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## CURRENT ISSUES OF FOREST MANAGEMENT IMPROVEMENT IN UKRAINE



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The state policy in forest management, reforestation and forest conservation is formed mainly depending on the dynamics of socio-political and economic relations in a country, the degree of forest relations reforming and forestry activity compliance with scientifically grounded principles of sustainable forest management. The paper considers basic directions of forest relationships improvement and forest management system reforming in Ukraine. The forestry sector is needed to be reformed using European models of forest management on the basis of national experience and traditions of forest management in the country. The reformation must rely on the system of science-based recommendations. Improving forest relations and the system of forest management in Ukraine requires appropriate scientific and methodological grounds. The conceptual approaches to reforming the socio-economic system of the country as a whole should be considered methodologically in determining the tendency of forest management and forest relations. Therefore, the forest sector cannot be described as self-regulating closed departmental structure, excluding the impact of socioeconomic factors in Ukraine. In accordance with these principles and European forestry practices, the areas of improvement of forest relations and the system of forest management in modern conditions have been identified. The problem of improving the state policy on forest management, reforestation, and forest conservation covers a wide range of legal, economic, organizational, financial, and environmental issues and requires a comprehensive solution. Forestry sector development strategy has to be flexible; it should be periodically reviewed and adapted to changes in legal, social, economic and environmental conditions of the state taking into account the advanced world trends. A gradual transition of Ukrainian forest sector to European norms of forest management requires a series of measures on adjusting forest policy, improving state forest management, strategic planning and financing of forestry activity.

**Keywords:** forest management; enterprise; forest relationships; forest management improvement; forest policy; optimization; financing.

### Introduction

Under current conditions, forest management of Ukraine is facing acute problems to be urgently resolved. The society is still not deeply aware of the multifaceted environmental functions of forests, affecting the socio-economic aspects of management. At the same time, the actual state of forests and forestry in Ukraine does not fully meet modern environmental, social and economic requirements. Important tasks of the forestry sector are the rational and efficient use of forest lands, forestry and environmental capacity building of Ukrainian forests, increasing their productivity and enhancing biological stability (Tkach, 2012). This involves developing a package of measures related to an improvement of legislative regulation of forest relationships. Therefore, further development of forest relationships, the definition of the organizational, economic and legal mechanism for reforming forestry in the country are extremely important and need to be solved (Tkach & Torosov, 2005; Ilavský & Válek, 2007; Syniakovych, et al., 2008; Banchuk, 2009; Tkach, 2012; Torosov, 2012; Nakonechna, 2015).

The study aims to substantiate theoretical approaches and applied aspects of forest management system reforming in the country.

### Basic provisions

The reformation of forestry of Ukraine must rely on modern models of forest management improvement and on the system of science-based measures. The reformation of forest management system depends on the improvement of forest relations at all hierarchical levels of the branch, on the one hand, and the system itself has a direct impact on their development, on the other hand. These processes are objectively of interdependent nature (Fig. 1).

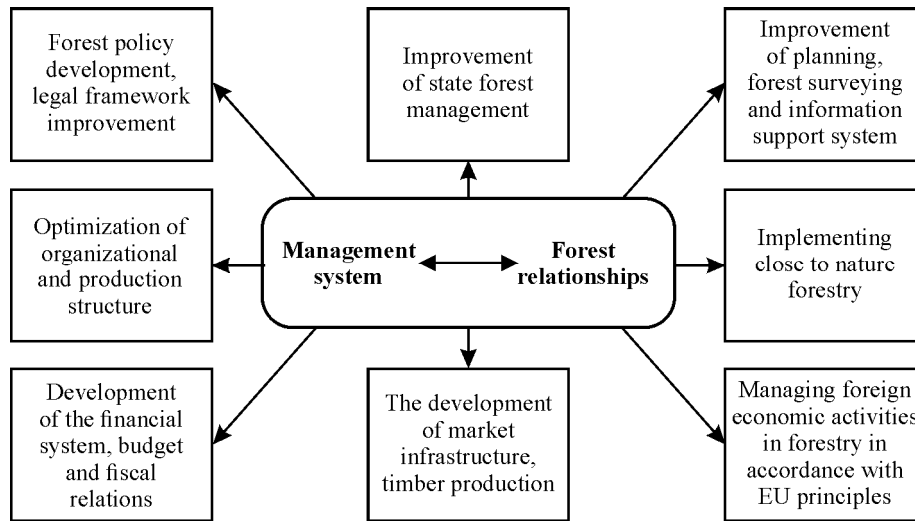
Thus, when improving forest management, account must be taken of the peculiarities of forests and forestry in Ukraine compared to other European countries, namely: the relatively low average forest cover percentage in the country; location of forests in various natural zones (Polysyya (Woodlands), Forest-Steppe, Steppe, the Ukrainian Carpathians and the Crimean Mountains); limited exploitation val-

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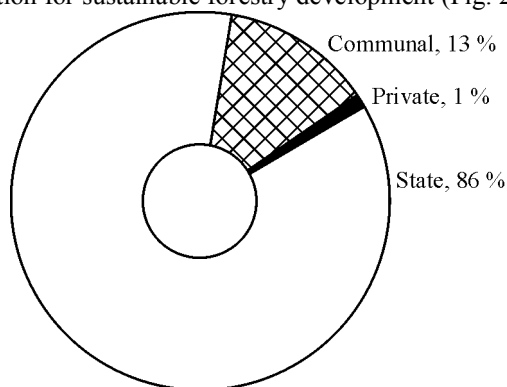
ue of forests; contamination of large areas of forests, etc. The features of forest management are determined by the Forest Code of Ukraine and are related primarily to forests' ecological and protective functions. In this respect, organizational and management structure must fit with the peculiar nature of forestry production in the general system of En-

vironmental Resources Management, ensuring the implementation of the strategic business lines of the branch, and effective forest management in all forests of Ukraine regardless of ownership, taking into account environmental, economic and social requirements.



**Figure 1.** Development of forest relations and forestry management system

Note that forest relations in Ukraine, including forest ownership, are regulated by the Forest Code. Legislative rules concerning different forms of ownership (state, municipal and private) are aimed at ensuring a balance of interests between the government and various social groups in the realization of their rights to forests that is an important precondition for sustainable forestry development (Fig. 2).



**Figure 2.** Ownership structure of Ukrainian forests, %

Management improving should address all forms of forest ownership. However, at the present stage of social and socio-economic relations, it is advisable to preserve mainly the state form of ownership of forests.

The decentralization of state management of the economy, which began in Ukraine, will contribute to the development of communal ownership of forests. The development of private forestry should be coordinated with the features and traditions of forest management in different regions. In Ukraine, an experience of private forestry is almost lost; the rules of a state-private partnership have not formed yet. Therefore, unreasonable, large-scale, privatization of forestry enterprises and forest lands can lead to many adverse effects. Thus, it is important to determine the optimal ratio of state, communal and private ownership of forests that meets the specific historical, social and socio-economic stage of development of the state and takes into account the traditions of forestry in Ukraine.

Under current conditions, it is also necessary to maintain the centralized state system of forest management in Ukraine. In almost all developed countries, the top-down governance of forestry operates at the national and regional levels. At the same time, the name of a central administrative body (Ministry of Forestry, department, agency, service as a part of other ministries) is not important. The common feature of many European countries is the combination of efficient market mechanism in forestry and state regulation of forest relations. The experience of reforming the system of forest management in Central and Eastern Europe (Poland, Czech Republic, Slovakia, Lithuania, Latvia and other countries) indicates the absence of a separate (independent) administrative body (Ilavský & Válek, 2007). Usually, the centralized management of the forestry sector in these countries is provided through appropriate structural units (departments, divisions, etc.) in the ministries that perform supervising and monitoring functions. In many countries, nationwide forest managing is provided by national and regional forest offices and forestry enterprises. These enterprises manage forests in a designated area and perform forestry activities involving private entities.

The experience of European countries (including Poland, Latvia, and others) with successfully operating state government and economic entities should be also considered when differentiating administrative and economic functions in Ukrainian forestry. In these countries, the traditions of economic management bear many similarities to Ukrainian ones. Improving the state management of forests is an essential component of institutional reforms in the overall system of environmental management of the country. This requires administrative decentralization, separation of control and economic functions in the management of forests at all levels, and delegation of the relevant powers to the economic entities. At the same time, it is important to balance the interests of administration and economic entities and to optimize the organizational structure of forestry in accordance with market requirements at all levels (Tkach & Torosov, 2005; Torosov, 2012).

Note that a separation of control and economic functions in forestry relations is found in Ukraine, too. In particular, the activity of the State Forest Resources Agency of Ukraine (State Forestry Agency) as a central dedicated executive authority on forestry and hunting is directed and coordinated by the Minister of Agrarian Policy and Food of Ukraine. State Forestry Agency operates in accordance with the Forest Code of Ukraine. This activity is to perform state management and to coordinate implementation of actions in forestry, to make proposals regarding the shaping and implementation of forest policy, to develop and implement appropriate national and regional programs of forest development, to develop and approve the legal framework of forest management, to enforce rules and regulations on forest management, etc. These functions of State Forestry Agency are not significantly different from those in European countries. Forestry enterprises provide direct management of forest resources in a given area. A significant number of them already use the European economic model involving business entities to perform forestry activities.

However, these features of modern forest management in Ukraine are actually "formal" because they are based on the forest management system that has been existing for decades and which has not changed since the days of the former USSR. At the same time, let us pay attention to the positive aspect of this "conservatism": forestry sector is almost the only one in the country that has maintained its integrity and remains steady. However, Ukraine's choice of European vector of development determines the need for appropriate reforms in the forestry. In this regard, one must, first of all, use the elements of forestry reforming which are classic and generally accepted for a market economic system.

Ukrainian forestry reforming requires organizational changes and development of a number of regulations which would take into account the fact that different branches of government should not formally, but actually perform the functions of policy shaping, monitoring, and management. Performing these functions provides for a clear division of powers, rights, and responsibilities between administration and economic entities. This requires amending the Forest Code of Ukraine and the development of a number of relevant regulations that will govern relationships concerning state control and management of forest relations.

Following the example of a number of Eastern European countries (Poland, Czech Republic, Slovakia, Latvia, Lithuania, etc.) it is advisable to differentiate managerial, economic and control functions through the establishment of state forestry structure with subordinated state associations and enterprises (as juridical persons) in different territory administration units of Ukraine. One form of such a structure may be State Forestry Corporation established under the Ministry of Agrarian Policy and Food of Ukraine. The Corporation will perform economic functions regarding state-owned forests only that prevail and must prevail in Ukraine.

Certain subordinate acts should be elaborated and adopted for communal and private-owned forests that will regulate the peculiarities of their functioning. As noted above, the central executive body on forestry will carry out framework supervision over their activities. An appropriate legal document should be also developed for the implementation of the mechanism of the noted control.

Note that during the fundamental change of the forestry management system of Ukraine one should not concentrate on the external side of the reform only, leaving its content to be formal. It is necessary to take into account the objective circumstances of economic relations and features of forestry in various regions of Ukraine. Therefore, we should not overapply forestry experience of the European countries. The history and traditions of Ukrainian forestry, as well as foresters' way of thinking, must be taken into account while implementing the reform. Strictly following the principle of separation of control and economic functions, every developed European country formed up its own management organizational structure based on the specific features of the forestry.

Generally, reforming the forestry management system in Ukraine requires significant amending the current legislation, the relevant improvement of the legal base of the forestry sector, the establishment of new institutions at central and territorial levels and optimizing the organizational structure of forest enterprises.

At the same time, it is necessary to improve the mechanism of forestry funding. The basis of the financial system, which ensures the reproduction of forest resources, must be the payments for forest resources which make a forest income. Current Forest Code of Ukraine provides for usage of forest land resources on a paying basis. Payments for forest resources should be set taking into account the methods of state regulation and market pricing.

Relevant economic standards should be a scientifically grounded basis for improving methods of the branch financing. Standard funding allows putting producers in the equal economic conditions. For that, it is necessary to introduce a pricing mechanism that is based on the full standard value of production taking into account the user value of forest products. Floor prices are formed on the basis of the standard value. Actual prices will be formed on the basis of market demand and supply, but they cannot be below the price floor.

The financial and economic analysis of forestry enterprises activity all over the country made it possible to reasonably determine the mechanism for financing forestry sector through the development of the special forestry budget (on the model of Poland). The calculations clearly indicate the possibility of self-financing of forestry activities if the following conditions are fulfilled: enterprises of forest-resource regions (Polissya (Woodlands), Forest-Steppe, Carpathians) realize forest management at the expense of their own funds; in these enterprises, standard payment to a special fund for financing forestry of Ukraine is established in the amount of 5-10 % of the revenue received from the sale of forest products. This will allow planning revenues and expenditures of economic activity, determining the amounts of financial subsidies to enterprises, first of all, of the sparsely wooded (steppe) regions. Creation of a special fund for Ukrainian forestry financing will enable implementing the principles of self-financing of the branch in the performance of forestry activities, leaving the state budget (like in other countries) to finance only public issues of importance (forest fire protection, pest and disease control, land erosion control, management of nature reserve fund, construction of forest roads, forest inventory and monitoring of forests, education and science).

An important component of the financial system of the forestry sector is customs-tariff regulation. Revenues from foreign economic activities of forestry enterprises (timber export) allow covering largely the costs for forestry activities. When exporting timber, measures of state regulation and available market instruments for the sale of timber on exchange trading and auctions involving all concerned entities, including foreign ones, should be applied. This also should take into account the fact that in 2008 Ukraine joined the WTO member countries for which general timber export and import regulations are governed mainly by provisions of GATT (General Agreement on Tariffs and Trade). Thus, the legislative, institutional and economic conditions for the inter-sectoral interaction of forestry and forest industry complex of the country are needed to be improved within the foreign economic activity context.

In modern conditions of harmonizing economic, environmental and social components of the state development under the international cooperation on implementing the principles of sustainable development, it is necessary to have a clear vision of the prospects for development of economic and environmental management. However, in Ukraine, unlike most of the European countries, a National Forest Policy that would be approved by parliament or government has not been developed yet. The development of National Forest Policy of Ukraine is necessary because of the international requirements for sustainable forest management, on the one hand, and the internal needs of the state for transparency and predictability of actions at different hierarchical levels, on the other hand (Syniakovych, et al., 2008; Banchuk, 2009; Tkach & Torosov, 2005).

National Forest Policy of Ukraine should be an important part of the overall strategy of sustainable socio-economic and environmental development of the country for a long period of time. It is on this basis that the reform of the system of forest management and forest relations must be implemented as well as the program of forestry sector development must be elaborated and the legislation regulations for the implementation of relevant programs in compliance with international obligations of Ukraine must be developed. National Forest Policy as a conceptual and legal nationwide document should unite political, economic, social and environmental objectives for the sustainable forest management implementation and efficiency improvement of the forestry sector of the economy.

## Conclusions

Improving forest relations and the system of forest management in Ukraine requires appropriate scientific and methodological grounds. The conceptual approaches to re-

form the socio-economic system of the country as a whole should be considered methodologically in determining the tendency of forest management and forest relations. Therefore, the forest sector cannot be described as self-regulating closed departmental structure, excluding the impact of socioeconomic factors in Ukraine. In accordance with these principles and with European forestry practices, the areas of improvement of forest relations and the system of forest management in modern conditions have been identified.

The problem of improving the state policy on forest management, reforestation, and forest conservation covers a wide range of legal, economic, organizational, financial, and environmental issues and requires a comprehensive solution. Forestry sector development strategy has to be flexible; it should be periodically reviewed and adapted to changes in legal, social, economic and environmental conditions of the state taking into account the advanced world trends. A gradual transition of Ukrainian forestry sector to European norms of forest management requires a series of measures on adjusting forest policy, improving state forest management, strategic planning and financing of forestry activity.

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## СУЧАСНІ ПРОБЛЕМИ УДОСКОНАЛЕННЯ ЛІСОУПРАВЛІННЯ В УКРАЇНІ

Державна політика у сфері лісокористування, лісовідновлення та збереження лісів формується переважно залежно від динаміки розвитку суспільно-політичних і економічних відносин в країні, ступеня реформування безпосередньо лісових відносин та відповідності лісогосподарської діяльності науково-обґрунтованим засадам сталого управління лісами. Розглянуто і визначено основні напрями удосконалення лісових відносин та реформування системи управління лісовим господарством України. При реформуванні лісової галузі необхідно використовувати європейські моделі лісоуправління з урахуванням вітчизняного досвіду і традицій ведення лісового господарства в країні та опиратися на систему науково-обґрунтованих рекомендацій. Дослідження щодо удосконалення лісоуправління були спрямовані на вивчення сучасного стану лісів України, удосконалення системи державного управління лісовим господарством України, удосконалення механізму фінансування лісового господарства, розроблення Національної лісової політики України. При удосконаленні лісоуправління враховуються особливості лісів та лісового господарства України порівняно з іншими європейськими країнами, а саме: відносно низький

середній рівень лісистої території країни; розташування лісів у різних природних зонах (Полісся, Лісостеп, Степ, Українські Карпати та гірський Крим); обмежене експлуатаційне значення лісів; радіоактивне забруднення значної площі лісів тощо. Реформування системи управління лісового господарства України потребує внесення істотних змін та доповнень до чинного законодавства, відповідного удосконалення нормативно-правової бази лісової галузі, створення нових інституцій на центральному і територіальному рівнях та оптимізації організаційно-виробничої структури лісогосподарських підприємств. Удосконалення лісових відносин та системи управління лісовим господарством в Україні потребує відповідного науково-методичного обґрунтування. Методологічно при визначенні напрямів розвитку лісових відносин та лісоуправління слід враховувати концептуальні підходи щодо реформування соціально-економічної системи країни загалом. Виходячи з цього, лісову галузь не можна розглядати як здатну до саморегуляції замкненої відомчої структури, без урахування впливу соціально-економічних факторів в Україні. Відповідно до цих принципів та з урахуванням європейського лісівничого досвіду визначено напрями удосконалення лісових відносин та системи лісоуправління в сучасних умовах. Проблема вдосконалення державної політики у сфері лісокористування, лісовідновлення та збереження лісів охоплює широке коло правових, економічних, організаційних, фінансових, природоохоронних питань та потребує системного вирішення. Стратегія розвитку лісової галузі має бути гнучкою, її потрібно час від часу переглядати, адаптуючи до зміни нормативно-правових, соціально-економічних та екологічних умов держави і враховуючи прогресивні світові тенденції розвитку. Поступовий перехід лісової галузі України на європейські стандарти ведення лісового господарства потребує проведення низки заходів з коригування лісової політики держави, удосконалення державного управління лісами, перспективного планування та фінансування лісогосподарської діяльності.

**Ключові слова:** лісове господарство; підприємство; лісові відносини; удосконалення лісоуправління; лісова політика; оптимізація; фінансування.

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## **СОВРЕМЕННЫЕ ПРОБЛЕМЫ СОВЕРШЕНСТВОВАНИЯ ЛЕСОУПРАВЛЕНИЯ В УКРАИНЕ**

Государственная политика в сфере лесного хозяйства формируется главным образом в зависимости от динамики развития общественно-политических и экономических отношений в стране, степени реформирования непосредственно лесных отношений и соответствия лесохозяйственной деятельности научным обоснованным принципам устойчивого управления лесами. Рассмотрены и определены основные направления совершенствования лесных отношений и реформирования системы управления лесным хозяйством Украины. При реформировании лесной отрасли необходимо использовать европейские модели лесоправления с учетом отечественного опыта и традиций ведения лесного хозяйства в стране и опираться на систему научно-обоснованных рекомендаций. Исследования по совершенствованию лесоправления были направлены на изучение современного состояния лесов Украины, совершенствование системы государственного управления лесным хозяйством Украины, совершенствование механизма финансирования лесного хозяйства, разработки Национальной лесной политики Украины. При совершенствовании лесоправления учитываются особенности лесов и лесного хозяйства Украины в сравнении с другими европейскими странами, а именно: относительно низкий средний уровень лесистости территории страны; размещение лесов в разных природных зонах (Полесье, Лесостепь, Степь, Украинские Карпаты и горный Крым); ограниченное эксплуатационное значение лесов; радиоактивное загрязнение значительной площади лесов страны и др. Реформирование системы управления лесным хозяйством Украины требует существенных изменений и дополнений в действующее законодательство, соответствующего совершенствования нормативно-правовой базы лесной отрасли, создание новых институций на центральном и территориальном уровнях, оптимизации организационно-производственной структуры лесохозяйственных предприятий. Научное обоснование стратегии развития отрасли лесного хозяйства в условиях реформирования экономики и социально-экономических отношений в стране позволит решить вопросы развития лесных отношений в перспективе и соответственно отразится в лесной политике Украины. Данный этап реформирования необходимо рассматривать как период, связанный с совершенствованием системы государственного управления и формированием соответствующей нормативно-правовой базы для обеспечения преобразований в лесном хозяйстве. Направления реформирования отрасли должны соответствовать современным реалиям и тенденциям развития общества, экономики страны и непосредственно лесного хозяйства. Совершенствование лесных отношений и системы управления лесного хозяйства Украины требует соответствующего научно-методического обоснования. Методологически при определении направлений развития лесных отношений и лесоправления необходимо учитывать общие подходы реформирования социально-экономической системы страны в целом. Исходя из этого, лесную отрасль нельзя рассматривать как замкнутую ведомственную структуру, способную к саморегуляции, без учета влияния внешних социально-экономических факторов. Именно на таких принципах и с учетом европейского опыта преобразований рассмотрены направления совершенствования управленческого и организационно-экономического механизма в лесном хозяйстве в современных условиях и перспективе. Проблема совершенствования государственной политики в сфере лесопользования, воспроизводства и охраны лесов охватывает широкий круг правовых, экономических, организационных, финансовых, природоохранных вопросов и требует системного решения. Стратегия развития лесной отрасли должна быть гибкой, ее необходимо периодически пересматривать, адаптируя к изменениям нормативно-правовых, социально-экономических и экологических условий страны, учитывая прогрессивные мировые тенденции развития. Постепенный переход лесной отрасли Украины на европейские стандарты ведения лесного хозяйства требует проведения ряда мероприятий по корректированию лесной политики страны, совершенствованию государственного управления лесами, перспективному планированию и финансированию лесохозяйственной деятельности.

**Ключевые слова:** лесное хозяйство; предприятие; лесные отношения; совершенствование лесоправления; лесная политика; оптимизация; финансирование.