to the Revenue Account of the Directorate General of Forest and Pasture (DGFP) and 30% to the state budget. In the same time the marketing for getting profit of firewood, fodder and construction wood given for the households’ needs is considered as administrative contravention and punished according to legal provisions. Until now the firewood harvesting from rural communities isn’t under the DGFP control and the result is the severe degradation of oak forests and shrubs from the over harvesting of the firewood and fodder. In this context the uncontrolled firewood harvesting from rural communities, without permission and payment, which conflicts with the technical aspects of logging as well as with forest damages must be considered illegal logging.

Figure 3.3 Firewood Consumption by Sector in Albania

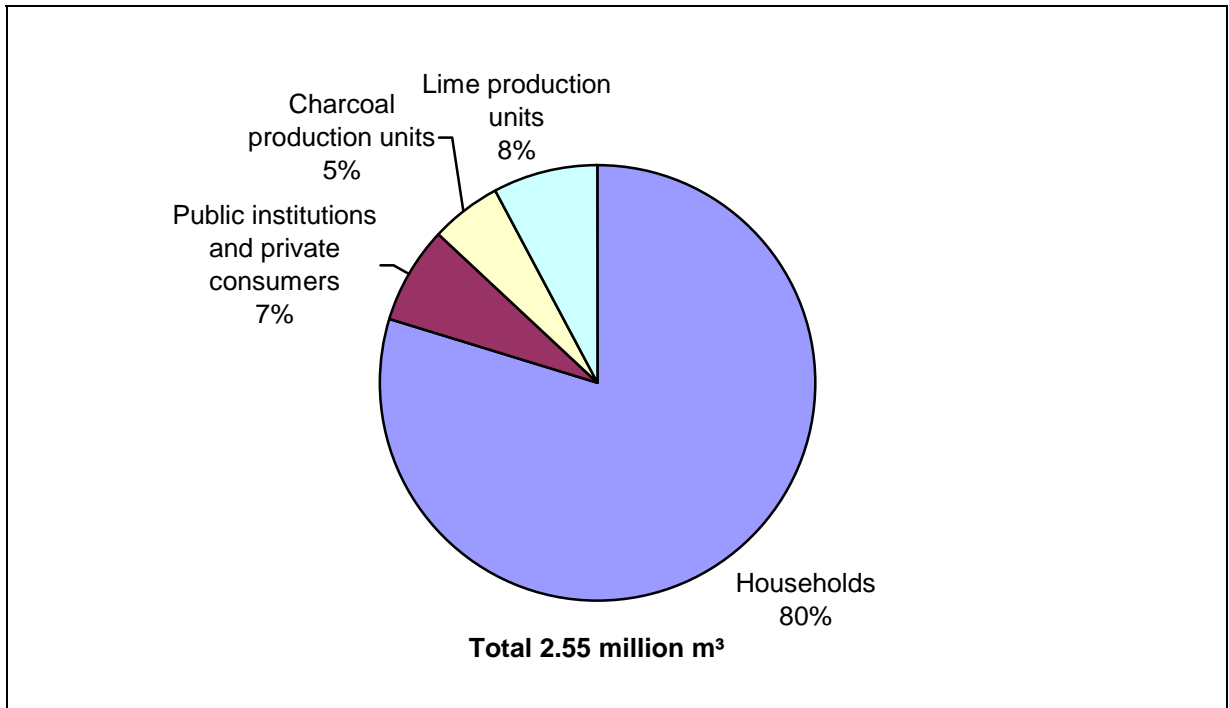


Figure 3.4 Firewood Consumption in Albania

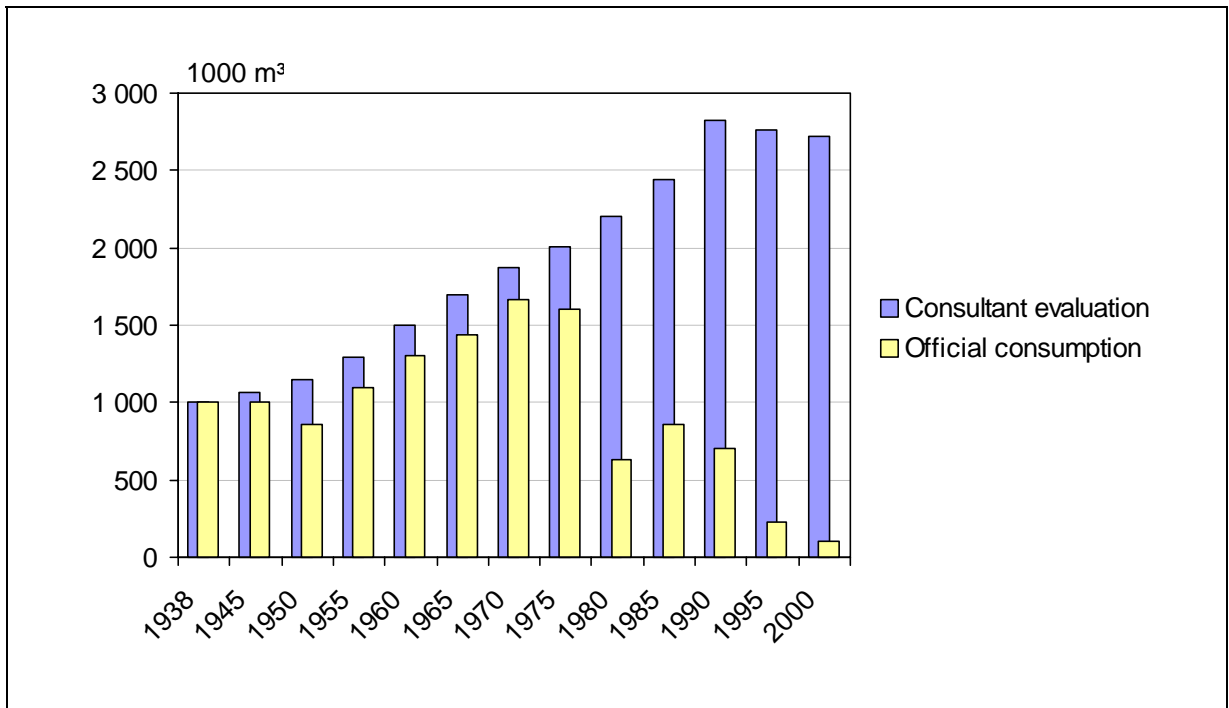
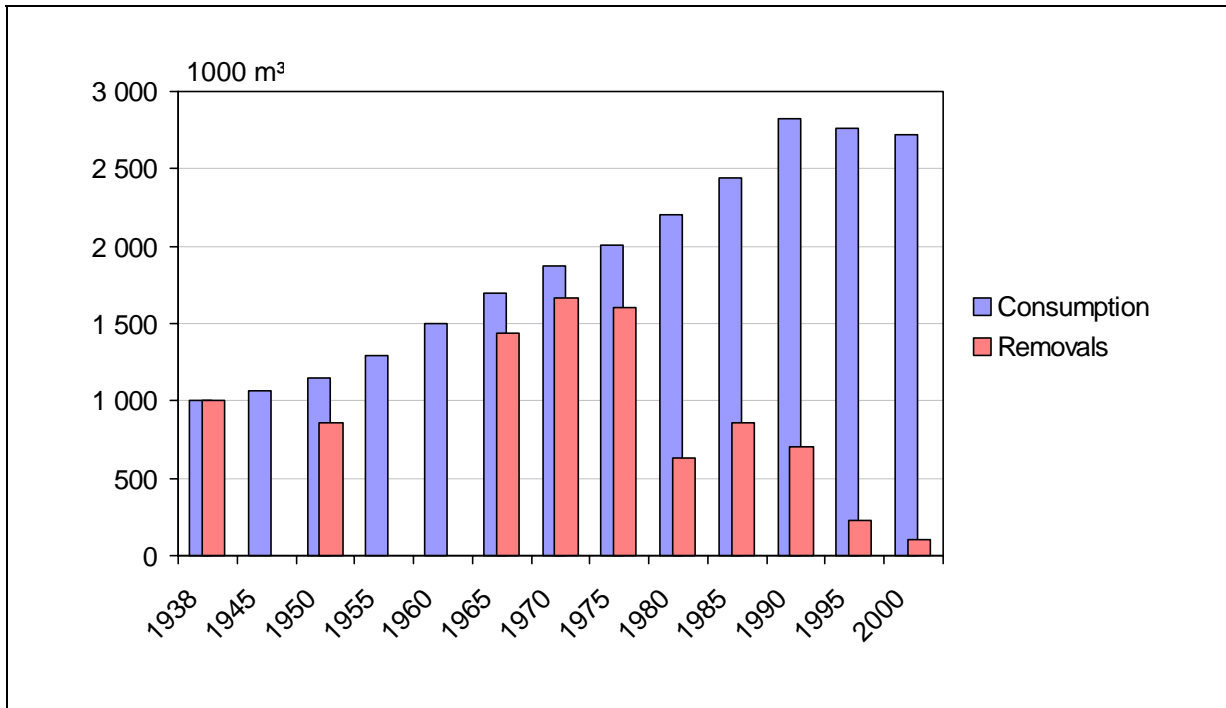


Figure 3.5 Firewood Removals and Estimated Consumption in Albania



Note: Since 1980, firewood removals exclude consumption by rural households.

3.2 Types of Illegal Logging

Based on the “Illegal Logging Independent Study” findings and the further development after the moratorium states by the Council of Ministers, with the Decision for the Temporary Prohibition of Timber Harvesting, with the Exception of Firewood (No. 648, 13 December 2002) the illegal logging driven by poverty is the most important phenomena. Based on *Qualitative Assessment of Poverty in 10 Areas in Albania* (World Bank 2002), people cut trees illegally because they do not have money⁽²⁾. The forestry sector is a good source for the upgrading of areas included in the study, which in fact a lot of abuses are being done to them. The said phenomenon is more present to the north of the Albania. Migration to urban areas has reduced pressure in the mountain areas but the demand has, at least partly, shifted to urban areas where people continue to depend on firewood for their energy supply. Alternative energy sources are either unavailable or unaffordable for a large portion of the urban population.

Industrial roundwood is also being logged illegally by private contractors. Given the widespread corruption in the country, it is probable that illegal logging is also facilitated by it.

⁽²⁾ The studies performed by public and private institutions, NGO and agencies has reached the conclusion that poverty in Albania remains at relatively high levels, reflected in limited job opportunities and low incomes especially in the agricultural sector of rural environments. Albania does not have an accurate definition of absolute poverty yet. However, as an indicator for the above term is used the number of the people that live with below USD 1 a day and the number of those that live with below USD 2 a day. According to the Albania’s Strategy of Economic Growth and Poverty Reduction, 29.6% of Albanians are poor while half of them live under very miserable conditions. Consumption of firewood by household (official data and consultant evaluation).

Illegal logging of firewood can also be conducted on a commercial basis. Private contractors harvest the firewood and transport it to markets located in urban centers. The economically justifiable transport distance can be up to 70 km.

The distinction between commercial and poverty-driven illegal logging is not necessarily very clear. Illegal loggers operating on a commercial basis usually hire local villagers to carry out the harvesting work. While largest profits are captured by the contractors, the wages they pay may still be an important source of income for the people in rural areas, where employment opportunities are limited.

It is noteworthy that law enforcement is not a serious problem when forest land is allocated to the local communities, nor in the private forests. Wood theft is limited, as these forests are more protected and have less pressure from illegal logging (UNECE/FAO 2004).

Table 3.1 Checklist on Poverty Driven Illegal Activities in the Forest Sector

Statement	True/False	Comment
Almost all (more than 80%) of rural people depend on firewood for energy needs		The rural people leaving in the western coastal area using other alternative energy sources.
The majority (more than 50%) of rural people depend on firewood for energy needs	True	Study “Analysis markets and marketing of forest-based products”
There is no feasible alternative energy source available for the rural people who depend on firewood, especially the poor	False	There are feasible alternative energy sources available for the rural people, but with high cost.
Almost all (more than (80%) of urban people depend on firewood (and/or charcoal) for energy needs	False	In the main urban centers (Tirana, Durres, Fier, Vlore, etc) the people use alternative energy sources.
The majority (more than 50%) of urban people depend on fuelwood (and/or charcoal) for energy needs	True	The urban centers like Korca, Kukesi, Puka, etc. depend on firewood for energy needs.
There is no feasible alternative energy source available for the urban people who depend on firewood (and/or charcoal), especially the poor	True	There are feasible alternative energy sources available for the urban people but their use has a high cost for the poor
Almost all (more than (80%) firewood (and charcoal) production and trade is done outside of the formal economy/ without legal authorization	True	The main quantity of firewood production is done outside of the formal economy/ without legal authorization
The majority (more than 50%) of firewood (and charcoal) production and trade is done outside of the formal economy/ without legal authorization	False	A part of the firewood trade for public institution is done outside of the formal economy/ without legal authorization
The legally extractable supply of firewood (and charcoal) is sufficient to meet the subsistence needs of rural and urban populations.	False	The Annual Allowable Cut is not sufficient to meet the subsistence needs of rural and urban populations
Almost all (more than 80%) of wood used in local construction in the rural areas in harvested and transported without legal authorization	False	The constructions in rural areas are concentrated in the lowland area and they usually buy the construction’ wood
Most (more than 50%) of wood used in local construction in the rural areas is harvested and transported without legal authorization	True	The wood used in local construction in internal rural areas is harvested and transported without legal authorization

3.3 Exports and Imports of Illegal Timber

The import-export balance is heavily negative for roundwood and sawn timber. Roundwood imports are nearly twice the exports and with sawn timber the difference is more than ten-fold. The trade balance is restored mainly owing to large exports of non-wood products, mainly plants (herbs). The volume of charcoal exports is also significant, more than 11 000 t.

Table 3.2 Exports and Imports of Forest-based Products in 2002

Item	Unit	Imports	Exports
Snails	metric ton	8	96 500
Plants	metric ton	0	9 069
Roots	units	1 200	0
Mushroom, etc.	metric ton	1	0
Seed and fruit	metric ton	22	0
Firewood	metric ton	114	646
Coal	metric ton	1	0
Charcoal	metric ton	0	11 087
Roundwood	1000 m ³	94	57
Wood slit in sheet shape	1000 m ³	909	0
Wood beam	1000 m ³	12	0
Sawn timber	1000 m ³	1 161	95
Veneer sheet	metric ton	188	0
Veneer sheet	1000 m ³	16	0
Stone for road construction	metric ton	0	622

Table 3.3 Value of Exports and Imports of Forest-based Products in 2002

Item	Imports	Exports
	USD 100	
Snails	6	198
Plants	0	10 441
Roots	1	0
Mushrooms and other	13	0
Seed and fruit	10	0
Firewood	52	52
Coal	1	0
Charcoal	0	1 238
Roundwood	138	462
Wood slit in sheet shape	299	0
Wood beam	72	37
Sawn timber	1 820	3 137
Veneer sheet	95	0
Veneer sheet	126	0
Stone for road construction	0	1 295
Total	2 633	16 860

The negative balance of export-import in roundwood and sawn timber is another factor stimulating illegal logging. Often the export of wood material is blamed for the increase in forest harvesting, that sometimes are classified as illegal activities. So, based on a note for the year 1999 prepared by the DGFP's Department of Finance and Marketing, it is highlighted the fact that the amount of wood material and forest based products exported is more than double of that sold by forest authorities, whereas the export of secondary forest products is higher than the amount sold through auctions organized by several DFSs. If we include the domestic market's demand, continues the Note, the gap will be widening more and more.

Rising imports of industrial roundwood have been observed in 2004 (UNECE/FAO 2004). The recent abolishment of import tariffs has probably stimulated imports. It may have an impact on illegal logging by reducing timber prices and making illegal logging less profitable. On the other hand, while illegal logging may be reduced, lower timber prices limit interest in forest management and may lead to expansion of other land uses at the expense of forestry.

3.4 Impact on Government Finances

The total impact of the annual illegal production of industrial roundwood and firewood on the government finances is estimated at USD 11.4 million (Table 3.4). However, this refers to the amount that should have been collected if all harvested timber had been legal. It does not imply that timber revenue could be increased in the future. If the legal supply remains at the present level, no additional income will be generated.

Table 3.4 Estimated Stumpage Value of Illegal Logging in 2002

	Industrial roundwood	Firewood	Total
	1000 m ³		
Demand			
Consumption	306	2 554	2 860
Exports	<u>7</u>	<u>0</u>	<u>7</u>
	313	2 554	2 867
Supply			
Removals	40	191	231
Logging residues	0	138	138
Imports	2	0	2
External sources	<u>0</u>	<u>104</u>	<u>104</u>
	42	433	475
Illegal logging	271	2 121	2 392
Stumpage, USD/m ³	27.50	1.85	–
Value, USD million	7.5	3.9	11.4

3.5 Threats to Environment

The environmental impact of illegal harvesting is significant. Illegal logging operations are done without any environmental protection measures, including measures for slope and soil protection in rugged terrain, adherence to annual allowable cut standards, and avoidance of sensitive habitats such as riparian stands and stream courses. Illegal logging operations have also been observed within existing protected areas where such harvesting is forbidden by law.

The impacts of increased erosion, sedimentation of onsite and downstream watercourses, and localized but intensive disturbances to protected areas is significant.

Illegal logging has taken place in the national parks in the north of Albania, especially in the Lura and Valbona National Park. Also, some watershed areas upstream of hydropower stations and other protected areas have suffered from illegal logging (Albanian Country Report 2004).

Albanian forests can be considered rich in biodiversity. The main factors can cause the loss or worsening biodiversity are as follows:

- Loss or fragmentation of habitats as a result of unplanned exploitation, illegal logging, establishment of dwelling centers, land use changes and over use; many natural ecosystems have been fragmented into small pieces, losing a lot from the biological diversity and integrity, particularly in the plain and coastal areas.
- Overexploitation: the rapid increase of population has led to the over exploitation and misuse of plant and animal species, some times till their extinction point, etc.

Considering the long-term sustainability of forest management in Albania, it is disquieting that the actual production of timber and firewood exceeds the annual allowable cut (AAC) of forest by a wide margin. The total roundwood production is estimated at 2.75 million m³/a while the AAC is 1.15 million m³, which leaves a deficit of 1.59 million m³/a (Development Researchers Network et al. 2003). In addition, only fraction of the AAC is actually harvested (Table 3.5). According to estimates from 2001, only 24% of the AAC is located in accessible areas (DGFP 2005).

Table 3.5 Annual Allowable Cut and Removals in Albania

	2001	2002
	1000 m ³	
Annual allowable cut		
Industrial roundwood	475	475
Firewood	375	375
	850	850
Actual removals		
Industrial roundwood	40	40
Firewood	167	191
	207	231
Deficit		
Industrial roundwood	435	435
Firewood	208	184
	643	619

Source: DGFP

4. GOVERNANCE

4.1 Policy Framework

4.1.1 Overall Forest Policy

The development of the political framework in Albania is generally marked by its strong dynamics and a couple of individual processes can be identified:

- The general reorientation towards a market-economic system. For the forest / agricultural sector, this process translates into privatization or restitution of land / forest property, a noticeable commercialization of production, and significant downsizing / fragmentation of individual holdings / management units.
- Redefinition of the role of state agencies in the sector. This process is marked by the devolution of management and control rights to non-state actors, effectively limiting the state's past dominance in the sector. On the other hand, this process will most likely not result in the competent state agencies' withdrawal, but in their accepting new functions: as service providers and partners of non-state actors, rather than in their outlived "command and control" role. Directly related to this process are initiatives aiming at a thorough restructuring of the public forest service, and a gradual division of executive and managerial functions and responsibilities.
- Redefinition of the role of non-state actors in the sector. This process has political as well as economic implications, since it includes civil-society representatives (e.g., environmental and socio-political / socio-cultural NGOs, etc.) as well as the "private sector" (encompassing private forest owners, forest management / logging companies, traders in forest products, and downstream processing facilities).

Contrary to its unique significance for the national economy, the forest sector continues to suffer from several transition-related problems. Among these are declining investments, the practical breakdown of forest management and maintenance, and lacking public supervision and law enforcement while Albania went through a period of near-anarchy, culminating in 1997. In consequence, the resource base has been declining significantly for years on end, not only in terms of a quantitative loss of forest cover (deforestation), but also in terms of an even more widespread qualitative deterioration (forest degradation). While forest cover has been shrinking, and growing stock / increment per ha seriously affected, substantial amounts of mature timber are nowadays only to be found in the most physically inaccessible parts of the country. At the same time, economic restructuring caused logging and wood-processing efficiency-rates to drop; while rampant illegal logging distorted market prices and offset the intended effect of newly introduced timber-sales procedures (auctioning by decentralized forest authorities).

The developing policy framework, against which forest sector development takes place in Albania, is firstly based upon the new constitutional order. Adopted in 1998, the new Constitution of Albania lists preservation of an "ecologically sound environment for present and future generations" and "rational exploitation of forests ... pastures ... on the basis of the principle of sustainable development" expressly among the state's objectives (Article 59). While the Constitution itself serves as the supreme law of the land (suggesting that it should better be discussed as part of the legal framework), its general prescriptions influence policy formulation directly.

More specifically, the forest sector's policy framework consists of the "Government Strategy for Agricultural Development in Albania" (1999; the "Green Strategy"), and the even more recent (1998, 2004) "Strategy for the Development of the forestry and Pasture Sector in Albania" (i.e., the forest policy in a narrower sense).

The "Strategy for the Development of the forestry and Pasture Sector in Albania" (hereafter referred to as "the forest policy") expressly embarks from, and builds upon the framework provided in the Green Strategy. It takes off from an analysis of the forest sector's present state, presented as an array of "assumptions" (both "general", and "technical"), and continues with a presentation of policy goals (each conditioned further by a varying number of implementation strategies). Specific policy goals / strategies are:

- Maintaining the integrity of the forest and pasture resource base; by clarifying the government's position on the privatization of real estate, and gradually softening the allegedly too rigid land categorization system used for land-use planning
- Sustainable Management with a focus on the sustained provision of multiple goods and services; by improving management planning, providing substantial funding, and building capacities (public as well as non-state) for natural resource management
- Transition to a market-driven economy in the forest sector; by boosting the private sector's confidence in the sector's market-orientation and a steady supply of raw material, and promoting small-scale entrepreneurship in the sector (thus creating employment opportunities and generating additional income)
- Transfer of management authority to rural communes; by stepping up the process so as to achieve the intended percentage shares within a 3-to-5-year timeline, reshaping transfer procedures in view of greater practicability and efficiency, and stepping up training efforts in order to help forest service personnel attain their revised role in forest management and forest protection
- Improved state management of production forests and summer pasture resources; by protecting, managing and utilizing forests and pastures under the DGFP jurisdiction, putting innovative management models to practice, pursuing institutional reform and capacity building in view of sustainable management and market orientation
- Development of nature-based recreation and tourism; by preventing destruction of existing protected areas, and pursuing "active, rational, and multiple use" of protected areas and the related facilities.

Box 4.1 Community-based Forest Management

Within the Albania Forestry Project and Albania Private Forestry Development Program the reform for the decentralization of forest management has been implemented in 138 local government units (communes) with 1 290 villages and 724, 230 inhabitants. In this frame, 356 000 ha of forest and 93 000 ha of pasture were transferred in use to the rural communities. The forestland transfer in use will be managed by local communities mainly for covering their basic needs for firewood and fodder. The preliminary results of forest transfer to local communities are extremely encouraging, both for their positive environmental impacts and for the social redistributive effects. In the same time the annual growth of the improved coppice forests managed by communities is about 3 m³/ha.

Natural Resource Development Project, which is in preparation, will support the decentralization reform of forest management and in the frame of the project over 135 000 ha of state forest and 92 000 ha of pasture will be transferred in 80 new communes with 812 villages and 320 720 inhabitants.

4.1.2 Government Strategy for Illegal Logging Reduction

The issue of illegal logging was made out since the beginning of social and economic transition period, although the levels at which was occurring were much lower than nowadays. As a consequence, over the last year of the decade that has just passed, the size of phenomenon is increased turning into one of the crucial issues for forest administration as well as undermining the results and objectives that Albanian government aims to achieve in the framework of Albanian Forest Project.

Albanian institutions sharing the same concern with donors regarding the phenomenon, size, tendencies and of course fight against it, have shown their willingness for reducing illegal logging. The Action Plan designed from Albanian forest administration (DGFP) with the support of the technical assistance project (FAO), is approved by Ministry of Agriculture and Food. The approved Action Plan represents a legal instrument as well as a method of developing and implementing of activities for reduction of illegal logging of national forest resources.

The main steps and actions, described in the above action plan for illegal logging reduction consist in the followings:

- establishment of a high level inter-ministerial task force
- improvement of legal authority responsible for illegal logging
- improvement of institutional support and capabilities at district level
- definition of pilot regions
- an independent assessment of illegal logging issue from a third party

4.1.3 Targeting of Government Response

The main drivers behind illegal logging are huge demand for firewood and lax enforcement of regulations. The Government's action plan is focused on the latter while the firewood deficit is not explicitly dealt with. On the other hand, the government of Albania does have an energy strategy where the issue of firewood is dealt with. Unfortunately, the forest sector has not participated in its formulation.

What transpires from the energy strategy is that firewood consumption will remain on a high level. Future consumption is forecast based on assumptions on the approach to be adopted in the implementation of the strategy. According to the so-called "passive scenario", firewood consumption is expected to increase nearly 70% from 1999 to 2015. In contrast, the "active scenario" foresees a reduction of about 20% during the same period. The key factor in the "active scenario" reducing the demand for firewood is a growth in solar energy (National Agency of Energy, undated). Whether this assumption holds, remains to be seen but even if it does, the projected consumption of firewood will remain much above the legal supply.

The wood balance is made worse by the fact that timber harvesting is wasteful. Experts estimate that in Tirana region 80% of harvested material is brought out from the forest, but in other areas only 50%. The reasons are inadequate harvesting technology and the fact that much of harvesting is done by illegal loggers for whom efficient use of raw material is not a priority.

4.2 Legal Framework

Along with the great changes of the 1990s, a set of laws and bylaws were issued related to forest and pasture sector to allow the transfer from a planned and centralized economy to the market economy. Related laws, decisions and regulations were issued at a time where no experience was gained on the new political-economic system; nevertheless, they played an important role on the changes of relations of forest economy. But years after, with developed the country's practices and new experiences gained and better known experience from other countries, it resulted that many legal provisions did not fit in the current situation, some recent laws contradict the previous ones or no coordination exists among them. So, the legal framework in many aspects has turned into an obstacle for the sector development and fundamental changes are requested.

Following is a summarized presentation of the legal framework that regulates the forestry sector as well as other relevant sectors:

The Constitution

- The new constitution approved on October 21, 1998 (Law No. 8417), concerning the environment and natural resources, gives people the right to inform on the state of the environment (Article 56). Through the objectives of the state activities it comprises “an ecological environment for the present and future generations” and “a rational exploitation of forests, water, pastures and all the other natural resources on the basis of the development principles” (Article 59).

Law on Forests and Forestry Service Police

- The Law on Forests and Forestry Service Police (No. 7623, 13 October 1992), is the main law on forests.
- In different parts of the law are defined prohibitions (e.g., Article 9 on unauthorized occupation and use of forest land, article 26 on falsifying hammer marks, article 34 for the removal of some parts of plants or species, Articles 47, 48 for the damaging of forestry firms and installments.)
- On the basis of the law was created also the forestry service police. This service is part of the forest administration but its officials gain the military status and are legally equal to the public order employees (Article 54-60).

Law on the Environment

- The main law on environmental protection is Law on Environmental Protection (No. 7664, 21 January 1993, modified by Law 8364, 2 July 1998). This law is connected to forestry because it requires “environmental licenses” issued by the environmental authorities for the activities listed as affecting the environment (Article 17). This includes a wide range of activities as the construction of infrastructure, exploration and exploitation of the land, wild life and fishing in connection with dangerous substances (Article 18).

Local Government

- The organization and functioning of local government in Albania is regulated by the Law on Organization and Functioning of Local Government (No. 8652, 31 July 2000). Communes and municipalities exercise function at the fields of infrastructure and public services, functions with social, cultural and sportive function and other functions in the field of local economic development, where among others “the function of preparing programs for the local economic development” and the “protection and development of forests, pastures and natural resources with local character.”

Administrative Violations

- Administrative violations are regulated by Law on Administrative Violations (No. 7697, 7 April 1993) amended several times later by other laws. One of these amendments is Law No. 8343 (1998), which decides that administrative violations in the cases of volunteer non-paying of the fine must be officially reported at the local authorities where the violator lives or exercises his activity.

Law and Tourism

- Law on Priority Zones for the Development of Tourism (No. 7665, 21 January 1993) amended by some later laws, defines the tourism development strategy which is proposed to the Ministry of Tourism and are approved by the Council of Ministers. On the basis of this strategy urban study plans are prepared for the identification of the most appropriate zones for tourism

Law of Mining

- Law No. 7796 (17 February 1994) provides for the exclusivity of the Minister for giving mining rights, research permissions, uncovering and exploitation and takes very little into consideration the consequences of these activities on the environment. Only one article of this law, Article 95 provides for the obligation of the entity that possesses the permission to operate in accordance to the rules for the protection of the environment and in case of damage the necessary measure for protection of the environment.

At the end of 2002, the Council of Ministers, with a Special Decision for the Temporary Prohibition of Timber Harvesting, with the Exception of Firewood (No. 648, 13 December 2002) states a moratorium for the forest harvesting. The above decision empowered the Directorate General of Forest and Pastures (DGFP) to stop the forest logging for commercial purposes in order to prevent illegal cuttings of forests and to overcome the difficulties arisen in the forest harvesting control. In practice, however, the ambiguities in the wording of the moratorium have enabled continued harvesting of industrial roundwood.

A new forest law is in preparation. Parliamentary approval is expected at the end of 2005. Among other things, the draft has a separate chapter on forest policy, which would be given much broader rights to control illegal logging.

4.3 Monitoring and Control System

4.3.1 Task Force Commission for Forest Resource Protection

After formulating the Action Plan for Illegal Logging the Government created a special structure to address the problem. The Task Force Commission for Forest Resource Protection is created by an Order of Prime Minister on Creation of Task Force Commission for Forest Resource Protection (No. 253, 23 November 2000). The commission headed by the Minister of Agriculture and Food is made of 11 several ministerial or central institutions as follows:

- Deputy Minister of Public Economy and Privatization
- Deputy Minister of Local Government
- Chairman of Development and Tourism Committee
- Head of National Environment Agency
- Director of General Directorate of Forests and Pastures
- Director of General Directorate of State Police set up close to Ministry of Public Order
- Director of General Tax-Tariff Office set up close to Ministry of Finance
- Director of Construction Police Office
- Deputy Director of General Customs Office set up close to Ministry of Finance
- Codification Lawyer set up close to Ministry of Law
- Moreover, there is invited to participate in the position of member of commission, the Director of Directorate of Anti-Smuggling set up close to General Prosecution Office

The creation of the Task Force Commission provides political framework on which a detailed and concrete action plan for fight against illegal logging should be based on, and being such – a political will of Albanian Government – it serves as a strong indicator to all the factions indulged in illegal logging activities for no toleration of those activities.

Task Force Commission is responsible for preparation and implementation of respective executive framework, that means design, “compliant with political program of Council of Ministers”, of the platform for prevention of illegal exploitation activities in forest areas like, occupation of forest fund for constructions, mineral products in those areas as well as increase of effectiveness in penalizing violators in forest areas and fine collection derived from those violations”.

The Order of Prime Minister for creation of the commission anticipates also the crucial areas where necessary measures would aim at, for the implementation of the platform:

- Better coordination and involvement of government institutions in protecting forest resources
- Review of enforced legal junctures in order to enable their harmonization with forest legislation
- Improvement of monitoring system in forest sector
- Improvement of forest infrastructure, increase of preventing and striking power in Forest Police Service

The Head of Task Force Commission should report to the Prime Minister about the progress made in enforcing those duties. Based on above Order, the Minister of Agriculture and Food in the quality of head of the commission has designed the Work Platform of the “Task Force”

Government Commission for the Strategy of Forest and Pasture Resource Protection, where work guidelines of the commission and an Action Plan for Forest Resource Protection are defined as well as the deadlines of accomplishing the tasks described in commission work platform.

Operating basis of the Commission are inter-ministerial bilateral agreements, which had to improve the collaboration and coordination of works of those ministries.

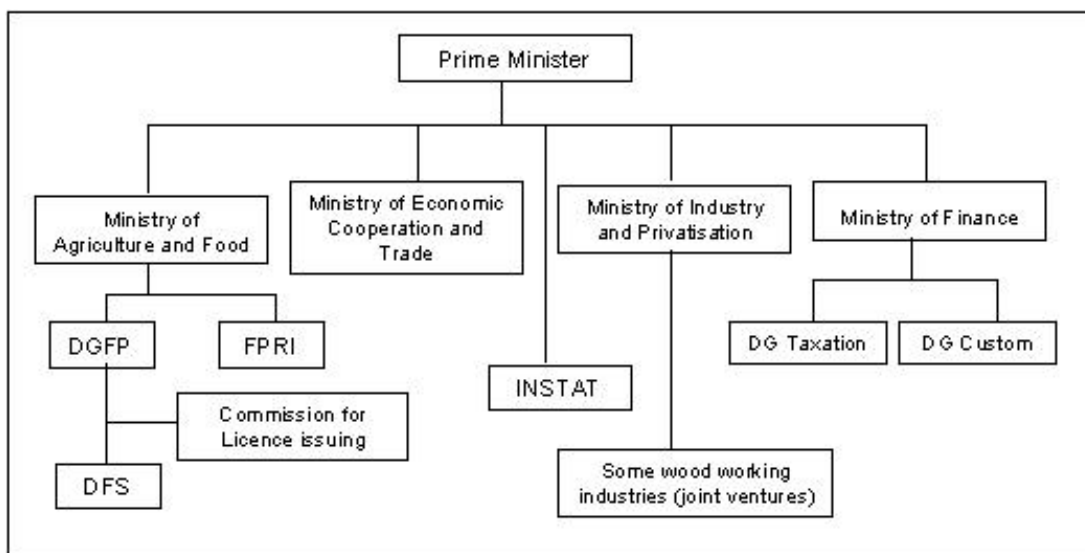
There are signed special agreements for inter-ministerial cooperation among the Ministry of Agriculture and Food on one side and Ministry of Public Order, Ministry of Local Government, General Tax-Tariff and Customs Offices set up close to Ministry of Finance, Directorates of Construction Police set up close to Ministry of Public Affairs and the National Environment Agency respectively.

4.3.2 Permanent Government Bodies

The main body responsible for controlling illegal logging is the Directorate General of Forests and Pastures (DGFP) subordinated to the Ministry of Agriculture and Food. DGFP has all the competences for the administration, protection and sustained utilization of forestry and pastoral resources. DGFP accomplishes its duty through 36 District Forestry Service (DFS).

Regarding illegal logging the key body in DGFP is the (sub)Directorate of Forest Police which is responsible for planning and coordinating activities related to forest protection. The DFSs (36) report directly to the head of DGFP and each of them has a specialized unit, Sector of Forestry Police, responsible for control and monitoring function.

Figure 4.1 Public Institutions Involved in Forestry Sector Regulation



The monitoring system constructed by DGFP for the illegal logging phenomena consists in three main forms which are first filled at district levels and are later extrapolated and prepared on a national level.

The forms of the illegal logging monitoring system deal with:

- Identification and registration of infringements (penal, administrative and asserted) as well as the estimation of the damage and the respective fine
- Identification and registration of illegally cut wood
- Identification and registration of the wood materials confiscated during controls.

Normally each of these forms should have a standard structure predefined by the DGFP/Directory of Forest Police, which should have been obligatory for all the District Forest Services (DFSs) and their technical/engineering personnel. However, falsification of these documents is commonplace mainly due to corruption (Albania Country Report 2004).

The DGFP (2005) reports to be currently implementing the following activities:

- Unification of the monitoring system, for illegal cutting at all levels. As a result, there is more precise evidence of the damages caused in forests.
- Increase of the forest police units in the forests; As a result of that, there is more prosecutions for the damages.
- Strengthening of the control at all levels especially in the districts of Mirdite, Bulqize, Puke, Diber, Mat, Pogradec, Kolonje.
- Organization of meetings from DGFP in the Forest Service Directorates in DFSs to reorganize the actions according to specific condition, and for the coordination of the work with other state institutions.
- Logistic support for the forest police units with hand radios and transportation means, motorcycles and vehicles.
- Set up 24 hours roadblocks in Mirdita district, and moveable roadblocks inside the forest area in all the country.
- Awareness raising, and increased investments from other state institutions for forest protection

In addition, there is new structure within DFS which works with prosecutors office and, reportedly, this has resulted in imprisonment of 70 persons. The DGFP holds monthly meetings with the Customs Service to compare data. The DGFP's view is that the situation is improving as evidenced by the clear trend of reduced volumes of illegal logging (cf. Chapter 3.1).

The control over DGFP is carried out by the High Committee of the State identifying annually a limited number of government institutions to be audited by them. The audit is focused on controlling financial flows based on documentation. The DGFP is also obliged twice a year to report on illegal logging to the Security Commission of the Parliament.

In addition, an inspectorate for environmental protection that reports to NEA (today Ministry of Environment) has been created (Article 41). The communal, municipal and district councils for the adaptation and publication of programs for the protection of the environment divulgate environmental information and in general control the environmental situation (Article 42). However, the impact of this body has been limited.

4.3.3 Legal Procedures

For the violation of the dispositions of the forestry legislation, the responsible person(s) are responsible materially, administratively, civil and penal responsibilities as defined in Article 61 of the Law on Forests and Forestry Service Police (No. 7623, 13 October 1992). The violation of the dispositions of this law brings to the violators material, administrative, civil and penal responsibility according to the case.

Thus based on this law, the violations on the dispositions do not make a penal action and when the tariff value of the damage is less than ALL 50 000 (USD 500), the action is punished as an administrative violation with the obligation of compensating the value of the damage caused and paying a fine of ALL 5 000-50 000 (USD 50-500). And at the same time all state property taken through the violation is taken and passes at the hands of the state.

When the tariff value of the damage caused is over ALL 50 000 (USD 500), then this violation consists in a penal action and the violator answers according to the dispositions of the Penal Code where the maximal punishment for penal actions in forests is the incarceration up to one year. The code of penal procedure gives to the judicial police the right of arresting only in the cases which are punishable by a minimum of 5 years of incarceration, thus this can not be applied to the crimes in the forests (Section 30 and 32). Overall, the penal code can be considered rather lenient.

Regarding internal control within DGFP, it is reported that in 2004 more than 100 disciplinary actions were taken and a few people were fired because of illegal activities.

However, it is noticed that the system of judging, executing and collecting of fines does not function properly. So, over the year 2000, out of 370 cases of penal transgressions, 208 were detected ($p = 0.56$), 40 were judged ($p = 0.11$) and none executed ($p = 0$). While concerning administrative transgressions, it is resulted that if there were collected 2.6% of damage value, fine collected were composing 2.3% of total fines imposed. The level of fine collection in case of administrative transgressions appears to be even lower for 1999 and 2001, about 1% only, and for 2000 and 2002 less than 1%.

Table 4.1 Forestry Contraventions and Their Indemnifications

Year	Adminis- trative violations	Penal violations	Value of damage	Harvested volume	Damage cost	Penalties	Total fines collected
			USD 1000	m ³	USD 1000		
1999	6 590	417	3 456	72 600	27	0	27
2000	4 598	370	2 053	54 728	19	8	27
2001	3 106	339	2 793	25 237	26	6	32
2002	4 124	523	3 108	28 374	25	12	37

Source DGFP Exchange rate: 1 USD = ALL 100.

4.3.4 Shortcomings of the Present System

The inefficiency, the lack of capacity and the level of corruption have many roots. They are a consequence of the unsupported military status of forest personnel, logistical and communications shortcomings, the absence of the inter-ministry cooperation and coordination

promised in the protocol agreements, DGFP's lack of insistence upon receiving the cooperation offered on paper, inadequate controlled licensing system of wood processing enterprises as well as the low salaries of public officials.

The institutional structure of the DGFP and DFS creates a conflict of interest and opportunities for unlawful action. The same person is responsible for controlling harvesting and measurement and transport. Thus, there is no independent check that the documentation and actual harvesting volume and quality of the harvested volume match. Control over DGFP itself is weak as the financial audits are restricted to analysis of documentation. There are no field checks to assess whether the documentation matches with the actual status in the forest.

Transparency of forest administration is generally low and the problem is aggravated by the fact that information systems are fragmentary and underdeveloped. The participation of the civil society in the forest sector remains limited.

Fine collection is a major problem and one of the bottlenecks is that municipalities have been given the right to collect fines; about 70% of the fine amount goes to municipal budgets and the rest to state budgets. The municipalities' capacity to collect fines has proved to be very low, possibly because of corruption, social pressures etc.

In principle, the job of forest officials is to protect and preserve the forest rather than recording vehicles with illegal cargos. The checkpoint should be the last resort of controlling activity on a property, since the checkpoint can only identify activity after it has occurred. Bearing in mind the limitations faced by DGFP because of factors that are not entirely in its control, DGFP has taken the easiest route to demonstrating that it is fulfilling its duties. That is to construct a single-story building on the side of a road by which illegal timber and non-timber wood material traffic is thought to pass and to employ 2-3 persons with low salaries, which partly predetermines the quality of their work at that site.

5. CONCLUSIONS AND RECOMMENDATIONS

The main findings and conclusions arising by this study are as follow:

1. Albania has a big deficit in the balance between the national demand for timber and firewood and the annual allowable cut of forest. The deficit is above 1 594 000 m³/a. The deficit is even larger, if one considers the fact that only part of the AAC is accessible. Use of alternative energy sources relieving the pressure on firewood resources is not expected to expand rapidly.
2. The illegal logging activities in Albania, both commercial and poverty-driven illegal logging, are related with the extreme poverty of rural areas close to forests, with the deficit of energy in Albania and the weakness on law enforcement. The Forest Administration is not able control and to enforce the law because the main part of them is poverty-driven illegal logging where people's basic needs are at stake.
3. Corruption and weak enforcement mechanism enable illegal logging of industrial roundwood. Enforcement staff has limited rights to enforce the law. In addition, they are not properly equipped and are paid only low salaries. Institutional structures within

DGFP create conflicts of interest and opportunities for corruption. The control over DGFP itself is weak as audits are limited to reviews of documentation; field checks to verify the situation described in the documentation in the forest are not carried out.

4. Estimated production of illegal industrial roundwood is above 272 000 m³ and the foregone government revenue is USD 7.5 million. Regarding firewood the estimated production is above 2 120 000 m³ and the foregone revenue USD 3.9 million. However, these amounts could have been collected only if all illegal supply had been “legalized”. If the legal supply remains at the present level, timber revenue collected by the government will be largely unchanged.
5. The decentralization reform of the forest management offer a good possibility in the future for the improvement of the balance between the demand and AAC. Within 5-10 years the amount of firewood which could be harvested from village/communal forest could be about 1 500 000 m³/a (ca. 500 000 ha village/communal forest at 3 m³/ha) which would cover a large portion of the current deficit. Protection of these forests against illegal logging has also proved more effective than in state owned areas. This reform must be supported with an appropriate policy and institutional and financial instruments encouraging both positive environmental impacts and social redistributive effects.

Following the findings and conclusions of this study, a number of recommendations are elaborated and presented below. Undoubtedly, Albanian forest administration in its work will need a strong political will/support from the Government of Albania and “Inter-Ministerial Task Force for Illegal Logging Reduction” and technical and financial assistance of WB Natural Resource Development Project and other WB projects in Albania.

1. Improvement of the National Forest Policies, expression of a good political will across the sectors concerned with national forest resources and statement of forest policies by Albania Parliament.
2. Improvement of policies related with forest & wood exploitation policies focusing on transparent auction processes of standing wood material, coordinated bid processes with other state institutions like Local Government, development of mechanisms for resolving conflicts between legal users and local community, improvement of criteria for licensing of the subjects/entities to support the specialized enterprises that deal with exploitation, processing and trading of wood material, decrease of taxes to stimulate imports of unprocessed and half-processed wood materials, monitoring of licensed users performance through frequent controls, establishment of a closer coordination, cooperation and interaction between public and social entities consuming the firewood and high forest authorities, etc.
3. Improvement of the policies on firewood consumption and National Strategy of Energy through the immediate intervention by Albanian government to alleviate poverty in rural areas (particularly those close to forest resources and to the north of Albania) and through the decreasing of other energy alternative sources tariffs (like gas) in those areas, or their provision at a subsidized price.

4. The consumption of firewood will be quite the same during the next ten-year period because the rural areas and small towns will be the main source of energy for heating and cooking. The Forest Administration must be conscientious for this situation, and must establish relation with the rural communities to allow them to harvest firewood over the AAC of forest area, but under the technical guide and control of the Forest service.
5. Improvement and enforcement of the legal framework regarding the licensing process of wood processing units and control of their chains from production to export, of limestone kilns, harmonization of legislation in terms of governing overlapping and passing over the forest authorities in some of the laws, improvement of coherence between the laws, strengthening of penalties and sanctions against illegal logging, involvement of civic society in forest and pastures management activities, etc.
6. The structural shortcomings in the DGFP structure creating opportunities for corruption must be removed. It is also necessary to ensure that there is adequate external control over DGFP. This function should be placed either in the Ministry of Agriculture and Food or combined with the existing Government bodies carrying out audits. Such audits should be intensive exercises combining analysis of documentation with verification of correctness of data in the field.
7. The checkpoint system requires technical improvements such as providing a sheltered area for short-term storage of confiscated wood material. The location of the checkpoints should be reviewed in order to ensure coverage of the key transport routes for wood material. In addition, in certain areas and at certain times priority should be given to sudden and unannounced controls/checks; their application in certain Districts has proved their effectiveness.
8. Clearly law enforcement is strictly related also to an adequate salary, personal motivation, ethical behavior of the Albanian Forest Administration. An average salary of USD 130 per month is not sufficient to guarantee a commitment to full time professional activity of a forest inspector and may represent a shadow incentive to find other sources of (legal or illegal) income.
9. Implementation of the decentralization reform in the forestry sector, clarification of roles, responsibilities and authorities among different government levels, private sector and civil society, improvement of communication between national and local levels for preventing and deterring the crimes in forest resources, etc.
10. It is important to stress that the problem of illegal logging will be never solved only through new equipments or technical instruments, neither through a increased number of regulations and better inter-agency coordination. In other words the problem must be considered also in the light of the capacity building and strengthening of the Forest Administration, training of the forest police to achieve a more complete knowledge of the law and the qualification of the staff that will face the violators, improvement and enforcement of the Human Resource Management of forestry sector, establishment of systems that encourage responsible behavior and discourage criminal and corruptive one (through salaries, code of ethics, etc.), appointment (nomination) of the forest

inspectors in all levels on the basis of profile, experience and capabilities, rewards for responsible behavior/motivation, etc.

11. Improvement of administrative procedures related with quality increase in terms of record keeping (as illegal logged trees be presented in terms of number and volume m^3), availability of a more accurate and credible information on forest situation in Albania as well as the sustainability of harvested material (legal and illegal) and the sustainability of those harvestings, exchange of expertise and information with experts of other countries regarding the smuggling/illegal trade in forestry, law enforcement, etc.
12. Support an systematic research to analyze illegal logging, illegal trade of forest base products as well as corruption in forestry sector, developing of appropriate monitoring instruments and their application as well as design of policies in the field
13. Develop transboundary agreements for combating trade of illegally harvested timber and other forest products through the bilateral agreements.

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Mr. Maxhun DIDA, General Director, DGFP

Mr. Kole MALAJ, General Director, DGFP

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Mr. Genci HOXHA, Inspector, Forest Police Directorate, DGFP

Mr. Genci KACORRI, Chief of Marketing Sector, DGFP

Mrs. Emily BIBOLLI, DGFP Lawyer

Mr. Hajri HASKAJ, Director of FPRI

Mr. Rexhep NDREU, Coordinator of FPU Federation

Mr. Alken MYFTIU, Project Manager, REC Tirana

Mr. Anesti PECE, Director of Forest Company "Silviculture"

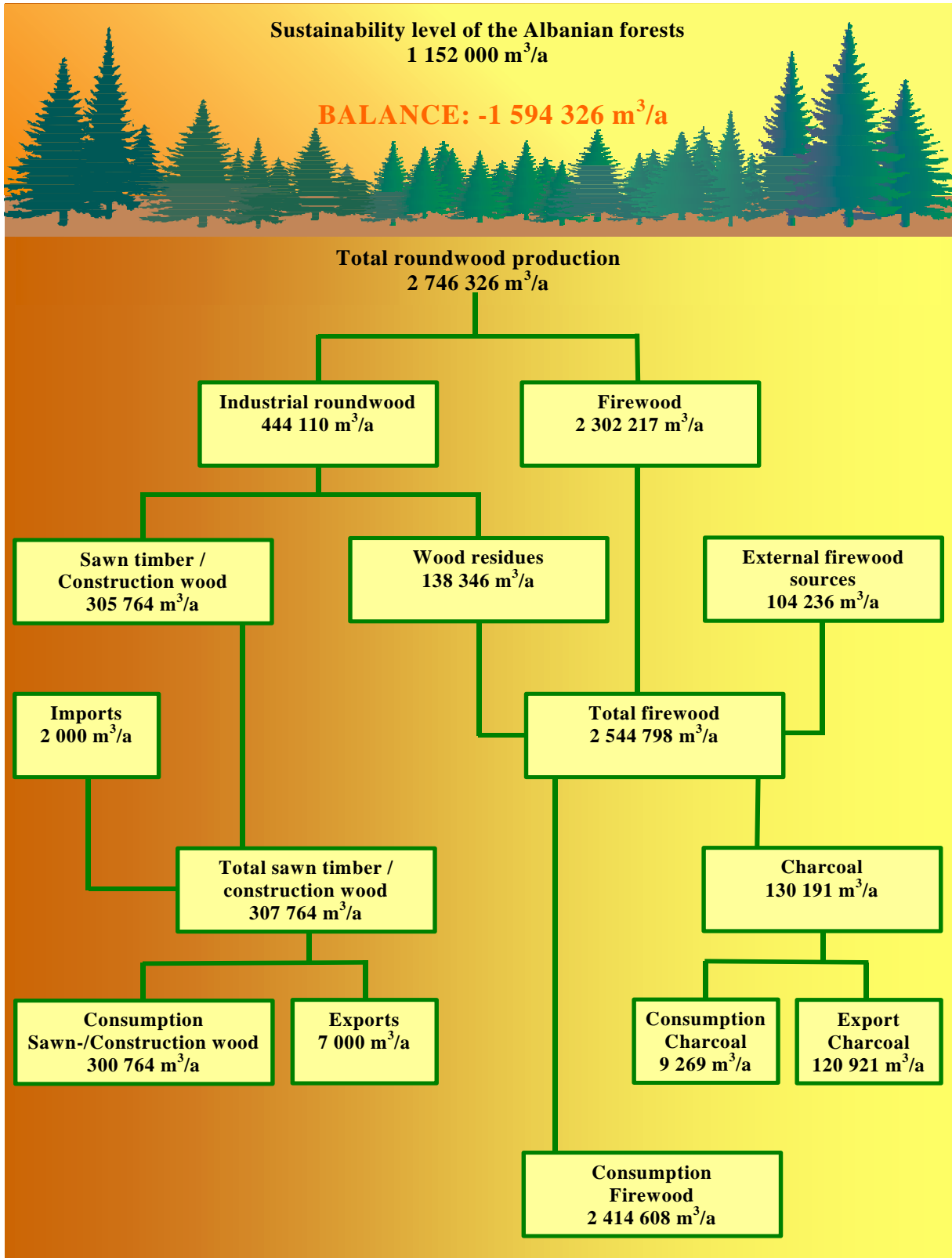
Mr. Abdulla DIKU, Director of Forest Company "Diava"

Mr. Stavri PLLAHO, Private Forest Consultant Korce

Mr. Isuf OMURI, Forestry Progress Association, Kukes

Mr. Ahmet Mehmeti, Private Forest Consultant, Elbasan

BALANCE BETWEEN SUPPLY AND DEMAND ON THE NATIONAL LEVEL



Source: FMS, ANFI

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