

# THE NATIONAL FOREST OFFICE AND THE CHALLENGE OF ECOLOGICAL TRANSITION

Public thematic report

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## Summary report

Created in 1964, following the administration of waters and forests, which itself was the successor to centuries-old systems originating from a royal ordinance of 1346, the national forestry Office (*Office national des forêts*, ONF) is a public agency responsible for the sustainable management of public forests. In mainland France, this includes 1.7 million hectares of state-owned forests and 2.9 million hectares belonging to other public forest owners, primarily local authorities. The principles governing the management of these forests have been defined by the forest code since 1827 and form the basis of the "forestry regime."

With a budget exceeding €900 million and a workforce of 8,043 employees at the end of 2023, the ONF manages 25 % of the forested area in mainland France and markets 40 % of the timber produced in the country, making it a key player in the forestry and timber sector.

The ONF is also responsible for carrying out public-interest missions on behalf of the State, including biodiversity conservation and wildfire prevention. Additionally, as an industrial and commercial public agency, it operates in competitive markets by offering services such as forestry works, consultancy, and project management.

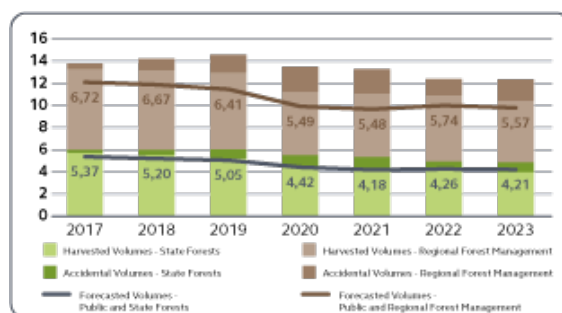
### Vulnerable public forests at the centre of ecological transition challenges

The increasing frequency of droughts in recent years has severely impacted forest stands, especially as these events are now often accompanied by outbreaks of insects that attack trees (such as bark beetles affecting conifers), leading to widespread forest dieback.

Between 2018 and 2021, 25,000 hectares of state-owned forests and an equal area of forests owned by local authorities were destroyed, necessitating an unprecedented reforestation effort supported by the central government since 2020 under the recovery plan and later through France 2030. However, this renewal of public forests is taking place in an uncertain context, with questions around which tree species to plant, the availability of seedlings, and the capacity of forestry contractors. Further complicating matters are numerous imbalances between forests and game populations, which require resolution through closer cooperation with hunting representatives—a process initiated in 2023.

Climate change is also slowing the growth of forest stands, which has, in turn, reduced the volume of harvestable timber. The biological production of French public forests decreased by 6.5 % between 2005 and 2021, and timber harvesting volumes have dropped by nearly 20 % over the past seven years. In contrast, the volume of accidental harvests increased by 160 % in State-owned forests and 277 % in other public forests between 2017 and 2022.

## Changes in timber harvest volumes and accidental harvests in state-owned and other public forests since 2017 (Mm<sup>3</sup>)



Source: Court of Accounts, based on ONF data – Detailed figures for harvested and accidental volumes are not available before 2017

Since 2017, the volume of timber put up for sale has decreased by 19 % in State-owned forests and by 4 % in other public forests.

The vulnerability of French forests has brought renewed attention to the environmental services they provide to users and their significance for biodiversity and carbon storage. The ONF must now fully integrate these elements into its management practices, in addition to production, which remains a strategic concern for both the organisation and the forestry sector. While biodiversity preservation already receives particular attention in public forests, the impact and effectiveness of the ONF's actions remain difficult to measure. In contrast, public forests' contribution to the carbon cycle and its value still lack practical applications in the ONF's management practices, due to insufficient scientific knowledge.

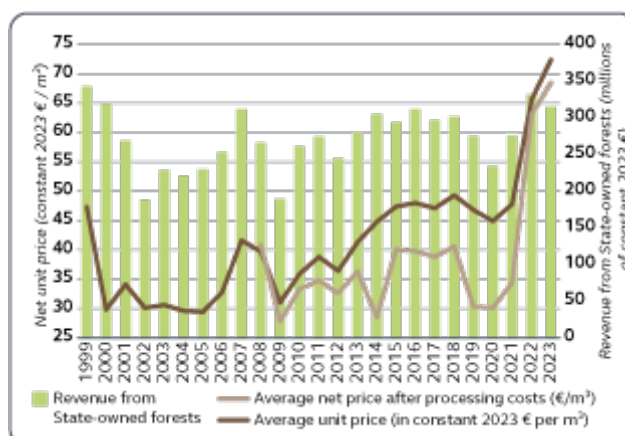
The challenges facing the ONF are numerous and complex. The planned management of forests over a 15 to 20-year period is now being called into question, as it is no longer suitable for the rapid and unpredictable changes in forest populations. In collaboration with its supervisory authorities and the *Fédération nationale des communes forestières* (FNCOFOR), the organisation has embarked on a process, which is not yet complete, aimed at updating management documents to make them more agile and responsive to these challenges. Furthermore, it is experimenting with diversifying silvicultural methods and tree species to enhance forest populations' resilience to water stress and other stress conditions, particularly through the concept of “*mosaic forest*.”

## An improving financial position

The financing of the ONF has historically been based on four economic sub-models corresponding to each of its statutory missions, which are partly interdependent.

In practice, the ONF's budget relies heavily on revenue from the sale of state-owned timber (€315.4 million in 2023, accounting for 40 % of its turnover), which is correlated with the international and volatile timber market.

## Evolution of turnover and unit prices of timber from state forests since 1999 (in constant 2023 euros)

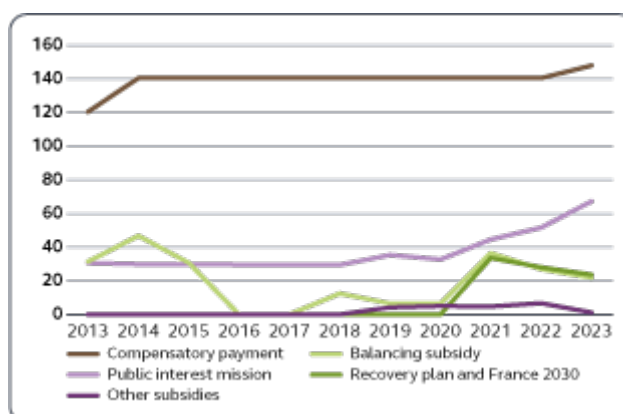


Source: ONF - Management Report 2023 (reprocessed by the Court of Accounts)

The improvement in the net result of the establishment observed in 2022 (€53 million) and 2023 (€51 million) is largely due to the surge in timber prices during this period (+50 % for the main marketed species). This contrasts with the previous situation, characterised by results that were, at best, slightly positive (2013 to 2016) but mostly deficit (2017 to 2021), which forced the establishment to rely on borrowing to finance its investments. Following a peak of nearly €400 million in 2020 and 2021, ONF's indebtedness has been reduced in 2022 and 2023, standing at €271.3 million.

This positive dynamic is also attributed to an increase in State subsidies to the establishment aimed at balancing the costs associated with the implementation of the forestry regime in other public forests and covering historically deficit interest missions.

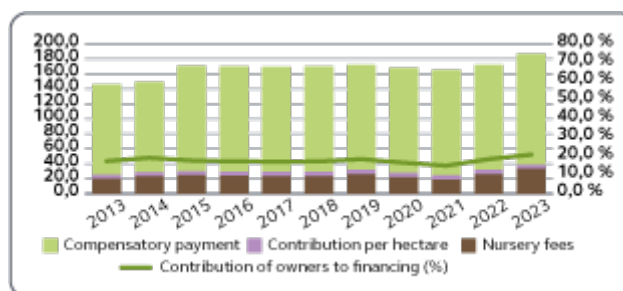
## Evolution of public subsidies between 2013 and 2023



Source: Court of Accounts

The compensatory payment granted to the ONF, in addition to the “management fees” and the per-hectare tax paid by public forest owners other than the central government for the implementation of the forestry regime (€39.1 million in 2023), was increased by €7.5 million in 2023, bringing the total to €147.9 million.

## Forestry regime funding implemented in other public forests since 2013 (in €M)



Source: ONF, reprocessed by the Court of Accounts

Relatively stable between 2013 and 2020 (averaging €32.8 million per year), state funding for the general interest missions entrusted to ONF did not cover the organisation's costs, despite the cost-recovery principle outlined in successive State-ONF contracts. Although state funding increased from 2021 (€51.5 million in 2022 and €67.2 million in 2023), enabling the ONF to finally achieve financial balance in 2023, the organisation must continue improving the accuracy of its general-interest mission cost assessments.

This shift since 2021 is also due to the ONF increasing the rates for its commercial services (work, surveys, expertise) and discontinuing less profitable activities. This strategy enabled ONF to operate its competitive activities profitably for the first time in 2023.

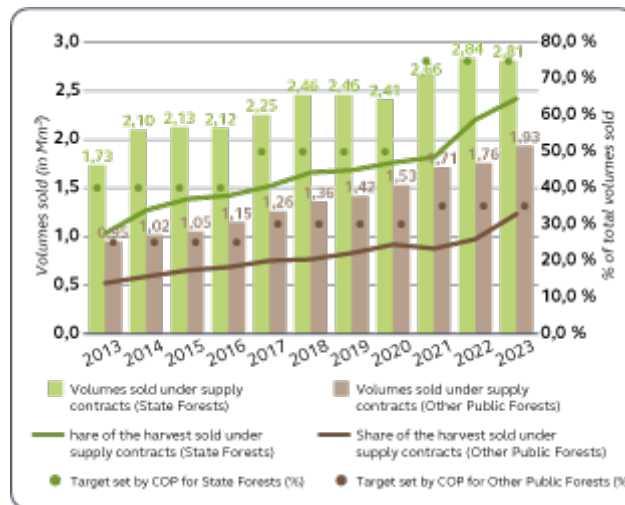
Additionally, the organisation has worked to enhance its analytical management tools and reduce its wage bill by favouring the recruitment of private-sector staff, who have formed the majority of the workforce since 2023.

### Fragile financial sustainability and human resource challenges

Despite recent positive trends, the financial sustainability of ONF and its capability to continue carrying out its missions remain precarious.

To mitigate the impact of market fluctuations, secure demand for timber from public forests, and support the continuity of local processing businesses, the central government, ONF, and FNCOFOR have, since 2012, pursued the development of supply contracts. The goal is to raise these contracts to cover 75 % of timber volumes from State-owned forests and 35 % from other public forests by 2025.

## Evolution of timber volumes sold through supply contracts in state-owned and other public forests since 2013



Source: Court of Accounts, based on ONF data

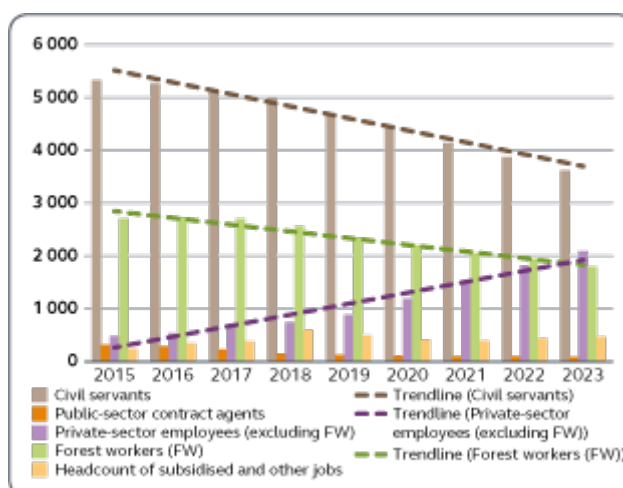
This goal is on track to be achieved, with 64.6 % of timber from State-owned forests and 32.9 % from other public forests sold through such agreements in 2023. However, this progress is more a result of declining available timber volumes than an increase in demand. Going forward, ONF must remain particularly vigilant about the pricing of timber sold under these contracts and ensure that its production costs—currently still insufficiently evaluated—are closely monitored.

The ongoing expansion of the forest management regime, outlined in the current State- ONF contract, targets an additional 215,000 hectares by the end of 2025. ONF estimates that managing each increment of 100,000 hectares will require 70 new staff members and an additional €7 million. However, public forest owners are reluctant to increase their financial contributions to the regime. As a result, achieving this target *hinges* on ONF's ability to redeploy its workforce and rely more heavily on State funding. This situation underscores the need for clearer criteria governing eligibility for the forest management regime, accompanied by an evaluation of the financial implications of these policy choices.

Having been subjected to restrictive staffing plans aimed at reducing its workforce (a drop of 12.3 % since 2013) and, consequently, its wage bill for many years, ONF now finds its human resources inadequate to handle the growing demands of its assigned missions. Moreover, ONF successfully secured the cancellation of the employment plan for 2023 and 2024, which proposed a reduction of 95 full-time equivalents (FTE) each year.

The reduction in staff has had significant consequences on the retention of skills within ONF. Initially affecting support functions, the cuts were later extended to forest workers, whom the establishment now increasingly relies on to carry out silvicultural work required for the renewal of public forests, due to the lack of private-sector alternatives. Forest workers are also needed to strengthen fire surveillance efforts.

## Evolution of workforce by status (FTE)



Source: Court of Accounts - Data from social balance sheets and management reports. Social balance sheets prior to 2015 are not comparable due to different category groupings

The exercise of environmental policing missions presents an additional challenge, as it requires maintaining a sufficient number of civil servants to ensure the proper implementation of the surveillance duties mandated by the forest management regime.

However, the exact number of staff needed for the ONF's missions, along with their distribution by status and expertise, has not yet been precisely measured and requires documentation. This need is further heightened by emerging tensions in the forestry job market and the historically strained labour relations within the organisation.

### A foreseeable increase in State support in the absence of new sources of funding

The ongoing evolution of the ONF's missions, aimed at better addressing the challenges of the ecological transition, calls into question the historical principle that *"the forest pays for itself through timber sales,"* especially given the significant resources required.

By 2050, ONF estimates that the effort to restore deteriorating or potentially deteriorating stands in state-owned forests will need to increase to 21,000 hectares per year, up from the current 12,000 hectares. Half of these stands will need to be restored through planting, compared to only a quarter today, if the goal of forest regeneration is to be maintained. As a result, the cost of reforestation is projected to rise to between €100 million and €120 million annually for State-owned forests alone, compared to the current €44.2 million. Given its role as the owner of State forests, the central government may therefore need to increase its financial support to ONF to ensure the renewal of these forest areas, in line with the centuries-old principle of sustainable management applied to them.

The financial effort required to renew other public forests is also estimated at €120 million per year, to be borne by their owners, with support from the central government under the France 2030 framework. The increased planting efforts will inevitably impact ONF's activities, and the associated costs will need to be covered.

Given its current financial capacity, ONF will not be able to meet the ecological transition challenges, particularly those linked to climate change, on its own. Without new funding sources—such as payments for environmental services—and given the unchanged contribution of local authorities to the forest management system, ONF will remain dependent on State subsidies to continue its mission of sustainable public forest management.

The deteriorated state of public finances therefore calls for prioritising the objectives assigned to ONF in its upcoming objectives contract, as well as adjusting its human and financial resources to ensure it can meet these goals effectively.

## Recommendations

1. Clarify the criteria for applying the forest management system and evaluate the financial consequences (*ministry of agriculture and food sovereignty, national forest office, forestry communities – 2025*).
2. Ensure the reliability of cost estimates for general interest missions (*national forest office – 2026*).
3. To address the challenges of ecological transition, define hierarchical objectives and specify associated resources in the next multiyear contract between the central government and the national forest office (*ministry of agriculture and food sovereignty, ministry of the ecological transition and territorial cohesion, ministry of the economy, finance and industrial sovereignty, national forest office - 2024*).