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IMPLEMENTATION OF SUSTAINABILITY REPORTING IN PUBLIC ADMINISTRATION OF THE UKRAINE'S FORESTRY SECTOR

This article investigates the strategic prospects for integrating sustainability reporting (ESG) into the public administration of Ukraine's forestry sector as a key driver for modernization. The study provides a comprehensive analysis of European expertise, with a particular focus on Spanish legislative frameworks and administrative practices. The author justifies the imperative for transparent non-financial reporting as a key component for ensuring Ukraine's post-war green recovery and its seamless integration into the European Single Market. Special attention is given to the alignment of forestry management with the Corporate Sustainability Reporting Directive (CSRD) to enhance accountability and attract international investment for sustainable development.

Keywords: sustainability reporting, public administration, forestry sector, ESG, post-war recovery, ESRS, MITECO.

In the context of Ukraine's post-war recovery and European integration, the reform of public administration within the forestry sector necessitates the implementation of innovative tools for control and transparency.

A crucial factor in modernizing the public administration of Ukraine's forestry sector is the harmonization of domestic legislation with European Union standards. The key instrument in this process is EU Directive 2022/2464 regarding Corporate Sustainability Reporting (CSRD). In accordance with its requirements, the implementation of non-financial reporting (ESG) is becoming a mandatory standard for large enterprises and public sector entities within the EU [1].

For Ukraine, as a candidate for EU membership, the implementation of the CSRD within the forestry sector signifies a transition from declarative intentions to concrete, measurable indicators of environmental and social impact. This entails not only transparent reporting on the state of forest resources but also the verification of management principles compliance with sustainable development standards. Consequently, ESG reporting becomes a "passport" for Ukrainian forestry enterprises to enter the European Single Market and a necessary condition for gaining access to EU structural funds within the framework of post-war recovery programs.

Ukraine's forestry sector has suffered significant damage due to hostilities, creating an urgent need to attract large-scale external investment for demining, reforestation, and infrastructure modernization. However, the modern architecture of international finance is based on the principles of "responsible investment". Leading global donors and international financial institutions (such as the EBRD and the World Bank) increasingly adhere to the Sustainable Finance Disclosure Regulation (SFDR), providing financial support only to those recovery projects that have a verified environmental risk disclosure system [2].

Transparent ESG reporting allows for tracking whether provided funds are used in compliance with environmental standards (biodiversity conservation, carbon footprint minimization) and social safeguards (occupational safety, local community development). The implementation of such reporting into the public administration system of Ukraine's forestry sector will demonstrate the industry's readiness to operate on the principles of transparency and accountability. This will transform the forestry sector from a mere "resource base" into a sustainable business entity capable of attracting "green" loans and grants to implement an environmentally oriented recovery strategy.

As an example, let us consider the Spanish model. It is of particular interest because Spain, much like Ukraine, possesses vast forest areas that perform vital protective functions (in Spain — against desertification; in Ukraine — in the context of post-war ecological security).

Within the scope of the study of Spanish expertise, the provisions of Law 11/2018 (Ley 11/2018), which regulates the disclosure of non-financial information, were analyzed. This act became the foundation for implementing transparency principles in Spanish companies managing natural resources [3].

To date, the Spanish model of forest resource administration is considered one of the most progressive in the EU regarding climate change adaptation and management transparency. Particular attention is paid to the activities of the Ministry for the Ecological Transition and the Demographic Challenge of Spain (MITECO), which has implemented an integrated reporting system that combines environmental indicators with economic planning [4].

Spain's experience demonstrates the effectiveness of utilizing national strategies for sustainable forest development through a system of non-financial indicators. These indicators allow for the evaluation not only of timber harvest volumes but also of the "social value" of the forest: its carbon sequestration capacity, its role in preventing soil erosion, and its maintenance of the water balance.

The study of MITECO's practices regarding the publication of annual environmental reports and the use of digital tools for monitoring forest ecosystems enables the formulation of practical recommendations for Ukraine. In particular, the Spanish approach to harmonizing the interests of private forest owners and state structures through a system of transparent ESG standards can serve as a foundation for reforming public administration in Ukraine, ensuring a high level of trust from European regulators.

A central element of this study is a critical analysis of the degree to which Ukrainian legislation has adapted to the requirements of the European Sustainability Reporting Standards (ESRS) [5]. These standards, developed by EFRAG (European Financial Reporting Advisory Group), define a clear structure for disclosing information regarding the environment, social sphere, and corporate governance, which is mandatory under the CSRD Directive.

The analysis focuses on identifying discrepancies between the existing statistical reporting of Ukraine's forestry enterprises and the ESRS requirements regarding "double materiality" — a principle that requires reporting not only on the impact of environmental factors on the enterprise's financial condition but also on the impact of the enterprise itself on ecosystems and the climate. Evaluating the regulatory and legal framework of public administration in Ukraine's forestry sector allows for the identification of necessary steps to harmonize reporting with European standards. Specifically, this concerns the disclosure of data under the ESRS E1 (Climate Change) standard regarding greenhouse gas emissions and removals, as well as ESRS E4 (Biodiversity and Ecosystems), which is a priority for forestry in the context of sustainable nature management.

The implementation of ESRS in Ukraine will help prevent so-called "greenwashing" and ensure that data on reforestation and the preservation of primeval forests are verified according to European methodologies. Furthermore, it will serve as a powerful tool for combating corruption within the public administration of forest resources. Traditional closed management models often create conditions for concealed illegal logging, the underreporting of timber quality grades, and the manipulation of reforestation data. Transitioning to ESG reporting standards requires the publication of detailed non-financial data subject to external audit and public oversight.

The systematic disclosure of information regarding the actual state of the forest fund, precise timber harvest volumes, and the real areas of restored forest massifs makes any discrepancies in official statistics publicly visible. This creates a "digital safeguard" against shadow schemes, as reporting data becomes accessible not only for departmental control but also for international observers and civil society. Thus, sustainability reporting transforms the management of state forests from an administrative-command model into a transparent and accountable system where every unit of resource leaves a digital footprint, significantly reducing the industry’s corruption capacity and contributing to the strengthening of the rule of law.

For the constructive implementation of sustainable management, it is necessary to introduce a system of Key Performance Indicators (KPIs) based on environmental standards. Unlike traditional metrics focused on cubic meters of timber extraction, environmental KPIs reflect the actual contribution of the forestry sector to ecological security and climate resilience. The primary indicators subject to public reporting include:

1) Climate indicators. Volumes of carbon sequestration (absorption) and storage (CO_2) by forest massifs. This allows for assessing the role of forests in climate change mitigation and Ukraine's potential for participation in global carbon markets.

2) Biodiversity conservation. The share of High Conservation Value Forests (HCVF), the number of preserved habitats of rare species, and the condition of forest ecosystems after the implementation of management activities.

3) Certification and standards. The level of territorial coverage by certification under international schemes (specifically FSC — Forest Stewardship Council), which confirms compliance with the principles of sustainable forest management at all stages — from planting to timber sales [6].

4) Resilience (Stability). The proportion of forest stands with mixed species composition, which are more resistant to pests, fires, and climate anomalies; this is particularly relevant in the context of the post-war restoration of damaged territories.

The introduction of such KPIs into public reporting will allow the transformation of forestry from a purely extractive industry into a strategic resource for the state's sustainable development, meeting the Green Deal criteria and the requirements of international environmental funds.

Effective implementation of sustainability reporting is impossible without the creation of a reliable digital infrastructure. A key instrument of transparent public administration should be the integration of ESG data into existing state digital platforms, particularly the "e-forest" information system. This will enable the transition of reporting from the format of static annual documents to dynamic, real-time monitoring [7].

Automating data collection on the condition of forest massifs, carbon sequestration volumes, and the implementation of forestry measures through satellite imagery, sensors, and digital registries will provide a “Single Source of Truth” for all stakeholders. This approach makes information accessible and understandable to the public, regulatory bodies, and international investors directly through open interfaces (Open Data). Integrating reporting into “e-forest” minimizes the human factor in the indicator-forming process, prevents data manipulation, and allows for the prompt assessment of Ukraine’s progress in achieving sustainable development goals. Thus, digitalization becomes the technological foundation for implementing European accountability standards, ensuring high levels of trust in the forestry sector at the international level.

For the successful implementation of the sustainable development strategy, it is necessary to initiate amendments to the regulatory acts governing the activities of the industry's key entity — SE “Forests of Ukraine” (State Enterprise). Specifically, it is proposed to legislatively establish the mandatory preparation and publication of annual non-financial reports in accordance with ESRS standards. This should include the development of a sectoral regulation on non-financial reporting in the forestry sector, defining the procedure for ESG data collection, indicator verification methodologies, and liability for the accuracy of disclosed information. Such a step will bring the management of state forest assets to the level of modern European corporate standards.

Technological and legislative transformation is impossible without high-quality human resources. There is an urgent need to develop and implement specialized educational programs for master’s and doctoral students in the field of “Public Management and Administration”, aimed at studying ESG audit methodologies, non-financial monitoring, and sustainable management. It is essential to train a new generation of specialists capable not only of using forestry terminology but also of professionally working with sustainable finance instruments, verifying environmental KPIs, and ensuring transparent communication with international stakeholders. Capacity building for current forestry managers in the field of sustainable development must become a priority to ensure the resilience of the state sector.

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