



Summary and recommendations

Background, grounds for assessment and issues

Protection of valuable forest land is an important means of achieving the environmental quality objectives that the Riksdag has decided upon, above all the objective of Sustainable forests. The protection of forests is also important for achieving the established objectives for outdoor recreation. The state can establish formal protection of forest land through the formation of national parks, biotope conservation areas, nature reserves or by signing nature conservation agreements. Formal protection of forests is financed through state appropriations. The Swedish Environmental Protection Agency's appropriation for protection and measures for valuable nature (including forests) altogether amounts to just over SEK 2.5 billion for 2018. Additionally, the Swedish Forest Agency's appropriation for the formation and maintenance of biotope conservation areas and nature conservation agreements amounts to nearly SEK 400 million. Beyond the state's formal protection of forests, the forest owners themselves are also expected to contribute through voluntary set-asides of forest.

The purpose of the audit is to assess whether or not the state's efforts to protect valuable forest are effective in contributing to the achievement of the objectives of the Riksdag and the Government with regard to environment and outdoor recreation. The Riksdag has emphasised the importance of cost-effective measures for the achievement of the environmental objectives. Therefore, an investigation of the cost-effectiveness of the forest protection work is a natural starting point for the audit.

The state has formulated quantitative objectives for formal protection and voluntary set-asides. The audit thus concerns both forms of protection, but the audit questions differ for each of them. From a state perspective, it is important to investigate whether or not the resources for formal protection are being used cost-effectively. However, in order to achieve cost-effective formal protection work, the state also needs to address forest owners' voluntary set asides. *How* the state should address these is to be determined by the extent to which the voluntary set-asides constitute complementary contributions to the achievement of the objectives. The audit was conducted based on the following questions:

1. Are state resources for formal protection being used cost-effectively?
2. To what extent do voluntary set-asides supplement formal protection?

The results of the audit

The audit shows that the state's combined efforts to protect valuable forest can be improved.

The Swedish National Audit Office's general conclusions are as follows:

- The forest protection work has so far primarily focused on area objectives and percentages at the national level. To achieve the objectives, the work should also focus on the quality and function of the areas to a greater extent. This requires increased awareness of areas requiring protection, protection needs and voluntary set-asides, along with a higher degree of strategic planning and prioritising of areas, as well as increased maintenance efforts.
- The Government and agencies should take into account that the costs for protection can be affected by the form of protection that is used and the compensation that is paid.
- In order for there to be transparent and comparable follow-up and reporting of the objectives to the Riksdag, there needs to be more consensus around which areas are to be approved for formal protection and voluntary set-asides, as well as increased coordination of statistics.

- There is also a need for clarification of the meaning of sector responsibility in terms of the responsibility of the state and landowners in achieving the environmental objectives.

The general conclusions are in turn based on the assessments that the Swedish National Audit Office has made within the framework of each audit question concerning formal protection and voluntary set-asides. The most important conclusions for each audit question are presented below.

Are state resources for formal protection being used cost-effectively?

The Swedish National Audit Office's assessment is that the cost-effectiveness of the formal protection work can be improved. The cost-effectiveness is affected in large part by: the degree of *strategic planning and prioritising* of areas requiring protection, *choice of the form of protection and design of the compensation*, the work processes in the form of, for example, the agencies' *labour distribution* and conditions for *strategic planning*, as well as *administration* of areas.

The agencies' new strategy constitutes practical support for prioritising, but risks missing long-term objectives

According to the Swedish National Audit Office's assessment, the agencies' revised strategy for formal protection of forest has a solid foundation for giving practical guidance on the prioritisation of areas that are in line with the Riksdag's objectives. However, the strategy prioritises areas with existing values ahead of the restoration of development land, e.g. land that is able to develop high conservation values. Not least in southern Sweden, the restoration of development land is necessary to achieve the environmental objective. According to the Swedish National Audit Office, in order to achieve the long-term objective, there should also be a strategy for the restoration of development land.

Increased knowledge on areas requiring protection is necessary for more strategic work and effective prioritising.

Sufficient knowledge on areas requiring protection and overall protection needs is a basic prerequisite for strategic planning and effective prioritising of areas. As there has not been a comprehensive national inventory of conservation values since 2005, the Swedish National Audit Office considers the investment in a national woodland key habitat inventory in the 2018 state budget to be important. An updated knowledge base is necessary for the agencies to be able to work more strategically and to minimise the

amount of cases that are initiated as a result of urgent threats when felling is reported. Furthermore, this is a prerequisite to increase the predictability of forest protection work for the forest owners. Along with new knowledge on areas requiring protection, an updated needs analysis should also be conducted with the aim of clarifying current protection needs in order to meet long-term environmental and outdoor recreation objectives in different regions.

Risk of the protection becoming more extensive (and more expensive) than necessary in certain cases

The choice of the form of protection and the design of the compensation can affect the cost-effectiveness. Encroachment compensation is often paid when nature reserves and biotope conservation areas are formed, which has amounted to 125 per cent of the market value of the user restrictions caused by encroachment since 2010. The landowner's right to encroachment compensation is protected by the constitution. In order to achieve cost-effective protection it is important that the areas, for which encroachment compensation is paid, have high protection values. The audit shows that there is a risk that the protection is more extensive (and more expensive) in certain cases than what is required to fulfil the purpose of the protection. When nature reserves are formed, the extent to which lesser valued land is included in the reserve should always be carefully evaluated, or if the purpose of the protection of such land can be fulfilled by alternative means, without encroachment compensation being paid.

In areas where forestry is pursued, the formation of nature reserves and biotope conservation areas often means permanent production loss. In certain types of areas, time-limited nature conservation agreements can be a suitable alternative in terms of protection. The Government and the Riksdag have emphasised that nature conservation agreements should be used to a greater extent in order to achieve more cost-effective protection. Although the compensation for nature conservation agreements was raised in 2010 with the aim of increasing the landowners' interest in this type of agreement, the number of newly-signed agreements continues to decrease. All audited agencies cite the reason as being the compensation level, which is still relatively low compared to the encroachment compensation. According to the Swedish National Audit Office, there is reason to review how the economic incentives can be increased to get landowners to sign nature conservation agreements with the purpose of increasing the use of this form of protection, given that one of the conditions is that the landowner is in favour of such.

The complementary working method Nya Komet is unable to be cost-effective unless alternative forms of protection and compensation are used

Nya Komet is a complementary working method for formal protection that is based on landowner initiatives, and it was introduced across the country in 2015. The purpose of the method was twofold: to improve the collaboration with landowners and to improve the cost-effectiveness of protection work. According to the agencies, this working method has contributed to a better dialogue with landowners. However, interest from landowners has been relatively low and the audit shows that the Nya Komet working method, in its current state, is unable to be cost-effective, as both the forms of protection and forms of compensation are the same, but the conservation values are often lower, in areas initiated through Nya Komet. Furthermore, the working method requires higher administrative costs than traditional conservation work. In order for Nya Komet to be a complementary working method that is more cost-effective than traditional protection work, other forms of protection, apart from nature reserves and biotope conservation areas, need to be used with more flexible compensation.

Compensation land can be an effective method to quickly increase the total protection but is not a solution for southern Sweden

An alternative form of compensation that is used in formal protection work is compensation land for land trades. This means that the landowner acquires productive forest land, instead of monetary compensation, in exchange for forest land with high conservation values. The benefits of this form of compensation are, above all, the avoidance of supplement charges for encroachment compensation and lower transaction costs. However, the Government's expressed focus regarding the use of compensation land has been to quickly protect a large area of land in order to achieve their area objectives on time. According to the Swedish National Audit Office, there is reason to question the extent to which compensation land can be used in order to increase protection in southern Sweden, where the protection need is proportionally greater and where the ambition level of the objective also requires restoration of development land. The Swedish Environmental Protection Agency is currently analysing the results from the most recent land exchange deals where compensation land was used. The Swedish National Audit Office emphasises the importance of the results being reported to the Riksdag so that they can be considered before new deals with compensation land are decided upon.

The county administrative boards need better conditions for strategic planning

Strategic work is important in order to be able to achieve the ambition level of the objectives. The audit shows that the working method at several county administrative boards is to a large extent event-driven. More strategic work on the county administrative boards would also lead to increased predictability in terms of the Swedish Environmental Protection Agency's annual distribution of land resources. However, the agencies must have the conditions to be able to work strategically. The Swedish National Audit Office's assessment is that the insufficient predictability of the Swedish Environmental Protection Agency's distribution of resources can hinder the county administrative boards' ability to plan long-term work. The temporary contributions in recent years made to the county administrative boards to be able to close cases and make decisions regarding nature reserves have reduced the amount of open cases, to a certain extent, have also contributed to increased competence provision. However, temporary contributions are not a long-term solution.

The division of responsibilities between the agencies has consequences for the follow-up in the form of a lack of statistical compilation

The division of responsibilities between the agencies with regard to the type of formal protection that each agency primarily works with may have consequences in terms of the reporting and follow-up of the work. Each agency first and foremost reports the results of their own work with formal protection. There is currently no regular production of compiled statistics for the total area of land with formal protection, as formulated by the intermediate objective. This production is necessary, according to the Swedish National Audit Office, if there is to be transparent and comparable follow-up of the environmental objectives and reporting to the Riksdag. The Government's modified definition of which area is to be included in the current intermediate objective, in comparison to the earlier intermediate objective, could be a contributing cause to the shortcomings in the follow-up of the objectives. In order for the follow-up of the objectives to be transparent, there needs to be a clear and accepted definition of which area is to be approved.

Environmental maintenance needs to be prioritised

The administration of protected areas deals both with environmental maintenance in order to preserve the values of the areas and with measures to make these areas accessible for outdoor recreation. The Swedish National Audit Office has primarily identified shortcomings in the environmental maintenance work carried out by the

agencies in protected areas. The audit shows that environmental maintenance has not been sufficiently prioritised for a long time by the agencies. In the areas requiring maintenance, there is a risk that the values meant to be preserved by the protection will diminish. Furthermore, the Swedish National Audit Office would like to emphasise the importance of ongoing work with a common strategy for environmental maintenance and the restoration of development land, as well as the prioritisation of updated administrative guidance by the agencies.

To what extent do voluntary set-asides supplement formal protection?

According to the Riksdag and the Government, voluntary set-asides are to be regarded as a satisfactory component for the achievement of the objectives. However, according to the Swedish National Audit Office, further efforts from the state are required to be able to assess the complementary contribution of the set-asides to the achievement of the objectives. Moreover, conversions of voluntary set-asides to formal protection need to be clearly motivated, as this can affect the achievement of the objectives.

Uncertainty as to the meaning of sector responsibility may have undesirable consequences

Through sector responsibility, forest owners are expected to take on more responsibility than what the law requires for the purpose of achieving the environmental objectives, for example through voluntary set-asides. The audit shows that the meaning of sector responsibility is unclear, both with respect to how the Government communicates and the agencies act, and how forest owners understand their own responsibilities. The Government's formulation of the intermediate objective for voluntary set-asides could be interpreted as the Government considering the sector responsibility of the forestry industry as surpassing the industry's certification requirement of 5 per cent voluntary set-asides. The agencies are acting as though the requirement of 5 per cent voluntary set-asides within the context of certification constitutes a reasonable level of sector responsibility, while forest owners point out that the division of responsibility is unclear as measures above that level do not necessarily entitle them to compensation for formal protection. Uncertainty as to the meaning of sector responsibility, with regard to the delimitation of the responsibilities of the forestry industry and the state, may have undesirable consequences as it hinders improved transparency regarding voluntary set-asides and increases the risk of losing land values that have yet to be determined.

Knowledge on the quantity, quality and sustainability of the set-asides needs to be increased

In order to assess the contribution of the voluntary set-asides to the achievement of the objectives, the state needs to have sufficient knowledge on these. The audit shows that the state does not have this, especially with regards to quality and sustainability. Although both the Riksdag and the Government have on many occasions pointed out the importance of the state acquiring this knowledge, the Swedish Forest Agency's efforts have so far not been sufficient, despite the fact that this is the agency responsible for the follow-up of the environmental objective Sustainable forests. The Swedish National Audit Office therefore considers the ongoing work to more clearly map the characteristics of the voluntary set-asides, as carried out by the Swedish Forest Agency, to be essential and would like to underline the importance of this mapping being regularly followed up, developed and reported to the Riksdag. The Government's unclear definition of voluntary set-asides through the formulation of the intermediate objective, which is based on the total area of land regardless of the conservation value qualities, could be a contributing cause to the agency's failure to focus on the follow-up of the set-asides' quality.

The conversion of voluntary set-asides to formal protection affects the achievement of the objectives and increased consensus on the motives is needed.

In order to achieve cost-effective protection work, the agencies should take into account the landowners' voluntary set-asides. In the event that a voluntary set-aside with high protection values is found to be threatened, this threat can serve as a motive to convert the set-aside to formal protection. However, since there is a risk that conversions of voluntary set-asides to formal protection will lead to higher costs and diminished fulfilment of objectives, a careful evaluation should be conducted in each individual case. The Swedish National Audit Office assesses that increased consensus is needed between agencies regarding the motives for conversion. Voluntary set-asides have also been converted to formal protection on state land as a result of political decisions. Before such decisions are made, it is important to consider the effect of the conversion on the achievement of the objectives in its entirety.

Recommendations

Recommendations for the Government

- The Government should initiate an updated, regional analysis for the purpose of clarifying protection needs in different regions in order to achieve set objectives regarding environment and outdoor recreation. This should be done along with the national inventory of conservation values.
- The Government should consider how formal protection and voluntary set-asides are to be defined after 2020 in order for the intermediate objective to provide, in an expedient manner, both guidance for achieving the environmental quality objective of Sustainable forests and the proper conditions to allow for coherent, transparent and comparable follow-up.
- The Government should initiate a review of Nya Komet with the purpose of ensuring that the method is able to be a cost-effective complement to traditional protection work. The review should investigate:
 - if the landowner's economic incentives to sign nature conservation agreements can be strengthened for in order to increase the use of this form of agreement
 - if there is reason to develop new forms of agreement, for example in order to be able to be protect development land or other areas with somewhat lower protection values in a cost-effective manner.
- The Government should review the possibilities of improving the conditions in which the county administrative boards are able to work more strategically with formal protection. The review should cover the forms of financing and should aim to increase the possibilities of maintaining long-term competence.
- The Government should clarify the meaning of sector responsibility in terms of the landowner's own responsibility for voluntary set-asides, as well as clarify where the state's responsibility lies and its extent.

Recommendations for the agencies

- The Swedish Environmental Protection Agency and the Swedish Forest Agency should coordinate the reporting and follow-up of the environmental objectives. According to the formulation of the intermediate objective, a report of the compiled statistics for formal protection of forests is a requirement for transparent and comparable follow-up of the objective.
- Through clarification on the part of the Government, the Swedish Forest Agency should more clearly communicate the meaning of sector responsibility to forest owners in terms of the division of responsibility between forest owners and the state.

- The Swedish Environmental Protection Agency and the Swedish Forest Agency should establish common criteria for ascertaining when a conversion from voluntary set-asides to formal protection may be justified.