

Environmental and Social Data Sheet

Overview

Project Name:	ROMANIA FOREST REGENERATION-SLB (NCF)
Project Number:	2020-0838
Country:	Romania
Project Description:	<i>The project consists of investments in about 2,200 ha of forests in Romania aimed to enhance the forest management regime towards closer to nature practices, natural regeneration and enhanced ecologic and biodiversity conditions.</i>
EIA required:	no
Project included in Carbon Footprint Exercise ¹ :	yes

(details for projects included are provided in section: "EIB Carbon Footprint Exercise")

Environmental and Social Assessment

Environmental Assessment

In the project development area the Promoter will invest in enhancement of the forest management regime from current sub-optimal management towards continuous cover forestry (CCF) and achieving forest certification² by implementing sustainable forest management (SFM) principles. The project will have a strong focus on applying close-to-nature forestry and biodiversity enhancement approaches, fostering natural regeneration and other climate adaptation measures. The Promoter's investment and forest management strategy are expected to increase the resilience of forest ecosystems, leading to enhancement of the ecologic and economic value of the existing forests.

This "close-to-nature" forest management approach helps maintaining the natural capital of mature and diverse forests to resist the threat and risks associated with climate change including higher risks of new pests and disease outbreaks. Measures will also target to benefit specialised woodland plants and animals that are dependent on dead wood as food and living space. Furthermore, the CCF approach has additional climate and environmental benefits such as longer-term carbon sequestration and storage in trees, litter and soils, or reduction of soil erosion and enhancement of fresh water quality.

The Promoter is a private sector company that has over 30 years of international experience (incl. in Romania) in managing forest assets and with strong capacities in afforestation, SFM, carbon offsetting and adoption and retaining FSC certification. It also has experience in valorisation of alternative forest products and ecosystem services. The Promoter manages its forests in line with SFM principles, international best practices and applicable EU and national legislation relevant for forestry sector activities. It applies a policy to ensure enhanced conservation and biological diversity of the forest assets, *inter alia*, by promoting natural fundamental type of forests through forest management plans (FMPs), retaining dead wood and old trees in the forests, and by establishing buffer zones around key habitats, and by implementing the provisions of the management plans of protected natural areas. For carrying

¹ Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20,000 tonnes CO₂e/year absolute (gross) or 20,000 tonnes CO₂e/year relative (net) – both increases and savings.

² Targeting the achievement of [Forest Stewardship Council \(FSC\)](#) certification for forest assets under management.

out thinning operations and regeneration felling, the Promoter fosters, to the extent possible, the use of horses, rather than motorized vehicles, which further enables a reduced environmental footprint and enhance soil protection and biodiversity benefits.

The project has been assessed for Paris Climate Agreement alignment and is considered to be aligned as it targets sustainable management of forests, including enhanced carbon sequestration and storage and biodiversity conservation. It qualifies for Focus Area 7 of the Climate Bank Roadmap: Protecting Nature.

EIB Carbon Footprint Exercise

In addition to increasing the economic and ecological value of forests, active SFM will bring increased carbon sequestration compared to the baseline, and potential carbon credits. For the Promoter's current investment pipeline, which entails investments in about 2 200 ha of forests, the average net annual carbon sequestration through improved forest management is estimated at 34.6 kt CO₂ equivalent³. Under the baseline scenario, sequestration levels are estimated at 21.9 kt CO₂ equivalent. Therefore, the relative annual carbon sequestration (net of emissions) through the project is 12.7 kt CO₂ equivalent.

For the annual accounting purposes of the EIB Carbon Footprint, the project emissions will be prorated according to the EIB lending amount signed in that year, as a proportion of project cost.

Social Assessment, where applicable

The promoter has and applies stringent social protection principles to its operations: For the selection of external service providers. the Promoter takes into consideration their professionalism, respect for forestry laws and procedures, reliability, operating capacity and solvency. The Promoter's service providers are required to conduct their activities in compliance with all health and safety laws and standards, in accordance with FSC standards, which is an eco-social label. The Promoter works closely with local communities providing job opportunities directly or indirectly, and in addition, provides affordable fuelwood for vulnerable population.

Promoter's social and environmental impacts are measured as part of the annual FSC audits, in particular through the evaluation of the following principles: workers' rights and working conditions, rights of indigenous peoples, relations with communities, benefits generated by the forest, environmental values and impacts, and high conservation values. A project undertaking will require that the promoter will comply with forest certification standards, either through achieving and retaining certification of assets under management or through enabling forest certification (i.e. roadmap to certification).

Public Consultation and Stakeholder Engagement

When required by the relevant national legislation, the Promoter will carry out meaningful stakeholder engagement following the principles established in the EIB's Environmental and Social Standards.

Other Environmental and Social Aspects

All forests managed by the Promoter in Romania have forest management plans (FMP)⁴ in place. To ensure the environmental sustainability of their activities, the Promoter aims to implement certain measures promoting environmental improvements in forestry operations, such as conservation of biodiversity, preservation and recovery of natural fragments of native vegetation, and mitigation of environmental impacts resulting from forestry works.

³ Based on [EIB Project Carbon Footprint Methodologies](#) and mean annual increment (MAI) of forests, expressed in m³/ha/year, as enshrined in the forest management plans.

⁴ FMPs are validated by the Ministry of Environment, Water and Forests (MEWF).

The Promoter holds Forest Stewardship Council (FSC) certification for its forest management company in Romania, which manages about 40% of their forests assets in the country. The process of FSC certification is ongoing for additional 30% of forests under management. Some 210 ha of forests are for preservation purposes, while some additional 1 500 ha are included in Natura 2000 network (i.e. sites of community importance), which are managed through the National Agency for Protected Natural Areas (NAPNA)⁵. The Agency develops strategic action plans and management plans of the protected areas, as well as implementation guidelines and monitoring methodologies. The Promoter observes the requirements set out in the management plans of Natura 2000 areas, as established by NAPNA. As result of application of SFM in line close-to-nature principles, large carnivores such as lynx, jackal, bear or wolf have been observed in the Promoter's forests.

Conclusions and Recommendations

The Promoter has proven capacity to implement SFM and international best practices in forestry (e.g. forest certification). The Project brings about positive climate, environmental, social and biodiversity benefits when SFM principles are applied.

Promoter shall comply with the following project undertakings to the finance contract:

- Applicable EU and national legislation for forestry sector activities⁶ in Romania, including *inter alia* valid forest management plans (FMPs), due diligence system in place (e.g. SUMAL⁷) in compliance with EU Timber Regulation No. 995/2010 and sustainability criteria defined in Directive (EU) 2018/2001.
- International best practices for SFM i.e. Forest Europe's Criteria and Indicators for SFM⁸ as enshrined in FMPs, and achieving and retaining forest certification⁹.
- Provisions of management plans for protected areas - MPPAs (Natura 2000) and ensure alignment between FMPs and MPPAs.
- EIB Environmental and Social Policy and [Standards](#).

With the above-referred conditions in place, the project is acceptable for EIB financing in environmental and social terms.

⁵ NAPNA is the authority responsible for managing nature conservation areas and reports to MEWF.

⁶ [Forests | Ministry of Environment, Water and Forests](#) (MEWF).

⁷ [SUMAL 2.0](#) is an integrated information (due diligence) system developed and launched by the MEWF for tracking wood materials in compliance with EU Timber Regulation and is legally binding for all forest value chain operators.

⁸ [Forest Europe's Criteria and Indicators for SFM](#)

⁹ Forests that are not yet certified will be subject to certification process with a target (roadmap) of achieving certification during the implementation period of the project.