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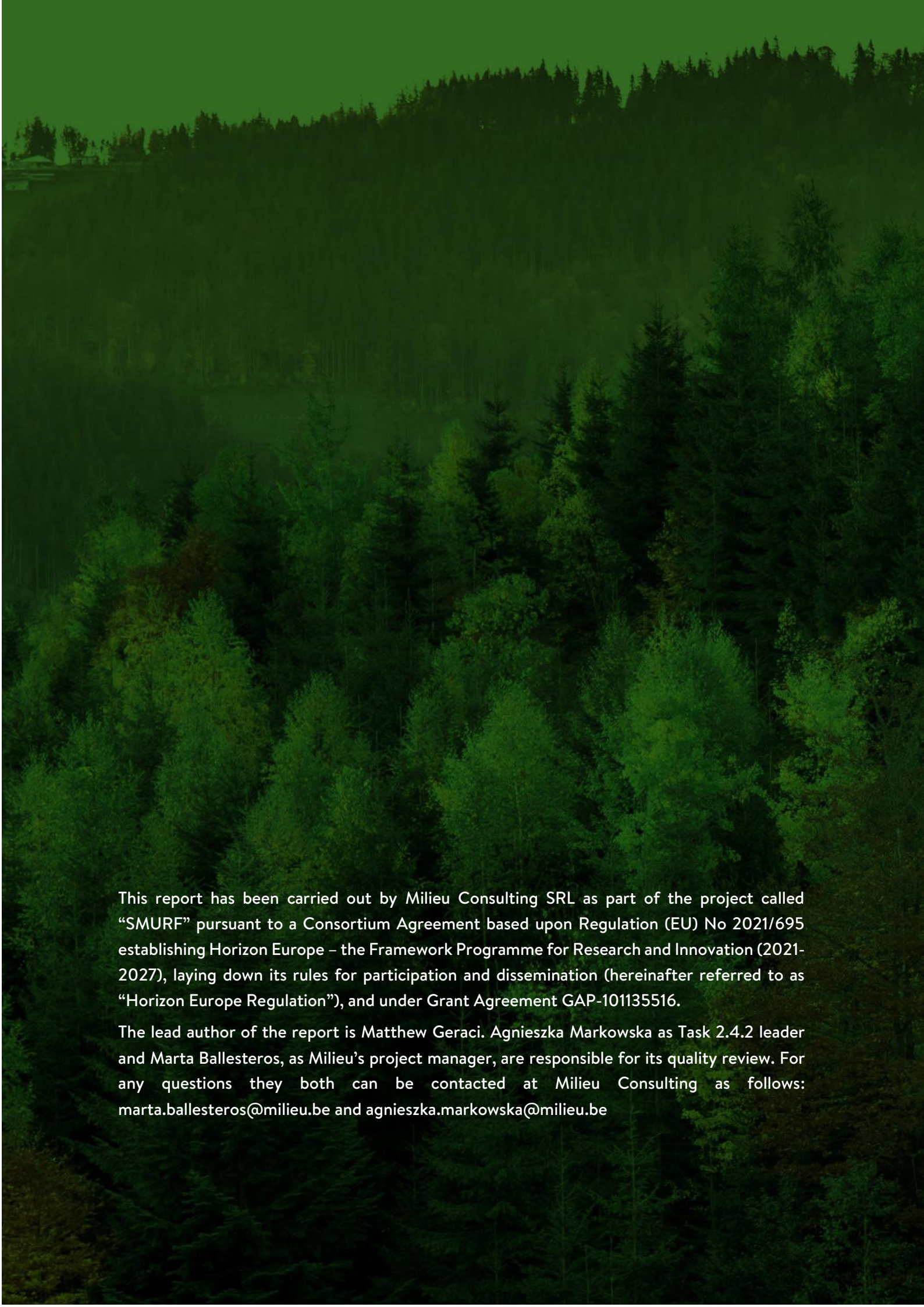
Financial incentives applicable to Small Forest Holdings and their impacts

Country Fact Sheet
Ireland

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Financial incentives applicable to Small Forest Holdings

WP2, Task 2.4.2

Executive Summary

This report analyses the financial incentives relevant to small forest holdings (SFHs) and the broader forestry value chain in Ireland. Forests cover **11.6% of Ireland's total land area** and, in a significant recent development, private ownership (50.9%) has now surpassed that of public ownership. While a specific definition for SFGs is not established in Irish legislation, the **average size of private** grant-aided forest parcels stands at **8.5 hectares**, indicating that in practice, smaller-scale forest owners have a considerable presence among the country's more than **23,500 private forest owners**.

This report focuses on the **period from 2020 to 2025** and refers to the EU programming periods from 2014 to 2020 as well as that of 2021 to 2027. The report also evaluates incentives sourced from EU funding mechanisms, primarily the Common Agricultural Policy (CAP) and the European Regional Development Fund (ERDF), as well as national and sub-national instruments, including state aid, taxes (and exemptions), national subsidies and innovative financing sources.

EU funding, particularly through the **CAP, provides important complementary support for forestry in Ireland**. While the main afforestation programme is nationally funded, the **CAP Strategic Plan (CSP) for 2023-2027** contributes through its 'Green Architecture', placing greater emphasis on environmental sustainability and climate action. Key forestry-related initiatives funded under the CAP include tree planting options within the **Agri-Climate Rural Environment Scheme (ACRES)** and incentives for on-farm tree planting under the **Pillar I Eco-Schemes**. Furthermore, land afforested under national schemes generally remains eligible for basic income support payments under the CAP. By contrast, the European Regional Development Fund (ERDF) has limited direct involvement in forestry funding, focusing predominantly on energy efficiency in the built environment. The **2014-2020 Rural Development Programme (RDP)** introduced measures such as afforestation grants, support for agroforestry, native woodland conservation and woodland improvement schemes. While these measures contributed to an increase in overall forest cover, difficulties in meeting afforestation targets emerged alongside concerns about the potential impact on biodiversity in environmentally sensitive regions.

National funding mechanisms play the central role in delivering Ireland's forestry policy. The Department of Agriculture, Food and the Marine's (DAFM) Forestry Programme 2023-2027, which operates under State Aid approval, is the main instrument for forestry incentives. This programme includes the core **Afforestation Scheme,** offering diverse forest types and increased premiums, the simplified **Native Tree Area Scheme (NTAS)**, as well as **schemes for afforestation, woodland improvement, forest roads** and targeted support for issues such as **ash dieback.** Moreover, schemes like the **Woodland Environmental Fund (WEF)** effectively leverage private-sector financing for the establishment of native woodlands. These national schemes are broadly available to all private forest owners and are highly relevant to Irish SFHs, providing them with funding support. Beyond national funding programmes, Ireland's favourable taxation system also provides significant support, including **exemptions for income from timber sales** and **relief on Capital Gains Tax and Capital Acquisitions Tax** for commercial woodlands.

Emerging **innovative funding** sources are becoming increasingly important for forestry in Ireland. For instance, **Irish Sovereign Green Bonds (ISGBs)** already channel substantial financial resources into DAFM forestry programmes. Furthermore, the development of an **Irish Carbon Farming Framework** aligned with

the EU's Carbon Removals Certification Framework represents a significant opportunity for landowners to generate new revenue streams through carbon credits. Finally**, payments for ecosystem services (PES)** are becoming more widespread, rewarding landowners for providing public goods that extend beyond timber production. Ultimately, these mechanisms represent significant opportunities for landowners, including those with SFHs, to generate new revenue streams from their forest holdings.

Taken together, Ireland has established a robust, multi-layered national framework for supporting private forestry. The combination of EU co-financed programmes, national subsidies and grants, and favourable tax incentives, alongside a range of emerging market-based mechanisms, represents a wide array of support schemes for various circumstances and use cases. These programme offerings establish Ireland as a prime example of a Member State with a well-defined policy and funding mix in support of small private forest holdings.

1. Financial incentives based on EU funding

1.1. The European Regional Development Fund

In Ireland, the European Regional Development Fund (ERDF) is administered through regional Operational Programmes (OPs), with management primarily falling under the remit of designated Regional Assemblies. Overall responsibility for EU Cohesion Policy, encompassing the ERDF, rests with the Minister for Public Expenditure and Reform.[1]

During the 2014-2020 programming period, Ireland's two principal ERDF OPs: the **Southern & Eastern Regional Operational Programme (S&E ROP)** and the **Border, Midland & Western Regional Operational Programme (BMW ROP)**, incorporated a "Low Carbon Economy" priority.[2] However, this priority predominantly supported energy efficiency enhancements in social housing and the promotion of low-carbon strategies within urban areas, rather than direct forestry initiatives.[3] Reviews of programme documentation for this period did not reveal specific financial incentives or funded projects aimed at SFH, sustainable forest management, or forest-related biodiversity. While 'promoting climate change adaptation, risk prevention and management' (Thematic Objective 5) was a general European Structural and Investment Funds (ESIF) priority, the Irish ERDF Ops in particular largely channelled funds related to the low carbon economy towards the built environment.[4] As a result, measurable impacts on the forestry sector directly attributable to ERDF interventions from 2014-2020 cannot be clearly identified, with any benefits in this regard likely being indirect as a result.

For the 2021-2027 period, ERDF funding in Ireland continues through two main regional programmes, the **Southern, Eastern and Midlands Regional Programme** and the **Northern and Western Regional Programme**, with a total **co-investment of approximately €880 million** (€395 million from the EU and €485 million from the Government of Ireland).[5] These programmes primarily focus on Policy Objectives 1 (A smarter Europe), 2 (A greener, low-carbon Europe), and 5 (Europe closer to citizens).[6] The 'Greener, Low-Carbon Europe' objective is addressed primarily through funding for deep energy retrofits for homes and sustainable urban development, with an ongoing emphasis on energy efficiency in the built environment rather than direct investment in measures related to the forestry sector or forestry more broadly.[7]

While the European Union has established climate (30% ERDF contribution) and biodiversity (an ambition of 7.5% of annual spending under the Common Provisions Regulation) mainstreaming targets for Cohesion Policy funds,[8] the specific application of these targets to dedicated ERDF-funded forestry projects in Ireland is not evident from documentation published by the Government of Ireland over the 2021-2027 period.

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[1] Government of Ireland, *Bodies responsible for ERDF in Ireland*, EUFunds.ie, accessed May 27, 2025.
[2] S&E ROP 2014-2020 - EU Funds - EUFunds.ie, accessed May 27, 2025, https://www.eufunds.ie/european-regional-development-fund/se-rop-2014-2020/; Southern & Eastern Regional Operational Programme 2014-2020 Annual Implementation Report 2018 Citizens Summary, accessed May 27, 2025, https://www.southernassembly.ie/uploads/publications/SEROP_AIR_2018_Citizens_Summary_FINAL.pdf
[3] Government of Ireland, *The Low Carbon Economy*, accessed May 27, 2025.
[4] Ibid.
[5] European Regional Development Fund - EUFunds.ie, accessed May 27, 2025, https://www.eufunds.ie/european-regional-development-fund/.
[6] ERDF 2021-2027 - EU Funds, accessed May 27, 2025, https://www.eufunds.ie/european-regional-development-fund/erdf-2021-2027/
[7] European Regional Development Fund - EUFunds.ie, accessed May 27, 2025, https://www.eufunds.ie/european-regional-development-fund/
[8] Regional Policy - Performance - European Commission, accessed May 27, 2025, https://commission.europa.eu/strategy-and-policy/eu-budget/performance-and-reporting/programme-performance-statements/regional-policy-performance_en

Ireland's 4th National Biodiversity Action Plan 2023–2030 refers to a 'new approach to forestry' but does not explicitly link this to ERDF funding mechanisms.[9] More specifically, initial programme outlines suggest a continuation of the previous period's focus, meaning significant direct impacts on SFHs or the forestry value chain from these ERDF programmes are not foreseen.

1.2. Common Agricultural Policy (CAP)

The Common Agricultural Policy (CAP) serves as a key source of EU funding for the agricultural sector and rural development in Ireland. Historically, forestry and agroforestry measures formed key components of its rural development pillar (Pillar II), and this complementary relationship continues under the current programming period.

The **Rural Development Programme (RDP)** for 2014–2020 was extended to 2022 and was funded by the European Agricultural Fund for Rural Development (EAFRD) and national co-financing.[10] Specifically, the RDP aimed to increase forest cover, enhance the supply of forest-based biomass, support active forest management by private owners and improve the environmental and social benefits of woodlands. Despite a range of support measures, however, the annual afforestation rate declined compared to previous periods and targets. Nevertheless, Ireland's overall forest cover increased marginally from approximately 11% at the start of the RDP to 11.6% (808,848 ha) by 2022.[11] However, this minor fluctuation masks what should be understood as an important structural shift during this same period: the growth in private forest ownership, which in 2022 reached 50.9% of the total forest area, surpassed public ownership for the first time in the country's history. Although there is no specific legal definition of SFHs in Ireland, the prevalence of smaller holdings is indicated by the fact that the average size of a private, grant-aided forest parcel established between 1980 and 2023 was just 8.5 hectares. This trend has largely been driven by individual farmers, who have accounted for 81% of private afforestation since 1980. Private afforestation, of which farmers comprise the vast majority, has been responsible for 72% of afforested areas relative to the public sector in the period since 1990.[12] Furthermore, the RDP (2014–2020) supported the construction of over 550 km of private forest roads, which are crucial for forest management and harvesting.[13]

Key forestry support measures under the RDP 2014-2022, which are often implemented through national schemes (detailed further in Section 2), included:

- the **Afforestation Scheme**,
- the **Agroforestry Grants**,
- the **Native Woodland Conservation Scheme**,
- the **Woodland Improvement Scheme** (including Continuous Cover Forestry),
- the **Forest Roads Scheme**,
- the **Forestry Knowledge Transfer Group Scheme**, and
- other supports such as the **Ash Dieback Replanting Scheme** and the **Woodland Environmental Fund**.

[9] National Parks & Wildlife Service, *Ireland's 4th National Biodiversity Action Plan*, Government of Ireland, 2024.
[10] Government of Ireland, *Rural Development Programme (RDP) 2014-2022*, 2025.
[11] Ireland's Forests - Statistics 2023 - Teagasc | Agriculture and Food Development Authority, accessed May 27, 2025, https://www.teagasc.ie/news--events/daily/forestry/irelands-forests---statistics-2023.php
[12] Dr. Lucie Adenaeuer, Dr. James Breen and Anne Hayden, *Increasing Afforestation in the Irish Agriculture Sector*, University College Dublin, 2021 March.
[13] Department of Agriculture, Food and the Marine, *Minister publishes Annual Forest Statistics Report for 2024*, accessed May 27, 2025.

For the 2023-2027 period, Ireland's CAP Strategic Plan (CSP), with a budget of approximately €9.8 billion, features a 'Green Architecture' designed to enhance environmental and climate performance.[14] This architecture relies on enhanced Conditionality, new Eco-Schemes (Pillar I), and targeted **agri-environment climate measures** (AECMs) (Pillar II).[15] It is important to note that Ireland's main afforestation policy is addressed through a national programme of measures outside of the CAP. As stated in the CSP, the Forestry Programme 2023-2027 is "funded nationally and will be subject to State Aid approval".[16] The CAP, therefore, supports forestry not through direct funding of the main afforestation schemes, but through complementary environmental schemes and by ensuring coherence between agricultural and forestry land use.

Key forestry-related measures funded under the CSP 2023-2027 include the following:

- The **Agri-Climate Rural Environment Scheme (ACRES)**: This is the main agri-environment climate measure in Ireland's CSP, succeeding the Green Low-Carbon Agri-Environment Scheme (GLAS). More specifically, ACRES aims to deliver significant improvements in biodiversity, climate action, and air and water quality outcomes.[17] Forestry-related actions within ACRES include Planting a New Hedgerow, Planting a Traditional Orchard, Planting Trees in Riparian Buffer Zones, Tree Belts for Ammonia Capture from Farmyards, and a general Tree Planting action.[18] Furthermore, payments can vary depending on the specific action undertaken (e.g., per metre for hedgerows, per tree for individual tree planting).[19] Another important feature is the interaction with afforestation schemes: parcels with an ACRES action can be split to facilitate afforestation, and farmers can move parcels from ACRES to an afforestation scheme without penalty during their ACRES contract, provided the ACRES commitment has been in place for at least two years and the new afforestation commitment offers equal or higher environmental benefit.[20]
- Introduced under Pillar I of the CSP, **Eco-Schemes**[21] are voluntary annual schemes open to all active farmers. Originally introduced as part of the CAP Strategic Plan for 2023–2027, these are voluntary annual schemes open to all active farmers. To qualify for payment, farmers must undertake specific agricultural practices that benefit the climate, environment, water quality and biodiversity. Payment under the Eco-Scheme is an annual payment for all eligible hectares covered by the commitments. Furthermore, the scheme offers eight agricultural practices to choose from, three of which have an enhanced option. Accordingly, farmers must deliver two practices (or one enhanced option) to qualify. While the payment rate depends on uptake, it is anticipated to be in the region of €60–€65 per hectare, with a total financial allocation of **€297 million per annum**.
- **Conditionality** requirements under the CSP include Good Agricultural and Environmental Conditions (GAECs). GAEC 2 focuses on protecting wetlands and peatlands[22], while GAEC 8 (Non-productive areas and features) requires farmers to allocate a minimum percentage of their agricultural area to non-

[14] Government of Ireland, *The CAP Strategic Plan 2023-2027*, accessed May 27, 2025.
[15] Department of Agriculture, Food and the Marine, *Ireland's CAP Strategic Plan 2023-2027 - Public Consultation on Proposed Interventions*, Government of Ireland, April 2025.
[16] Government of Ireland, *The CAP Strategic Plan 2023-2027*, accessed May 27, 2025.
[17] Department of Agriculture, Food and the Marine, *Agri-Climate Rural Environment Scheme (ACRES)*, Government of Ireland, April 2025.
[18] CullenNurseries, *How does ACRES scheme work?*, accessed May 27, 2025.
[19] Ibid.
[20] Agricultural Consultants Association, *Forestry A-Z Guide*, accessed May 27, 2025.
[21] Department of Agriculture, Food and the Marine, *Eco-Scheme*, Government of Ireland, March 2024.
[22] Environmental Pillar position on GAEC 2, accessed May 27, 2025, https://environmentalpillar.ie/wp-content/uploads/2025/01/Env-Pillar-2023-Environmental-Pillar-position-on-GAEC-2.pdf

productive areas or features, with 'eligible forestry' and 'short rotation coppice' counting towards this, thereby providing an indirect incentive for their maintenance or establishment.[23]

In summary, the CAP 2023-2027 provides a framework of environmental and income supports that are complementary to, and integrated with, Ireland's primary, nationally-funded forestry development programmes.

1.3. LIFE, Interreg and Horizon Europe

Projects relevant to SFH supported from LIFE, Interreg and Horizon Europe funding are analysed for the whole EU in a dedicated chapter and annex.

[23] Department of Agriculture, Food and the Marine, *Ireland's CAP Strategic Plan 2023-2027 - Public Consultation on Proposed Interventions*, Government of Ireland, April 2025.

2. Financial incentives based on MS funding

2.1. State aid

A direct search of the EC State Aid Transparency database for specific cases under NACE code 02 (Forestry and logging) for Ireland covering the 2020-2025 period only yielded one itemised result of relevance to the objectives of this study:

Aid Measure Title	Primary objective	Beneficiary	Granting authority	Published Date
Knowledge Transfer and Information Actions (SA.39788)	Aid for knowledge transfer and information actions in the forestry sector	Teagasc	Department of Agriculture, Food and the Marine	13/05/2024

Sources: State Aid Transparency (Results Aid Award); European Commission (2025). SA.39788. Accessed here.

Nevertheless, it is important to note that a number of forestry support measures implemented in Ireland operate under the European Union's State Aid framework, chief among them being the **Forestry Programme 2023-2027**, which is the primary instrument for delivering national forestry incentives and has received State Aid approval from the European Commission. These schemes are described in further detail in the following sub-sections of this report (2.2.2).

2.2. Taxes and tax exemptions, subsidies

A significant aspect of national support for forestry in Ireland is the favourable tax treatment afforded to woodland owners, which acts as a foundational incentive. The available suite of taxes and tax incentives is then complemented by a range of direct national subsidies, primarily administered through the Forestry Programme 2023-2027.

2.2.1. Taxes and tax exemptions

A significant component of national support for forestry in Ireland is the favourable tax treatment afforded to forest owners, which acts as a key incentive. Namely, the exemption from income tax and corporation tax on profits from commercially managed woodland is the cornerstone of this framework, which in turn supports the financial viability of timber production. Further incentives also facilitate the long-term retention and intergenerational transfer of forestry assets. These include, for instance, the exemption of growing timber from capital gains tax for individuals and substantial agricultural relief from capital acquisitions tax. Other key measures include relief on stamp duty and flexible value-added tax (VAT) rules. In addition, while income from timber is exempt from certain taxes, it is usually subject to the Universal Social Charge (USC) and Pay Related Social Insurance (PRSI).

A summative table of the taxes and tax incentives described above are presented below (Table 1).

Table 1: Summary of Tax Incentives for Forestry in Ireland (2020-2025)

Tax Type	Specific Provision for Forestry	Key Details/Conditions	Relevance to SFHs/Value Chain Stakeholders
Income Tax	Exemption for profits/gains from commercially managed woodlands.	Exemption for profits from commercially managed woodlands (Section 232, TCA 1997). Covers timber sales but not annual premiums, which are taxable. Income is subject to USC & PRSI. Planting grants are non-taxable.	High relevance for SFH owners and forestry businesses, making timber income more attractive.
USC & PRSI	Forestry profits (including taxable premiums) are liable.	Taxable forestry profits and premiums are liable. USC applies if gross income >€12,012/€13,000, with progressive rates. Class S PRSI (4%) applies to self-employed individuals (including farmers) with income > €5,000 p.a.	Standard social contributions apply to taxable elements of forestry income.
Capital Gains Tax (CGT)	Growing timber exempt for individuals; underlying land is liable.	Growing timber is exempt from CGT for individuals upon disposal (Section 564, TCA 1997), but the underlying land is liable. The standard rate is 33%. The exemption does not apply to companies.	Significant relief at time of harvest/sale, benefiting SFH owners.
Capital Acquisitions Tax (CAT)	Agricultural Relief (90% reduction) for commercial woodlands.	Commercial woodlands can qualify for Agricultural Relief, which provides a 90% reduction in market value. The recipient must satisfy the 'Active Farmer Test', which includes managing the asset commercially for at least 6 years following the gift or inheritance.	Facilitates intergenerational transfer of forestry assets for SFHs.
Stamp Duty	Rate 7.5% on forestry land. Growing timber exempt if >75% of land area.	Applied at 7.5% on forestry land transfers. The value of growing timber is exempt if it occupies at least 75% of the land area, but the underlying land remains liable. Reliefs such as Young Trained Farmer Relief do not apply.	Reduces cost of acquiring established woodlands, but land transfer still taxed.

Tax Type	Specific Provision for Forestry	Key Details/Conditions	Relevance to SFHs/Value Chain Stakeholders
Value-Added Tax (VAT)	Forestry exempt; option to register. Flat-rate scheme for unregistered farmers.	Forestry is a VAT-exempt activity, but owners can opt to register to reclaim VAT on costs. Registered owners must charge VAT on sales (e.g., 23% for timber). Unregistered farmers can use the flat-rate scheme (4.8% in early 2024) to compensate for input VAT.	Provides flexibility; flat-rate simplifies for many SFH owners. Registration benefits those with high input costs.
Forest Grants & Premiums	Exemption from Income & Corporation Tax.	Planting grants and premiums paid under DAFM schemes are generally exempt from income tax (Section 18, Finance Act 1969 & Section 232(2), TCA 1997).	Increases the financial attractiveness of participating in national afforestation schemes for all owners, including SFHs.

Taken together, this suite of tax exemptions and relief comprises a robust state-led incentive structure to the advantage of Ireland's forestry structure. While all commercial forestry benefits from these provisions, those relating in particular to income, capital gains and inheritance tax are particularly advantageous for individual private owners and would therefore appear to provide considerable support for the financial viability of SFHs in Ireland.

2.2.2. Subsidies

The Irish government, through the Department of Agriculture, Food and the Marine (DAFM), implements a wide range of grant and subsidy schemes, primarily consolidated under its **€1.3 billion Forestry Programme 2023-2027**.[24] Initial statistics for 2023, indicate a **total DAFM expenditure on forestry activities of €73.8 million**, with 1,651 hectares of new forest created.[25] Notably, 54% of this new planting consisted of broadleaves, surpassing conifers for the first time, and farmer participation accounted for 47% of the area afforested.

The Forestry Programme 2023-2027 serves as the principal funding instrument for delivering national grants and subsidies, and the various schemes operating under its umbrella are detailed further below. Funded by the national exchequer, a general principle underpinning these schemes is that they typically cover 100% of the approved establishment costs for new forests. Furthermore, all grant and premium payments received by beneficiaries are exempt from income tax, which enhances their attractiveness even further. The main schemes are detailed below.

The **Afforestation Scheme** is the primary means of supporting the creation of new forests by farmers and other landowners, and it remains the largest component of direct national subsidies[26]. In 2023, for example, €61.1 million of state funding was provided through this programme to cover first and second instalment grants and annual premium payments.[27] As the principal scheme for new tree planting, it supports 12

[24] Department of Agriculture, Food and the Marine, *Forestry Programme 2023-2027*, Government of Ireland, 2022.
[25] UCD Earth Institute, *Common Agricultural Policy 2023-2027*, accessed May 27, 2025.
[26] Department of Agriculture, Food and the Marine, *Afforestation Scheme*, Government of Ireland, 2025.
[27] Department of Agriculture, Food & the Marine, 'Forest Statistics – Ireland 2024', 2024.

different 'Forest Types', with each being tailored to specific objectives, site conditions, and approved species compositions. The design of the scheme, including substantially increased grant and premium rates, particularly for farmers, aims to stimulate uptake and address the declining afforestation rates observed in the previous programming period and to increase biodiversity. The support options made available under the Afforestation Scheme are as follows:[28]

- *FT1 (Native Forests)* supports the creation of forests composed of a mix of native tree species, providing a grant of €6,744 per hectare and an annual premium for farmer applicants of €1,103 per hectare for 20 years.
- *FT2 (Forests for Water)* is aimed at protecting water bodies and involves planting a native tree forest to enhance water quality and riparian ecosystems. The scheme offers a grant of €6,744 per hectare and an annual premium for farmer applicants of €1,142 per hectare for 20 years.
- *FT3 (Forest creation on public lands)* is specifically for public bodies to plant new native forests, focusing on public amenity and biodiversity. Grant aid is €10,200 per hectare (inclusive of facilities payment), but no annual premium is payable to farmers as it is for public land.
- *FT4 (NeighbourWoods)* aims to create accessible woodlands for public recreation and amenity, often in or near communities, offering a grant of €10,200 per hectare (inclusive of facilities payment) and an annual premium for farmer applicants of €1,142 per hectare for 20 years.
- *FT5 (Emergent Forest)* is focused on enhancing rewilding and facilitating the development of emergent native forests, often through minimal intervention and natural regeneration processes. It provides a grant of €2,500 per hectare and an annual premium for farmer applicants of €350 per hectare for 20 years.
- *FT6 (Broadleaf, mainly oak or beech):* This supports the establishment of high-quality broadleaf forests primarily composed of oak or beech, with a focus on timber production and biodiversity. It has a grant of €6,744 per hectare and an annual premium for farmer applicants of €1,037 per hectare for 20 years.
- *FT7 (Other Broadleaves / Diverse Broadleaf)* encourages the planting of a mix of faster-growing broadleaf species, suitable for diverse timber products and enhancing biodiversity. It provides a grant of €4,314 per hectare and an annual premium for farmer applicants of €973 per hectare for 20 years.
- *FT8 (Agroforestry)* supports the integration of trees with ongoing agricultural activities, including:
    - *Silvopastoral systems (trees and grass):* Offers a grant of €8,555 per hectare and an annual premium for farmer applicants of €975 per hectare for 10 years.
    - *Silvoarable systems (trees and crops):* Provides a grant of €6,000 per hectare and an annual premium for farmer applicants of €829 per hectare for 10 years.
    - *Forest Gardening (small-scale food forests):* Also offers a grant of €6,000 per hectare and an annual premium for farmer applicants of €829 per hectare for 10 years.
- *FT9 (Seed Orchards)* supports the establishment of seed orchards and seed production areas to improve the supply of high-quality forest reproductive material, offering a grant of €10,000 per hectare and an annual premium for farmer applicants of €1,142 per hectare for 20 years.
- *FT10 (Continuous Cover Forestry)* supports the establishment of forests designed to be managed under continuous cover forestry principles, providing a grant of €5,421 per hectare and an annual premium for farmer applicants of €912 per hectare for 20 years.

[28] Department of Agriculture, Food and the Marine, *Farm Forestry Booklet: Plant the forest that suits your farm, Forestry Programme 2023 – 2027*, Government of Ireland, 2023.

- *FT11 (Mixed high forests: diverse conifer, 20% broadleaves)* encourages the planting of diverse conifer forests for timber production, with a minimum of 20% broadleaf species to enhance biodiversity. The scheme provides gives a grant of €4,452 per hectare and an annual premium for farmer applicants of €863 per hectare for 20 years.
- *FT12 (Mixed high forests with mainly Sitka spruce, minimum 20% broadleaves)* supports the establishment of productive conifer forests, primarily Sitka spruce, but with a requirement for at least 20% broadleaf species for biodiversity. A grant of €3,858 per hectare is offered alongside an annual premium for farmer applicants of €746 per hectare for 20 years.
- *The Native Tree Area Scheme* facilitates the planting of small areas of native forest (up to 1 hectare per NTA 1 for small native forests, and NTA 2 for native forests for water protection) without the requirement for a standard felling licence, though DAFM approval via a simplified process is mandatory. This scheme offers grants of €6,744 per hectare. Annual premiums are also available; for example, NTA 1 (Small Native Forests) provides a premium of €2,206 per hectare and NTA 2 (Native Forests for Water Protection) provides €2,284 per hectare, both for a duration of 10 years.
- *Fencing grants* are additional and vary by type: stock fencing is €5.50/m (IS436) or €4.50/m (non-IS436); stock/sheep is €7.00/m (IS436) or €5.00/m (non-IS436); stock/rabbit is €7.00/m (IS436) or €6.50/m (non-IS436); upgrade to deer fencing is €9.00/m (IS436) or €8.00/m (non-IS436); and new deer fencing is €18.00/m (IS436) or €14.00/m (non-IS436), with per-hectare caps applied based on stocking density.

The following schemes have been extracted from the Farm Forestry Booklet

Which scheme suits your farm?

There are eleven support options – or 'Forest Type' – available to farmers to plant a new forest. Please note that Forest Type 3 is only for public bodies. You can also plant up to 1 hectare of native trees under the Native Tree Area Scheme.

Choose the option that best suits you

Forest type	Planting option	Description	Grant/ha (excluding fencing)	Annual Premium for farmers (ha)
1	Native forests	Plant a forest with a mix of native tree species.	€6,744	€1,103 for 20 years
2	Forests for water	Protect water bodies by planting a native tree forest.	€6,744	€1,142 for 20 years
3	Forest creation on public lands	Scheme for public bodies to plant new native forests.	n/a for farmers	n/a for farmers
4	NeighbourWoods	Create a forest that's open to the public.	€10,200	€1,142 for 20 years

5	Emergent forest	Enhance rewilding and emergent native forests.	€2,500	**€350** for 20 years
6	Pure Broadleaves – oak or beech	Plant pure oak or beech forests for timber.	€6,744	**€1,037** for 20 years
7	Other Broadleaves	Plant a mix of faster growing broadleaf species.	€4,314	**€973** for 20 years
8	Agroforestry	Silvopastoral systems (trees and grass)	€8,555	**€975** for 10 years
		Silvoarable systems (trees and crops)	€6,000	**€829** for 10 years
		Forest gardening (small-scale food forests)	€6,000	**€829** for 10 years
9	Seed orchards	Plant seed orchards and seed production areas.	€10,000	**€1,142** for 20 years

Forest type	Planting option	Description	Grant/ha (excluding fencing)	Annual Premium for farmers (ha)
10	Continuous cover forestry	Create a continuous cover forest system with conifer and broadleaf trees.	€5,421	**€912** for 20 years
11	Mixed high forests: conifer, 20% broadleaves	Plant a diverse conifer forest for timber production with 20% broadleaf species.	€4,452	**€863** for 20 years
12	Mixed high forests with mainly spruce, 20% broadleaves	Plant a mainly spruce forest for timber production with 20% broadleaf species.	€3,858	**€746** for 20 years
NTA 1	Native tree area scheme – 1ha, no licence required, but approval from the department is necessary	Creation of small native forests.	€6,744	**€2,206** for 10 years
NTA 2		Creation of native forests for water protection.	€6,744	**€2,284** for 10 years

Additional supports

You can benefit from additional supports if you decide to create a forest on your land.

Support scheme	Description	Grant/ha
Woodland environmental fund	Partner with a business and receive a once off single payment of €1,000/ha on top of your grants received for establishment of eligible Native Forests FT1 & 2.	**€1,000**
Environment report and grant	An environment report grant is offered to help farmers apply for afforestation licences.	**€450** per ha for first ha **€400** for second ha **€350** for third ha **€50** per ha for subsequent hectares to a maximum of 20 hectares

Fencing rates

The Department will cover fencing costs to protect your forest subject to terms and conditions. There is a maximum fencing cap of €50,000 per forest.

Fence Type	€ per metre (IS436 rates)	€ per metre (non IS436 Rates)	IS436 (160m /ha cap)	Non IS436 (120m /ha cap)
Stock	**€5.50**	**€4.50**	Max **€880**/ ha at plantation level	Max **€540**/ ha at plantation level
Stock/ Sheep	**€7.00**	**€5.00**		
Stock/ Rabbit	**€7.00**	**€6.50**		
Upgrade to deer	**€9.00**	**€8.00**	**€1,440**/ ha	**€960**/ha
Deer	**€18.00**	**€14.00**	All deer fencing must be approved in advance. Only sites where at least 70% of the area enclosed by the deer fence of FT 1 to 11 is eligible.	
Deer/ Rabbit	**€18.00** New Deer fencing capped at **€2,880** /ha	**€14.00** New Deer fencing capped at **€2,100** /ha		

In view of the support schemes described above, grant aid is provided to cover the full costs of establishment, including site preparation, planting, and initial maintenance. In addition, annual premium payments are made for a defined period, typically 20 years for farmer applicants and 15 years for non-farmer applicants, to compensate for income foregone during the early, non-productive years of the forest.

Additional financial supports are available under the Afforestation Scheme. For instance, one notable initiative in this regard is the **Woodland Environmental Fund (WEF)**,[29] which leverages private sector funding in conjunction with state support. The WEF aims to increase the establishment of new native woodlands (specifically Forest Types FT1 (Native Forests) and FT2 (Forests for Water) under the Afforestation Scheme by providing an additional financial incentive to landowners, funded by contributions from private businesses. Under this mechanism, businesses contribute €1,000 per hectare as a once-off payment directly to the landowner upon the successful establishment of the native woodland. This payment is a top-up to the standard DAFM grants and annual premiums available under the Afforestation Scheme. DAFM continues to cover the establishment costs and provides annual premiums for 15 years (or 20 years for farmer applicants).

In addition, an **Environment Report Grant**[30] is also available to assist farmers with the costs associated with preparing environmental reports, which may be required as part of the afforestation licence application process; this grant is tiered, offering, for instance, €450 for the first hectare, €400 for the second, €350 for the third, and €50 per hectare for subsequent hectares up to a maximum of 20 hectares.

The **Deer Tree Shelter, Hare and Deer Fencing Scheme**[31] provides targeted support to private landholders and companies for the protection of forests from damage by deer and hares. It funds the installation of Deer Tree Shelters (DTS) at the time of afforestation, with grant aid for broadleaf plots in FT1 to FT7 (excluding Alder) capped at €1,600 per hectare (based on 625 shelters per hectare). For Additional Broadleaf Areas (ADB) within conifer plots (FT10-12), the DTS grant is €625/ha. For existing forests experiencing deer damage greater than 40%, the scheme provides grants for the erection of new deer fencing at rates of €18 per metre for IS436 standard fencing (160m/ha cap, equating to €2,880/ha) and €14 per metre for non-IS436 standard fencing (150m/ha cap, equating to €2,100/ha). Upgrades to existing fences to make them hare-proof are supported at a rate of €4 per metre, up to a maximum of 160m per hectare (€640/ha), where hare damage exceeds 30%.

The Forest Road Scheme 2023-2027[32] is designed to improve access to forests for essential management operations, particularly timber harvesting and transport. This scheme is available to private forest owners whose forests are approaching thinning or clearfell stage. It provides grants covering up to 100% of the eligible costs for constructing harvesting roads, at a rate of €55 per linear metre. The maximum road density eligible for grant aid is 25 metres per hectare of forest served by the road. The scheme also includes provisions for **Special Construction Works**[33], such as the construction of permanent bridges or large culverts (greater than or equal to 1 metre in diameter) where the forest area served exceeds 5 hectares. For such works, an additional grant of up to €10,000 per application or 50% of the cost of the special construction work (whichever is lower) may be available. An **Engineering Design Support Measure**[34] provides a one-off payment of €1,000 per project to assist with the costs of engineering design

[29] Department of Agriculture, Food and the Marine, *Woodland Environmental Fund*, Government of Ireland, 2025.

[30] Teagasc, *Environment Report Grant*, Accessed here: https://www.teagasc.ie/crops/forestry/grants/environment-report-grant/#:~:text=An%20Environment%20Report%20Grant%20will,Pre%2DScreening%20Report.

[31] Department of Agriculture, Food and the Marine, *Deer Tree Shelter, Hare and Deer Fencing Scheme*, Government of Ireland, 2023.

[32] Department of Agriculture, Food and the Marine, *Forest Road Scheme 2023-2027*, Government of Ireland, 2023.

[33] Ibid.

[34] Ibid.

for roads requiring an entrance from a public road or involving material widening of an existing entrance. Furthermore, support for **Ecologically Enhanced Forest Roads**[35], which incorporate features to improve biodiversity, forest protection, and water management (such as creating open habitats along road edges or installing deer management measures), is available at a maximum of €1,000 per project.

The **Reconstitution Ash Dieback Scheme 2023-2027**[36] is an important measure targeted at private forest owners whose grant-aided ash plantations have been significantly impacted by Ash Dieback disease (Chalara fraxinea). This scheme provides financial support for two main operations: the clearance of affected sites, at a rate of €2,000 per hectare cleared, and the subsequent replanting (reconstitution) of these sites with alternative, more resilient tree species. The grant rates for replanting are equivalent to those applicable to the new Forest Type being established under the Afforestation Scheme (e.g., €6,744 per hectare for FT1 Native forests). The scheme also ensures the continuation of annual premium payments. Where the replacement species results in a change of GPC (Grant and Premium Category) from the original planting, the annual premium is adjusted to reflect the new GPC rate under the original planting programme. Crucially, an additional top-up premium is paid as a single sum for the remaining years of the premium period. This top-up, in turn, is equivalent to the difference between the ongoing adjusted premium and the premium rate associated with the corresponding Forest Type under the new Forestry Programme 2023-2027. For those in receipt of non-farmer premium rates, a top-up of €300 per hectare is paid.

The **Native Woodland Conservation Scheme 2023-2027**[37] is specifically designed to promote the appropriate restoration and conservation of existing native woodlands, focusing on enhancing their biodiversity. For private Applicants, the scheme offers grants of up to €6,000 per hectare to cover the costs of approved restoration works. This grant is payable in two instalments: the first instalment of up to €4,500 per hectare is paid after the completion of initial works, and the second instalment of up to €1,500 per hectare is paid four years later, subject to satisfactory maintenance and establishment. In addition, private Applicants are eligible for an annual Payment for Ecosystem Services (PES). PES 1 (Native Woodland Conservation) provides €500 per hectare per year for a duration of 7 years. If the site is identified as having a high ecological priority (meeting specific criteria such as being an ancient woodland or adjoining a Natura 2000 site), an additional PES 4 (Environmental Enhancement) of €150 per hectare per year for 7 years is also available. Public Applicants, such as local authorities, are eligible for a grant of up to €3,000 per hectare, paid in a single instalment upon completion of initial works, but are not eligible for PES payments.

The **Woodland Improvement Scheme 2023-2027**[38] provides financial support for a range of silvicultural operations aimed at enhancing the quality, resilience, and ecosystem service delivery of existing forests. This scheme is structured into five distinct elements:

- *Element 1 (Thinning and Tending):* This element supports first and second thinning interventions in broadleaf and broadleaf/conifer mixed forests that were planted after 1983, and provides a grant of €1,200 per hectare for each of the two eligible thinning operations.
- *Element 2 (Agroforestry Maintenance):* A grant of €1,200 per hectare is available to private forest owners for the maintenance of existing grant-aided agroforestry parcels, focusing on operations that ensure the continued health and productivity of both the tree and agricultural components.

[35] Ibid.

[36] Department of Agriculture, Food and the Marine, *Reconstitution Ash Dieback Scheme 2023 – 2027*, Government of Ireland, 2023.

[37] Department of Agriculture, Food and the Marine, *Native Woodland Conservation Scheme*, Government of Ireland, 2024.

[38] Department of Agriculture, Food and the Marine, *Woodland Improvement Scheme 2023-2027*, Government of Ireland, 2024.

- *Element 3 (Continuous Cover Forestry):* This element supports private forest owners in transitioning existing forests to Continuous Cover Forestry (CCF) management. Financial support is provided through three grant instalments of €1,200 per hectare, disbursed over a 12-year transitional period, reflecting the phased nature of CCF conversion. This is complemented by an annual PES premium of €150 per hectare for 7 years, acknowledging the enhanced ecosystem services associated with CCF.
- *Element 4 (Coppice and Coppice with Standards):* This element funds the conversion of existing suitable broadleaf forests to coppice or coppice-with-standards silvicultural systems, offering a grant of €1,200 per hectare. The support is typically limited to a maximum of 3 hectares per application.
- *Element 5 (Seed Stand Management):* Aimed at improving the management and conservation of registered broadleaf and conifer seed stands to increase the supply of high-quality, domestic forest reproductive material. This element offers a fixed grant covering 100% of eligible costs up to a maximum of €1,200 per hectare for both private and public forests. Private landowners managing such seed stands are also eligible for a PES 3 premium (Seed Stand Management) of €500 per hectare per year for a 7-year period.

2.3. Funding provided by regional and local authorities

The **NeighbourWood Scheme**[39], administered by DAFM, is the primary national scheme that directly supports the development of local woodland amenities, often in partnership with or directly by local authorities. The objective of the scheme is to create attractive, easily accessible woodlands for public recreational use and enjoyment, thereby delivering social, environmental, and health benefits. While primarily targeted at publicly owned woodlands, which can include those under the stewardship of county or city councils, the scheme is also open to applications from community groups managing woodlands or private forest owners who are prepared to provide appropriate public access and develop their woodland in partnership with local communities or specific user groups. DAFM, in administering the scheme, assesses applications considering factors such as value for money, community support, and the capacity for long-term sustainment, and aims to ensure a geographical spread of projects and a balance in uptake between different categories of forest owners, including various public bodies such as local authorities.

The scheme is structured into two main funding elements, which can be applied for individually or in combination for areas up to 12 hectares for each element (though the physical footprint may overlap):

- *Element 1 (Forest Enhancement for Recreation):* This element provides financial support for silvicultural works designed to enhance existing forests, increasing their attractiveness, biodiversity, and suitability for recreation. Eligible operations include the removal of invasive species, coupe planting to reinvigorate stagnant canopies, and the replacement of existing conifer stands with native woodland. Funding is available up to €6,000 per hectare, with a maximum total grant of €72,000 per project (i.e., €6,000 x 12 ha).
- *Element 2 (Forest Recreation Facilities):* This element funds the purchase and installation of suitable recreational facilities within existing woodlands. Facilities can range from general features like trails, seats, signage, and car parking to more specialised installations catering to particular user groups, such as birdwatching hides or educational features. Projects under this element can receive up to €4,200 per

[39] Department of Agriculture, Food and the Marine, *NeighbourWood Scheme*, Government of Ireland, 2025.

hectare, based on approved works, with a maximum total grant of €50,400 per project (i.e., €4,200 x 12 ha). For private applicants who successfully implement a NeighbourWood project, an annual Payment for Ecosystem Services (PES 5 – 'People') of €90 per hectare for 7 years may also be available. This payment acknowledges the significant public amenity and social benefits provided by these accessible woodlands.

In summary, the national subsidies available under the Forestry Programme 2023–2027 offer a wide range of support for private forestry in Ireland. The programme centres on the Afforestation Scheme for establishing new forests and is supplemented by targeted funding for forest-related infrastructure, such as the Forest Road Scheme, as well as for specific management objectives, including the Woodland Improvement and Native Woodland Conservation Schemes. As a result, this detailed, objective-oriented approach provides support for the various stages of a forest's lifecycle. While the programme is designed for all private forest owners, in principle, many of these support measures are well-suited to smaller-scale forestry and therefore appear to offer SFHs in Ireland a complete and accessible framework of support.

2.4. Funding provided by foundations, business associations, educational or other institutions

The **Forestry Knowledge Transfer Group (KTG) Scheme 2025**[40] is a DAFM-administered initiative, but its operational model involves collaboration with various entities that may include forestry groups, producer groups, forestry companies, individual forestry consultants, and educational bodies like Teagasc. The primary aim of the KTG Scheme is to facilitate and increase the level of active sustainable forest management amongst participating forest owners. It achieves this by enhancing their knowledge and decision-making capacity through a structured programme of peer-to-peer learning and expert facilitation.

KTG Organisers, which can be any of the aforementioned forestry-related entities, are the direct payment beneficiaries from DAFM. They are responsible for establishing and managing KTGs, each comprising 10 to 20 forest owners. These groups participate in a programme of seven meetings or events, which must include a minimum of two outdoor events (e.g., forest visits or trips to sawmills) and can include up to five. The learning agenda is largely participant driven, with members deciding on topics relevant to their needs, though certain mandatory subjects (such as environmental obligations and timber mobilisation) are also covered. A key output for each participant is the completion of a management action plan for their forest. Financial support under the KTG Scheme is twofold:

- Participants (forest owners or joint forest owners, aged eighteen or over) receive a payment of €80 for each meeting or event they attend. To be eligible for any payment, a participant must attend a minimum of four of the seven scheduled meetings/events.
- KTG Organisers receive a payment of €7,400 per KTG organised. This payment is intended to cover the costs associated with administering the group, including engaging a department-approved KTG Facilitator, arranging venues, and managing reporting requirements. Teagasc, the national agriculture and food development authority, plays a crucial supporting role in the KTG Scheme. Teagasc advisors are involved in the co-ordination meetings, assist in the delivery of mandatory training topics for participants, provide training for KTG facilitators, and offer ongoing technical support and resources to

[40] Department of Agriculture, Food and the Marine, *Forestry Knowledge Transfer Group Scheme 2025*, Government of Ireland, 2025.

facilitators throughout the scheme's duration. While Teagasc itself is not a direct funder in the same way as DAFM, its institutional involvement is integral to the scheme's educational and knowledge transfer objectives.

While direct funding from foundations or business associations for general forestry incentives is not a primary mechanism detailed in the core DAFM programmes, some NGOs involved in tree planting and woodland restoration do receive funding from various sources, including government departments, corporate funders, and public philanthropy. For example, the **Community Foundation for Ireland**[41] partners with the National Parks and Wildlife Service to offer grants for biodiversity projects, which can include woodland elements, comprised of both private and public funds. An **Taisce (The National Trust for Ireland)**[42], through its Environmental Education Unit, also distributes funding, often for educational tree planting projects in schools, sourced from government departments, agencies, and corporate philanthropy. Alternatively, specific NGOs like **Hometree**[43] and **Easy Treesie**[44] engage in direct tree planting, sometimes with government (e.g., EIP funding for Hometree) or donated saplings (Easy Treesie for schools). Furthermore, **Coillte**[45], the state forestry company of Ireland, also donates trees for community planting during events like National Tree Week. Finally, the **Irish Environmental Network**[46] supports its member environmental NGOs by distributing core funding, which can indirectly support forestry-related conservation work.

Taken together, while foundations and business associations are not primary funders of large-scale forestry in Ireland, they do play a distinct and complementary role. For instance, the Government of Ireland's Knowledge Transfer Group scheme leverages the expertise of educational and professional bodies to enhance the skills and capacity of forest owners. Concurrently, non-governmental organisations and community groups, in many cases backed by corporate philanthropy and state partnerships, contribute to targeted conservation and educational planting initiatives, thereby supplementing the primary state-led financial incentive programmes.

2.5. Innovative funding sources

The Irish Forestry Programme 2023-2027 incorporates several schemes and components that can be classified as innovative funding sources, either by promoting the adoption of new technologies and practices or by directly rewarding the provision of ecosystem services.

The **Innovative Forest Technology Scheme 2023-2027**[47] is explicitly designed to encourage the introduction and adoption of new technologies in Ireland's forestry sector.

- *Module 1 (Central Tyre Inflation):* This module provides grant aid to timber haulage operators for the acquisition and fitting of Central Tyre Inflation (CTI) systems on heavy commercial vehicles. CTI technology allows for the dynamic adjustment of tyre pressures to suit different terrains (e.g., lower pressure on soft forest ground, higher pressure on public roads). This can significantly reduce soil compaction within forests, decrease wear and tear on both forest and public roads, and improve fuel

[41] Community Foundation Ireland, *About Us*, accessed May 27, 2025.
[42] An Taisce, *Our Mission*, accessed May 27, 2025.
[43] Hometree, *Our Story*, accessed May 27, 2025.
[44] EasyTreesie, *Who We Are*, accessed May 27, 2025.
[45] Coillte, *Our Story*, accessed May 27, 2025.
[46] Irish Environmental Network, *Who We Are*, accessed May 27, 2025.
[47] Department of Agriculture, Food and the Marine, *Innovative Forest Technology Scheme 2023-2027 Module 2: Investment Aid for the Development of the Forest Tree Nursery Sector*, Government of Ireland, 2024.

efficiency for transport vehicles. The grant covers up to 65% of the total eligible expenditure for the CTI system, with a maximum payment of €20,000 per vehicle. This module targets a specific technological advancement to improve the efficiency and reduce the environmental impact of timber transport operations.

- *Module 2 (Investment Aid for the Development of the Forest Tree Nursery Sector):* This module aims to enhance the domestic production of native tree species, thereby improving the resilience and biosecurity of Irish forests by reducing reliance on imported plant material. It provides financial support to private or third-sector organisations involved in the supply of forest reproductive material (FRM). Funding is available for a range of capital investments, including specialised seed collection equipment, seed processing and modern storage infrastructure (e.g., temperature and humidity-controlled facilities), polytunnel construction and advanced equipment, modern irrigation systems, mechanised transplanting and grading machinery, and biosecurity investments such as water treatment systems and refrigeration equipment. The grant can cover up to 100% of the accepted net cost of the investment, up to a maximum of €250,000 per project. A general minimum investment of €10,000 (excluding VAT) is required, though this is reduced to €2,000 for projects focused solely on tree seed collection.

The **Climate Resilient Reforestation Pilot Scheme**[48] represents an innovative approach to reforestation by incentivising management systems that are expected to enhance the long-term climate resilience of the national forest estate. This pilot scheme offers enhanced grant rates and Payments for Ecosystem Services (PES) for specific reforestation pathways:

- *Element 1 (Reforestation for Continuous Cover Forestry):* Supports the establishment of forests designed for future management under CCF principles. It provides a grant of €1,800 per hectare and an annual PES (PES 2 - CCF) of €150 per hectare for 7 years.
- *Element 2 (Reforestation for Native Forests):* This element encourages the replacement of existing conifer stands (often monocultures) with appropriate native forest types, thereby enhancing biodiversity and ecological integrity. The establishment grant is €2,225 per hectare, which increases to €4,000 per hectare for sites designated as Ecological Priority Sites (based on criteria such as proximity to ancient woodlands or Natura 2000 sites). This is coupled with an annual PES (PES 1 - Native Woodland Conversion) of €500 per hectare (or €650 per hectare for Priority Sites) for 7 years.
- *Element 3 (Reforestation for Biodiversity and Water):* This element promotes the creation of permanent semi-natural zones specifically for biodiversity enhancement and water protection, often located adjoining statutory water setbacks. It involves planting native broadleaves at wider spacings or in groups. This element offers an establishment grant of €2,500 per hectare and an annual PES (PES 6 - Water Protection) of €350 per hectare for 7 years. The scheme is explicitly a pilot, with an annual uptake target of 525 hectares, allowing DAFM to assess its effectiveness and refine approaches to climate-resilient forestry.

The **Climate Action Performance Payment Scheme**[49] is an innovative incentive designed to specifically encourage the active restoration of sites affected by Ash Dieback disease. Beyond the grants available for site clearance and replanting under the Reconstitution Ash Dieback Scheme, this scheme provides an additional payment of €5,000 per hectare. This payment is disbursed in three instalments and is subject to

[48] Department of Agriculture, Food and the Marine, *Climate Resilient Reforestation Pilot Scheme*, Government of Ireland, 2024.
[49] Department of Agriculture, Food and the Marine, *Climate Action Performance Payment Scheme*, Government of Ireland, 2024.

de minimis aid rules. Its purpose is to provide a further financial stimulus for landowners to undertake the necessary, often costly, work of clearing diseased ash and establishing new, healthy forests, thereby contributing to national climate action objectives by maintaining forest cover and carbon sequestration potential.

Payments for Ecosystem Services (PES) are a significant innovative funding component integrated across several of the forestry schemes. This mechanism directly rewards landowners for managing their forests in ways that deliver identifiable public goods and environmental or social benefits, beyond timber production. These annual, per-hectare payments, typically for a 7-year duration, acknowledge the value of these services[50]. The specific PES available are:

- PES 1 (Native Woodland Conservation) and PES 4 (Environmental Enhancement) under the Native Woodland Conservation Scheme.[51]
- PES for Element 3 (Continuous Cover Forestry) and PES 3 (Seed Stand Management) under the Woodland Improvement Scheme.[52]
- PES 5 ('People') under the NeighbourWood Scheme, for providing public recreational access.[53]
- PES 2 (CCF), PES 1 (Native Woodland Conversion), and PES 6 (Water Protection) under the Climate Resilient Reforestation Pilot Scheme.[54]

Green Bonds also feature as an innovative financing mechanism in Ireland. For instance, the National Treasury Management Agency (NTMA) **issues Irish Sovereign Green Bonds (ISGBs)** to finance or refinance Exchequer-funded projects that have clear environmental benefits. A significant portion of the proceeds from these bonds is allocated to the 'Environmentally Sustainable Management of Living Natural Resources and Land Use' category.[55] For example, the 2021 ISGB Allocation Report detailed that €28.8 million was specifically allocated to 'Forestry and Bio-energy'. This funding supported DAFM's afforestation grants and annual premium payments, initiatives for sustainable forest management (including Continuous Cover Forestry), and the Woodland Creation on Public Lands scheme. In 2021, ISGB proceeds directly contributed to the planting of 2,016 hectares of new forests and the construction of 72 km of forest roads. This demonstrates a direct pathway for green finance to support national forestry programmes.[56]

The development of markets for **Carbon Credits** derived from forestry activities is an area of growing interest and innovation in Ireland, spurred by national and EU climate mitigation targets. The Irish government is currently working on an **Irish Carbon Farming Framework**, following public and stakeholder consultations.[57] This framework is intended to create a system for rewarding farmers, landowners, and foresters for verified carbon removal, greenhouse gas reductions, and associated biodiversity measures. A key aspect of this development is its alignment with the EU's Carbon Removals Certification Framework (CRCF) Regulation, which aims to establish a union-wide voluntary certification system for activities that remove carbon from the atmosphere, including through carbon farming and carbon storage in products. This EU framework will provide a standardised and credible basis for the carbon credits generated.[58]

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[50] Department of Agriculture, Food and the Marine, *Forestry Programme 2023-2027*, Government of Ireland, 2022.
[51] Department of Agriculture, Food and the Marine, *Native Woodland Conservation Scheme*, Government of Ireland, 2024.
[52] Department of Agriculture, Food and the Marine, *Woodland Improvement Scheme 2023-2027*, Government of Ireland, 2024.
[53] Department of Agriculture, Food and the Marine, *NeighbourWood Scheme*, Government of Ireland, 2025.
[54] Department of Agriculture, Food and the Marine, *Climate Resilient Reforestation Pilot Scheme*, Government of Ireland, 2024.
[55] Government of Ireland, *Irish Sovereign Green Bond: Allocation Report 2021*, accessed May 27, 2025.
[56] Ibid.
[57] Houses of the Oireachtas, *Carbon Farming*, accessed May 27, 2025.
[58] Ibid.

In parallel, there is significant advocacy from forestry industry bodies, such as the Irish Timber Growers Association (ITGA) and the Society of Irish Foresters, for DAFM to establish an official **Irish Forest Carbon Code**.[59] The purpose of such a code would be to provide a robust quality assurance standard specifically for woodland carbon sequestration projects. This would enable the generation of independently verified and accredited carbon units that could then be sold on voluntary carbon markets, thereby creating an additional, market-based income stream for forest owners, including SFHs. Reflecting this anticipated market, some private sector companies, for example **Green Belt**, are already offering services to forest owners.[60] These services include assessing the carbon sequestration potential of their woodlands and assisting with the process of registering projects on existing verified carbon platforms, positioning landowners to benefit from future carbon payment opportunities.

In contrast to the advancements in carbon credit mechanisms, the development of formal markets or schemes for **Biodiversity Credits** or offsets linked specifically to forestry activities in Ireland appears to be at a more nascent stage. Ireland's 4th National Biodiversity Action Plan (2023-2030) does outline a 'new approach to forestry' and mentions the importance of resourcing biodiversity actions within the sector.[61] However, the plan does not yet detail specific, operational biodiversity credit schemes that would allow landowners to generate and sell credits for quantified biodiversity gains. While the concepts of biodiversity offsetting and broader ecosystem accounting are subjects of international discussion and are being explored at the EU level, concrete, market-based operational schemes for Irish forestry that would enable landowners to sell biodiversity credits were not identified as being widely established in the reviewed materials. The PES payments for environmental enhancement under existing DAFM schemes, which reward actions that deliver biodiversity benefits, can be seen as a form of public payment for these services, though not a market-based credit system in the same vein as carbon credits.

Overall, Ireland's approach to innovative funding is demonstrative of a policy direction aiming to further diversify its offerings of financial support to the forestry sector. Beyond its traditional offers of grants and subsidies as described prior in this report, the country has introduced mechanisms such as PES and green bonds to reward environmental benefits and attract new investment. Furthermore, by working towards a national Carbon Farming Framework and exploring biodiversity credits, Ireland is creating multiple different pathways for forest owners, many of which are applicable to those with SFHs, to access future market-based revenue streams for the public goods their forests provide.

2.6. FINANCIAL INCENTIVES IN FOCUS

2.6.1 Forestry Programme 2023-2027

- Historical background

The **Forestry Programme 2023-2027** is the current iteration of the Government of Ireland's provision of national state support for the Irish forestry sector, succeeding the programme period that was covered by the previous 'Rural Development Programme (RDP) 2014-2020', which had been extended into 2022. The Forestry Programme emerged during a key point of structural transition for forestry in Ireland. Historically, Ireland has moved from 1% forest cover at the formation of the state to approximately 12%

[59] Forestry.ie, *Industry Update – May 2022*, accessed May 27, 2025.
[60] Green Belt Limited, *FACT 2: Private Forestry Consolidation Investment Prospectus*, 2024.
[61] National Parks & Wildlife Service, *Ireland's 4th National Biodiversity Action Plan*, Government of Ireland, 2024.

today.[62] Private forest ownership surpassed that of public ownership for the first time in the country's history, rising to 50.9% in 2022.[63] Despite this growth, the Forestry Programme was introduced against this backdrop of declining annual afforestation rates, falling from a historic high of 24,000 hectares per year in the 1990s to less than 2,000 hectares per year by the start of this new programming period.[64]
A significant factor in this decline was a 'negative' interaction within the sector culminating in a 2019 European Court of Justice ruling regarding the Habitats Directive.[65] This ruling necessitated a more complex, two-stage public consultation process for licensing, leading to severe backlogs where applicants waited 'two to three years' for a decision.[66] Accordingly, the programme aimed to reverse this trend by rebuilding 'confidence and trust' through improved administrative timelines and financial incentives,[67] while also aligning with the national government's *Shared National Vision for 2050,* which sets out the ambition of significantly expanding the size of the national forest estate, both on public and private lands, in order to deliver the multifunctional benefits for climate, nature, wood production, and people, that an environment can provide.[68]

- Legal/strategic background

The Forestry Programme 2023-2027 (the programme) serves as the national Government of Ireland's principal financial instrument for delivering on the objectives of **Ireland's Forest Strategy 2023-2030** as well as the associated **Forest Strategy Implementation Plan**.[69] More specifically, the programme is administered by the Department of Agriculture, Food and the Marine (DAFM) and is funded entirely by the national exchequer. Importantly, while previous national forest-relevant measures were often co-financed components of the EU Common Agricultural Policy (CAP), this programme operates under State Aid approval from the European Commission rather than direct CAP funding.[70] DAMF notes that Ireland is unique in this regard, seeking full State Aid approval because the national focus is on afforestation (planting new forests) rather than reforestation, which characterises nations with higher forest cover.[71]

The programme is driven by statutory binding targets in Ireland's Climate Action Plan, as well as biodiversity requirements and the need to provide renewable alternatives (timber) for the building sector.[72] Even so, the programme maintains a high degree of strategic coherence with Ireland's CAP Strategic Plan (CSP) for 2023-2027. For example, forestry payments are now fully integrated with 'Pillar 2' CAP payments, ensuring that farmers who move land into forestry do not face penalties in other environmental schemes.[73]

- Budget of the incentive (overall and the part relevant to SFHs)

The overall financial allocation for the Forestry Programme 2023-2027 is approximately **€1.3 billion**.[74] Notably, this budget is **fully funded by the Irish Exchequer**, as there is 'no EU funding' involved in this €1.3 billion allocation.[75] While the programme documentation does not explicitly ringfence a

[62] Interview with representative of the Department of Agriculture, Food and the Marine (DAFM), November 2025.
[63] Ireland's Forests - Statistics 2023 - Teagasc | Agriculture and Food Development Authority, accessed May 27, 2025, https://www.teagasc.ie/news--events/daily/forestry/irelands-forests---statistics-2023.php.
[64] Please refer to Section 5 of the Strategy.
[65] Interview with representative of the Department of Agriculture, Food and the Marine (DAFM), November 2025.
[66] Ibid.
[67] Ibid.
[68] Forest Service, Department of the Marine and Natural Resources, 'Ireland's Forest Strategy 2023-2030'.
[69] Department of Agriculture, Food and the Marine, Forestry Programme 2023-2027, Government of Ireland, 2022.
[70] Government of Ireland, The CAP Strategic Plan 2023-2027, accessed May 27, 2025.
[71] Interview with representative of the Department of Agriculture, Food and the Marine (DAFM), November 2025.
[72] Ibid.
[73] Ibid.
[74] Department of Agriculture, Food and the Marine, Forestry Programme 2023-2027, Government of Ireland, 2022.
[75] Interview with representative of the Department of Agriculture, Food and the Marine (DAFM), November 2025.

specific budget percentage for SFHs in particular, the prevailing structure of Irish forestry ownership and the average application size of just 7 hectares[76] would suggest that the vast majority of this funding is targeted at small-scale private owners. While there is no specific legal definition of SFHs in Ireland, the programme is explicitly designed to target small farmers looking for an additional income to supplement their farm.[77] Therefore, the structure of the national funding measures that are provided under the Forestry Programme 2023-2027 appear to be geared towards to the specific context that typically characterises SFHs in practice. In terms of annual expenditure, initial statistics for 2023 indicate a total DAFM expenditure on forestry activities of €73.8 million, covering afforestation grants, annual premiums, and woodland improvement works.[78]

- Type of activities covered

The programme offers a comprehensive suite of grant aid and subsidies that cover the entire lifecycle of forest management, from initial establishment to infrastructure and restoration. The core component is the **Afforestation Scheme**, which supports the creation of new forests through 12 diverse 'Forest Types' (FT1–FT12). These types cater to various objectives, ranging from commercial timber production (e.g., FT12 Mixed high forests with mainly Sitka spruce) to biodiversity and water protection (e.g., FT1 Native Forests and FT2 Forests for Water).[79]

According to DAMF, two specific schemes have shown notable success for smallholders:[80]
1. **Agroforestry (FT8):** This allows landowners to plant fewer stems per hectare and integrate forestry with beef or sheep production. Since the programme's introduction, agroforestry applications have risen from 2% to approximately 16% of all approvals, serving as a method to bring agricultural advisors and farmers into the forestry sector.
2. **Native Tree Area Scheme (NTAS):** Described by DAMF as a 'gateway' for farmers who would never previously plant a tree, this scheme supports small native plantings (up to 1 hectare). It is important to note that NTAS removes the requirement for a standard felling licence, instead utilising a **simplified approval process** (often 5-6 weeks) and offering significant premiums (€2,200/ha/year for 10 years).

Beyond planting, the programme funds the **Woodland Improvement Scheme 2023-2027**, which supports silvicultural activities such as thinning, tending, and the transition of existing forests to Continuous Cover Forestry management.[81] Infrastructure is supported through the **Forest Road Scheme 2023-2027**, which provides grants for constructing harvesting roads and special construction works like bridges to facilitate timber mobilisation.[82] The programme also addresses forest health and restoration through the **Reconstitution Ash Dieback Scheme 2023-2027**, which funds the clearance and replanting of sites affected by disease, and the **Native Woodland Conservation Scheme 2023-2027**, which funds the restoration of existing native woodlands.[83] Additionally, innovation is supported via the **Innovative Forest Technology Scheme**, covering investments in central tyre inflation systems and tree nursery upgrades.[84]

[76] Ibid.
[77] Ibid.
[78] UCD Earth Institute, Common Agricultural Policy 2023-2027, accessed May 27, 2025.
[79] Department of Agriculture, Food and the Marine, Farm Forestry Booklet: Plant the forest that suits your farm, Forestry Programme 2023 – 2027, Government of Ireland, 2023.
[80] Interview with representative of the Department of Agriculture, Food and the Marine (DAFM), November 2025.
[81] Department of Agriculture, Food and the Marine, Woodland Improvement Scheme 2023-2027, Government of Ireland, 2024.
[82] Department of Agriculture, Food and the Marine, Forest Road Scheme 2023-2027, Government of Ireland, 2023.
[83] Department of Agriculture, Food and the Marine, Reconstitution Ash Dieback Scheme 2023 – 2027, Government of Ireland, 2023.
[84] Department of Agriculture, Food and the Marine, Innovative Forest Technology Scheme 2023-2027 Module 2: Investment Aid for the Development of the Forest Tree Nursery Sector, Government of Ireland, 2024.

- Targeted beneficiaries

The programme is broadly open to all landowners, but it is specifically structured to incentivise **private landowners**, and most notably **farmers**, to convert land to forestry. This targeting is achieved through differential financial treatments. The programme sees an application split of 80% farmers and 20% non-farmers, with current data indicating a success rate of 79% from farmer's applications.[85]

Moreover, while grants generally cover 100% of establishment costs for all, farmers receive preferential annual premium rates and durations. For instance, under the Afforestation Scheme, farmer applicants receive annual premiums for a duration of 20 years, whereas non-farmer applicants receive them for 15 years.[86] This distinction provides a significant competitive advantage for farmers in the land market, offering a potential 'additional €5,000 per hectare' in value over the lifetime of the grant.[87] The programme also includes specific provisions for public bodies, such as under the **NeighbourWood Scheme**, which allows local authorities (e.g., county or city councils) to access funding to develop woodland amenities in partnership with local communities.[88]

- Effects and impacts of the incentive

As the Forestry Programme 2023-2027 is in its initial phase, long-term impact data is limited, but early statistics from 2023 reveal some notable trends. In its first year of operation, the programme supported the creation of **1,651 hectares** of new forest. One key impact of the new incentive structure has been a shift in species composition: **54%** of this new planting consisted of broadleaves, surpassing conifer planting for the first time.[89] In terms of beneficiary participation, farmers accounted for **47%** of the area afforested in 2023.[90] However, when measured against the strategic objectives, the programme has not yet closed the gap on afforestation targets. The **Forest Strategy 2023-2030** sets a goal of recovering a minimum afforestation rate of **8,000 hectares per year** to achieve a forest cover of 18%. The 2023 figure of roughly 1,651 hectares indicates that planting rates remain well below the level required to meet national climate and timber production goals.[91]

- Strengths and weaknesses of the incentive

A primary strength of the Forestry Programme is the magnitude of financial support: the grants are designed to cover **100% of the approved establishment costs** for new forests, and the annual premiums paid to landowners are exempt from income tax, maximising the net financial benefit.[92] The programme also demonstrates strength in its flexibility and environmental focus, offering a wide range of options (12 Forest Types) that allow landowners to select management styles suited to their land, such as Agroforestry or 'Forests for Water'.[93] Furthermore, the introduction of the **Native Tree Area Scheme (NTAS)** addresses a key barrier for smallholders by removing the requirement for a standard felling licence for small native plantings, thereby simplifying the regulatory process.[94]

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[85] Interview with representative of the Department of Agriculture, Food and the Marine (DAFM), November 2025.
[86] Department of Agriculture, Food and the Marine, Farm Forestry Booklet: Plant the forest that suits your farm, Forestry Programme 2023 – 2027, Government of Ireland, 2023.
[87] Interview with representative of the Department of Agriculture, Food and the Marine (DAFM), November 2025.
[88] Department of Agriculture, Food and the Marine, NeighbourWood Scheme, Government of Ireland, 2025.
[89] UCD Earth Institute, Common Agricultural Policy 2023-2027, accessed May 27, 2025.
[90] Ibid.
[91] Please refer to Section 5 of the Strategy.
[92] Department of Agriculture, Food and the Marine, Forestry Programme 2023-2027, Government of Ireland, 2022.
[93] Department of Agriculture, Food and the Marine, Farm Forestry Booklet: Plant the forest that suits your farm, Forestry Programme 2023 – 2027, Government of Ireland, 2023.
[94] Ibid.

Conversely, the programme faces certain weaknesses, most notably the difficulty in reversing the long-term decline in afforestation rates. While financial incentives are robust, cultural norms regarding land use remain a significant barrier, as forestry is often viewed by farmers as competing with food production rather than complementing it.[95] Additionally, environmental complexity restricts the land available for planting. For instance, due to EU compliance requirements regarding peat depths (no planting on peat <30cm), High Nature Value farmland, and breeding wader habitats, approximately 2.5 to 3 million hectares of potential planting land are effectively excluded from the programme.[96] This creates a highly competitive environment for the remaining productive land. Finally, administrative complexity remains a considerable barrier. While the NTAS offers some relief, the standard afforestation process requires thorough environmental assessments. The existence of an **Environment Report Grant** to subsidise the costs of preparing these reports highlights the financial and technical burden the application process places on potential applicants, often costing thousands of euros upfront.[97]

2.6.2 Irish Carbon Farming Framework

- Historical background

The **Irish Carbon Farming Framework** represents the emerging national structure for incentivising carbon sequestration in the land-use sector, though it remains in an early developmental phase. The initiative was originally grounded in specific commitments within **Ireland's Forest Strategy 2023-2030** and **Action 81** of its implementation plan, which aimed to establish a specific **Irish Forest Carbon Code**.[98] Despite these commitments, a standalone document for forestry has not been published to date. Instead, the concept has been subsumed into a broader **National Carbon Farming Framework** that covers forestry alongside soil carbon, grasslands, hedgerows and agroforestry.[99] As of late 2025, the State has not yet established a formal scheme. Instead, the Department of Agriculture, Food and the Marine (DAFM) is currently conducting a **public consultation process** to determine the framework's design, with officials using the European Commission's carbon farming guidelines as the basis for stakeholder engagement.[100] According to the draft consultation document, the Irish framework is designed to capitalise on the emerging 'voluntary' market, facilitating private investment by recognising the capacity of farmers, landowners, and foresters to remove carbon from the atmosphere through improved land management practices.[101]

- Legal/strategic background

The framework is being designed to ensure **'strong alignment'** with the European Union's **Carbon Removals Certification Framework** (Regulation (EU) 2024/3012) which entered into force in December 2024.[102] Any national model considered will be aligned with this regulation, adhering to the 'QU.A.L.ITY' criteria (Quantification, Additionality, Long-term storage, and Sustainability) to ensure that certified units are robust, verifiable, and transparent.[103] However, Ireland has also introduced three additional

[95] Interview with representative of the Department of Agriculture, Food and the Marine (DAFM), November 2025.
[96] Ibid.
[97] Teagasc, Environment Report Grant, Accessed here: https://teagasc.ie/crops/forestry/grants/environment-report-grant/#:~:text=An%20Environment%20Report%20Grant%20will,Pre%2DScreening%20Report
[98] Government of Ireland, The CAP Strategic Plan 2023-2027, accessed May 27, 2025.
[99] DAFM, 'Principles for Developing Carbon Farming in Ireland', October 2025.
[100] Ibid.
[101] DAMF, 'Developments at EU level and draft Principles to develop Carbon Farming', October 2025.
[102] Ibid; Regulation (EU) 2024/3012 establishing a Union certification framework for carbon removals.
[103] DAMF, 'Developments at EU level and draft Principles to develop Carbon Farming', October 2025.

principles that are **specific to Ireland** which go beyond the regulation. The first is a **'Just Transition'** principle designed to ensure fair access for family and part-time farmers, the second being the **'Integration of existing initiatives'** principle which aims to best leverage existing public and private initiatives already operating in the voluntary carbon and ecosystem service markets to ensure that good practices are able to flourish, with the third being a **'Learning by Doing'** approach that emphasises pilot testing before full-scale rollout.[104] A draft framework published for consultation in October 2025 establishes nine guiding principles which include **additionality**, **liability**, **longevity** and **leakage prevention**. Despite these draft principles, DAFM officials have clarified that specific operational details remain undetermined. These missing details include payment structures, funding mechanisms and the designation of a certification body.[105] Following the consultation, the Department intends to engage with its climate unit to develop a comprehensive **national strategy**. Officials indicate that a **commercially available scheme** for landowners is not expected until 2026 or 2027. Legally, the will operate within the context of their national **Climate and Low Carbon Development Act**, which mandates a 51% reduction in greenhouse gas (GHG) emissions by 2030 and a net-zero economy by 2050.[106]

- Budget of the incentive)

As the framework is currently in the design and pilot phase, a definitive **overall financial allocation** has not **yet been established** in the provided documentation. However, DAFM indicates that financial incentives will likely be drawn from a **combination of public and private sources**.[107] Existing public supports, such as those under the Common Agricultural Policy (CAP) and the Woodland Environmental Fund (WEF), are viewed as foundational elements that can be integrated into the framework to support carbon farming initiatives.

However, prior to the launch of the framework's public consultation, the government invested in foundational research capacity, such as a **€2.7 million** expansion of the **National Agricultural Soil Carbon Observatory (NASCO)** in late 2021.[108] In terms of the potential private market value for Small Forest Holdings (SFHs), pricing has yet to be determined as the framework remains early on in its development process. DAFM officials have noted that private entities and multinational companies are already approaching landowners directly with offers to purchase carbon rights, but this activity is currently occurring outside of a state-regulated environment.[109] Even so, illustrative values calculated by the Society of Irish Foresters based on **shadow carbon prices** estimate a potential carbon value of **€7,910 per hectare** over a rotation for Sitka spruce.[110] In the absence of a domestic price signal, the **UK Woodland Carbon Code** serves as the most relevant benchmark where average prices reached **£26.85 per tonne** in 2024.[111]

- Type of activities covered

The framework proposes to cover **three distinct categories of activities**, aligning with the scope of the EU CRCF Regulation. First, it addresses **permanent carbon removals** through technological solutions

[104] DAFM, 'Principles for Developing Carbon Farming in Ireland', October 2025.
[105] Interview with representative of the Department of Agriculture, Food and the Marine (DAFM), November 2025.
[106] DAMF, 'Developments at EU level and draft Principles to develop Carbon Farming', October 2025.
[107] Ibid.
[108] DAFM, 'McConalogue announces €2.7 million funding to expand the National Agricultural Soil Carbon Observatory', December 2021.
[109] Interview with representative of the Department of Agriculture, Food and the Marine (DAFM), November 2025.
[110] Society of Irish Foresters (SIF), 'SOCIETY OF IRISH FORESTERS POLICY POSITION PAPER', November 2021.
[111] Woodland Carbon Code, 'UK carbon prices', March 2025. Accessed here: https://www.woodlandcarboncode.org.uk/uk-carbon-prices

such as bioenergy with carbon capture and storage (BECCS) and direct air carbon capture.[112] Second, it covers **carbon farming and soil emission reductions**, which are of particular relevance to forest holders, as these practices include afforestation, reforestation respecting ecological principles for biodiversity, agroforestry, and the restoration of peatlands and wetlands. Third and finally, the framework includes **carbon storage in long-lasting products**, such as bio-based construction materials like timber, which serve as carbon sinks. The eligibility of these activities is contingent upon meeting strict quality criteria, including the requirement that activities must go beyond standard practice and statutory requirements (additionality).

- Targeted beneficiaries

The primary beneficiaries targeted by the framework are **farmers**, **landowners**, and **foresters** who undertake land management practices that sequester carbon or reduce emissions. The initiative is broadly inclusive, aiming to provide potential income opportunities for these groups by diversifying their revenue streams. There is a specific emphasis on a '**Just Transition**', which seeks to ensure that farmers, landowners, and foresters can benefit equitably from the transition to a climate-neutral economy, suggesting that the framework will be accessible to small forest holdings alongside larger operators.[113] To facilitate this, a **Carbon Farming Working Group** was established in September 2023, including representatives from government departments, Teagasc, and various industry bodies.

- Effects and impacts of the incentive

Recognising that development of the framework is still underway, data looking at its impacts are not yet available.[114] However, the strategic objective of the framework is to support the agriculture and land use sector in achieving a **25% reduction in emissions by 2030 compared to 2018 levels**. While the sector only achieved a 4.6% reduction in 2024, the framework is intended to accelerate progress by incentivising the widespread adoption of measures identified in Teagasc's Marginal Abatement Cost Curve (MACC). The ultimate impact sought is the creation of a credible system that delivers verifiable carbon removals and emission reductions, although the quantification of these outcomes will depend on the robust monitoring, reporting, and verification (MRV) mechanisms currently being defined.

- Strengths and weaknesses of the incentive

A potential strength of the emerging framework is its intended alignment with **high-integrity EU standards** designed to ensure credibility. However, potential weaknesses and risks remain. DAFM officials have expressed concern regarding **unregulated activity** in the private market, citing potential risks of **'greenwashing'** where multinational companies purchase carbon rights from landowners outside of a recognised state framework.[115] Furthermore, a prevalent **misunderstanding among landowners** regarding the eligibility of existing forests poses a further challenge for uptake.[116] Finally, high **transaction costs** for verification pose a significant barrier for SFHs, and the draft principles leave specific **contract lengths** and **liability requirements** undefined.[117]

[112] DAMF, 'Developments at EU level and draft Principles to develop Carbon Farming', October 2025.
[113] Ibid.
[114] DAMF, 'Developments at EU level and draft Principles to develop Carbon Farming', October 2025.
[115] Interview with representative of the Department of Agriculture, Food and the Marine (DAFM), November 2025.
[116] Ibid.
[117] Oireachtas Library and Research Service, 'Research Matters: Carbon farming', n.d. Accessed here: https://www.oireachtas.ie/en/how-parliament-is-run/houses-of-the-oireachtas-service/library-and-research-service/research-matters/2025-04-03-carbon-farming/

2.7. Other funding sources

No other distinct categories of financial incentives originating from alternative Member State funding sources or dedicated national trust funds operating independently of DAFM for general forestry support, were identified as relevant to SFH or the broader forestry value chain.

3. Overview of the financial incentives

A summary of the financial incentives available to SFHs is presented in the table below.

Table 2 A summary of financial incentives available to SFHs

Financial incentive	Type of incentive	Types of activities funded	Total allocated budget	Timeline	Number of targeted beneficiaries
EU funding (ERDF and CAP)					
CAP Strategic Plan 2023-2027 - Eco-Schemes	Afforestation or reforestation; Support for ecosystem services	On-farm tree planting, sustainable agricultural practices, environmental protection	€297 million per annum	2023-2027	n/a
Agri-Climate Rural Environment Scheme (ACRES)	Afforestation or reforestation; Support for ecosystem services	Hedgerow planting, traditional orchard planting, riparian buffer trees, tree belts for ammonia capture, general tree planting	€1.5 billion under Ireland's CAP Strategic Plan	2023-2027	n/a
Member State funding (state level, regional level, foundations and associations)					
Afforestation Scheme 2023-2027 - FT1 (Native Forests)	Afforestation or reforestation; Support for ecosystem services	New forest establishment, native tree planting, site preparation, planting, initial maintenance	€61.1 million (2023 state funding for entire Afforestation Scheme)	2023-2027	n/a
Afforestation Scheme 2023-2027 - FT2 (Forests for Water)	Afforestation or reforestation; Support for ecosystem services	Native tree planting for water protection, riparian ecosystem enhancement	Part of €61.1 million (2023 Afforestation Scheme funding)	2023-2027	n/a
Afforestation Scheme 2023-2027 - FT3 (Forest creation on public lands)	Afforestation or reforestation; Support for ecosystem services	Native forest establishment on public lands, public amenity enhancement, biodiversity improvement	Part of €61.1 million (2023 Afforestation Scheme funding)	2023-2027	n/a
Afforestation Scheme 2023-2027 - FT4 (NeighbourWoods)	Support for ecosystem services; Infrastructure improvement (roads, buildings); Afforestation or reforestation	Community woodland creation, public recreation facilities, amenity woodland establishment	Part of €61.1 million (2023 Afforestation Scheme funding)	2023-2027	n/a
Afforestation Scheme 2023-2027 - FT5 (Emergent Forest)	Afforestation or reforestation; Support for ecosystem services	Rewilding, natural regeneration processes, minimal intervention forest development	Part of €61.1 million (2023 Afforestation Scheme funding)	2023-2027	n/a
Afforestation Scheme 2023-2027 - FT6 (Broadleaf, mainly oak or beech)	Afforestation or reforestation; Productivity improvements	High-quality broadleaf forest establishment, oak and beech planting, timber production	Part of €61.1 million (2023 Afforestation Scheme funding)	2023-2027	n/a
Afforestation Scheme 2023-2027 - FT7 (Other Broadleaves / Diverse Broadleaf)	Afforestation or reforestation; Productivity improvements	Diverse broadleaf species planting, faster-growing broadleaf establishment, mixed species forestry	Part of €61.1 million (2023 Afforestation Scheme funding)	2023-2027	n/a
Afforestation Scheme 2023-2027 - FT8 (Agroforestry)	Afforestation or reforestation; Productivity improvements	Tree planting combined with agriculture, silvopastoral systems, silvoarable systems, forest gardening	Part of €61.1 million (2023 Afforestation Scheme funding)	2023-2027	n/a
Afforestation Scheme 2023-2027 - FT9 (Seed Orchards)	Improvement of the market for forestry products; Productivity improvements	Seed orchard establishment, seed production area development, forest reproductive material improvement	Part of €61.1 million (2023 Afforestation Scheme funding)	2023-2027	n/a

Financial incentive	Type of incentive	Types of activities funded	Total allocated budget	Timeline	Number of targeted beneficiaries
Afforestation Scheme 2023-2027 - FT10 (Continuous Cover Forestry)	Afforestation or reforestation; Support for ecosystem services; Productivity improvements	Continuous cover forestry establishment, sustainable forest management system development	Part of €61.1 million (2023 Afforestation Scheme funding)	2023-2027	n/a
Afforestation Scheme 2023-2027 - FT11 (Mixed high forests: diverse conifer, 20% broadleaves)	Afforestation or reforestation; Support for ecosystem services; Productivity improvements	Mixed conifer forest establishment, diverse conifer planting, biodiversity enhancement through broadleaf integration	Part of €61.1 million (2023 Afforestation Scheme funding)	2023-2027	n/a
Afforestation Scheme 2023-2027 - FT12 (Mixed high forests with mainly Sitka spruce, minimum 20% broadleaves)	Afforestation or reforestation; Support for ecosystem services; Productivity improvements	Sitka spruce plantation establishment, productive conifer forestry, broadleaf integration for biodiversity	Part of €61.1 million (2023 Afforestation Scheme funding)	2023-2027	n/a
Native Tree Area Scheme (NTAS)	Afforestation or reforestation; Support for ecosystem services	Small native forest creation, native tree planting up to 1 hectare	Part of €61.1 million (2023 Afforestation Scheme funding)	2023-2027	n/a
Environment Report Grant	Planning support	Environmental report preparation, environmental assessment support		2023-2027	n/a
Forest Road Scheme 2023-2027	Infrastructure improvement (roads, buildings); Productivity improvements	Forest road construction, harvesting road development, bridge construction, culvert installation		2023-2027	n/a
Native Woodland Conservation Scheme 2023-2027	Support for ecosystem services; Productivity improvements	Native woodland restoration, conservation works, biodiversity enhancement		2023-2027	n/a
Woodland Improvement Scheme 2023-2027 - Element 1 (Thinning and Tending	Productivity improvements	First and second thinning operations, forest tending, silvicultural interventions		2023-2027	n/a
Woodland Improvement Scheme 2023-2027 - Element 2 (Agroforestry Maintenance)	Productivity improvements	Agroforestry system maintenance, tree and agricultural component care		2023-2027	n/a
Woodland Improvement Scheme 2023-2027 - Element 3 (Continuous Cover Forestry)	Support for ecosystem services; Productivity improvements	CCF transition, continuous cover forestry conversion, ecosystem service enhancement		2023-2027	n/a
Woodland Improvement Scheme 2023-2027 - Element 4 (Coppice and Coppice with Standards)	Productivity improvements	Coppice conversion, coppice-with-standards establishment, traditional silviculture		2023-2027	n/a

Financial incentive	Type of incentive	Types of activities funded	Total allocated budget	Timeline	Number of targeted beneficiaries
Woodland Improvement Scheme 2023-2027 - Element 5 (Seed Stand Management)	Improvement of the market for forestry products; Productivity improvements	Seed stand management, forest reproductive material conservation, genetic resource management		2023-2027	
Deer Tree Shelter, Hare and Deer Fencing Scheme	Productivity improvements	Deer tree shelter installation, deer fencing, hare-proof fencing, forest protection		2023-2027	n/a
Reconstitution Ash Dieback Scheme 2023-2027	Afforestation or reforestation; Productivity improvements	Site clearance of affected ash, replanting with alternative species, premium adjustments		2023-2027	n/a
Woodland Environment Fund (WEF)	Afforestation or reforestation; Support for ecosystem services	Native woodland establishment (FT1 and FT2), private sector co-financing	Funded via the Forestry Programme 2023-2027 under the CAP: €7.4 billion of EU funding, split over the period 2023-2027	2023-2027	n/a
NeighbourWood Scheme - Element 1 (Forest Enhancement for Recreation)	Support for ecosystem services; Productivity improvements	Forest enhancement for recreation, invasive species removal, coupe planting, conifer replacement	Funded via the Forestry Programme 2023-2027 under the CAP: €7.4 billion of EU funding, split over the period 2023-2027	2023-2027	n/a
NeighbourWood Scheme - Element 2 (Forest Recreation Facilities)	Infrastructure improvement (roads, buildings); Support for ecosystem services;	Recreation facility installation, trails, seating, signage, car parking, birdwatching hides, educational features	Funded via the Forestry Programme 2023-2027 under the CAP: €7.4 billion of EU funding, split over the period 2023-2027	2023-2027	n/a
Forestry Knowledge Transfer Group Scheme 2025	Support for forest associations; Planning support	Knowledge transfer, peer learning, forest management training, management action plans	Funded via the Forestry Programme 2023-2027 under the CAP: €7.4 billion of EU funding, split over the period 2023-2027	2025	n/a
Income Tax Exemption for Forestry	Productivity improvements	Commercial woodland management, timber sales income	N/A (is a tax measure)	Ongoing	n/a
Universal Social Charge (USC) and Pay Related Social Insurance (PRSI) for Forestry	Productivity improvements	Social contributions on forestry income, USC and PRSI payments	N/A (is a tax measure)	Ongoing	n/a
Capital Gains Tax Relief for Forestry	Productivity improvements	Standing timber disposal, woodland sales	N/A (is a tax measure)	Ongoing	n/a
Capital Acquisitions Tax Agricultural Relief for Forestry	Productivity improvements	Woodland inheritance, woodland gifts	N/A (is a tax measure)	Ongoing	n/a

Financial incentive	Type of incentive	Types of activities funded	Total allocated budget	Timeline	Number of targeted beneficiaries
Stamp Duty Relief for Forestry	Productivity improvements	Forestry land transfers, woodland purchases	N/A (is a tax measure)	Ongoing	n/a
Value-Added Tax (VAT) Arrangements for Forestry	Productivity improvements	VAT on forestry operations, timber sales, forestry services	N/A (is a tax measure)	Ongoing	n/a
Innovative funding					
Climate Action Performance Payment Scheme	Afforestation or reforestation; Support for ecosystem services	Additional financial stimulus for ash dieback restoration, climate action contribution		2023-2027	n/a
Climate Resilient Reforestation Pilot Scheme - Element 1 (CCF)	Afforestation or reforestation; Support for ecosystem services	Continuous cover forestry establishment for reforestation, climate resilience enhancement	Funded via the Forestry Programme 2023-2027 under the CAP: €7.4 billion of EU funding, split over the period 2023-2027	2023-2027	n/a
Climate Resilient Reforestation Pilot Scheme - Element 2 (Native Forests)	Afforestation or reforestation; Support for ecosystem services	Native forest reforestation, conifer replacement, biodiversity enhancement	Funded via the Forestry Programme 2023-2027 under the CAP: €7.4 billion of EU funding, split over the period 2023-2027	2023-2027	n/a
Climate Resilient Reforestation Pilot Scheme - Element 3 (Biodiversity and Water)	Afforestation or reforestation; Support for ecosystem services	Biodiversity enhancement zones, water protection areas, semi-natural habitat creation	Funded via the Forestry Programme 2023-2027 under the CAP: €7.4 billion of EU funding, split over the period 2023-2027	2023-2027	n/a
Innovative Forest Technology Scheme 2023-2027 - Module 1 (Central Tyre Inflation)	Productivity improvements; Equipment improvements (mechanisation)	Central Tyre Inflation system acquisition and fitting, technology adoption	Funded via the Forestry Programme 2023-2027 under the CAP: €7.4 billion of EU funding, split over the period 2023-2027	2023-2027	n/a
Innovative Forest Technology Scheme 2023-2027 - Module 2 (Tree Nursery Investment)	Productivity improvements; Equipment improvements (mechanisation); Improvement of the market for forestry products	Seed collection equipment, seed processing infrastructure, nursery development, biosecurity investments	Funded via the Forestry Programme 2023-2027 under the CAP: €7.4 billion of EU funding, split over the period 2023-2027	2023-2027	n/a
Irish Sovereign Green Bonds (ISGB) for Forestry	Afforestation or reforestation; Infrastructure improvement (roads, buildings)	Afforestation grants, premium payments, sustainable forest management including CCF, public woodland creation	€28.8 million allocated to forestry and bio-energy (2021)	Ongoing	n/a

It is difficult to provide an estimate of total funding available to small forest holders in Ireland and this, namely, for the following reasons:

(i) Small forest owners are not explicitly defined in Irish legislation or regulations and most subsidies are available for a range of stakeholders and not only small forest holders;

(ii) Some of the programmes have annual budgets, others multiannual or a one-time subsidy and others are tax measures with no allocated budget as such.

4. Strategic objectives vs financial incentives

4.1 Objectives of national forestry strategies and plans

The **Forest Strategy 2023-2030**[118] (the Strategy) together with the **Forest Strategy Implementation Plan**[119] provide Ireland with a roadmap for the relevant period to put in place strong foundations for multifunctional forests that deliver for climate, nature, wood, people, and economic and rural development. Section 5 of this Strategy outlines its 'Objectives, Values and Goals', with the overriding objective until 2030 being to urgently expand the national forest estate on both public and private land in a manner that will deliver lasting benefits for climate change, biodiversity, water quality, wood production, economic development, employment and quality of life. According to DAFM, these objectives are driven by three specific pressures: statutory binding targets within the Climate Action Plan, biodiversity requirements, and the need to generate renewable alternative materials for the building sector (offsetting concrete and steel with timber).[120]

Three main objectives have been identified which must be achieved through the Forest Strategy by 2030. These objectives apply equally to all forests, both public and private.

People: involve local communities and landowners in forest expansion at local, regional and national levels and increase people's employment in, engagement with and enjoyment of forests for the benefit of their livelihood, health and well-being.

Planet: expand and adaptively restore forest ecosystems as a major national sink and store of carbon and a cornerstone of biodiversity, through the rapid and sustainable expansion of climate resilient and biodiverse forests that support a healthy and high-quality environment.

Prosperity: continue to grow the economic and employment value of forests as a key enabling element of the new bioeconomy, supporting an innovative, sustainable forestry sector and expanding the use of wood in construction.

[118] Forest Service, Department of the Marine and Natural Resources, 'Ireland's Forest Strategy 2023-2030'.
[119] https://www.gov.ie/en/department-of-agriculture-food-and-the-marine/publications/forest-strategy-implementation-plan-including-the-forestry-programme-2023-2027/
[120] Interview with representative of the Department of Agriculture, Food and the Marine (DAFM), November 2025.

The below diagram explains better the goal of the Forest Strategy 2023-2030:



The overarching **objectives** identified[121] above relate to the following typologies:

- **Afforestation and reforestation**
- **Support for ecosystem services**
- **Productivity improvements**
- **Improvement of the market for forestry products**

The section below explains in what way the selected financial incentives address the strategic objectives set out for the Irish forests.

4.2 How the selected financial incentives address the strategic objectives

4.2.1 Extent to which the selected measures address the objective(s) as set in the plan:

The selected measures address all the above strategic objectives. As elaborated by DAFM, the current suite of incentives is designed to ensure that 'there is a forest for everybody', regardless of motivation.[122] Whether a landowner's motivation is altruistic (biodiversity/nature), commercial (timber production), or amenity-based (public access), a dedicated financial incentive exists within the Forestry Programme to support it. For example, the 'People' objective is directly addressed by funding for walkways and outdoor amenities, while 'Prosperity' is addressed through 100% establishment grants and tax-free premiums that provide a 'sustainable income for landowners who make this permanent land use change.'[123]

The Forestry Programme 2023-2027 thoroughly addresses the four identified typologies (as identified under 4.1 above, 'Afforestation and reforestation, Support for ecosystem services, Productivity improvements, and Improvement of the market for forestry products) through its highly diverse range of available financial support mechanisms and instruments. In terms of **afforestation and reforestation**, the core Afforestation Scheme constitutes the principal mechanism for expanding the size of Ireland's forest estate, providing grants and annual premiums for up to 20 years across 12 distinct forest types, while the Native Tree Area Scheme (NTAS) facilitates small-scale planting through a simplified administrative procedure for farmers and landowners. **Support for ecosystem services** is well integrated within the design of the programme itself, which offers specific financial rewards for non-productive public goods, including the Native Woodland Conservation Scheme for biodiversity, the 'Forests for Water' forest type, as well as the NeighbourWood Scheme, which funds public recreational amenities. Furthermore, the typology of **productivity improvements** is addressed directly through the Woodland Improvement Scheme (i.e., Element 1: Thinning and Tending, Element 3: Continuous Cover Forestry), which supports silvicultural interventions such as thinning and tending, as well as the transition to continuous cover forestry. Finally, the **improvement of the market for forestry products** is addressed in part by the Forest Roads Scheme, which provides the necessary infrastructure for transporting timber, and the Knowledge Transfer Group Scheme, which enhances the management capacity and expertise of forest owners to engage more effectively with the forestry supply chain.

While still in a preliminary stage, the Irish Carbon Farming Framework is likely to act as a complementary incentive primarily addressing **support for ecosystem services**, specifically through the quantification and monetisation of carbon sequestration via forest holdings. Specifically, it does this by aligning with the European Union's Carbon Removals Certification Framework, which rewards landowners for verified carbon removals and soil emission reductions. This will result in the monetisation of environmental services that

[121] Please refer to Section 5 of the Strategy.
[122] Interview with representative of the Department of Agriculture, Food and the Marine (DAFM), November 2025.
[123] Ibid.

have historically lacked a direct market value, particularly from the perspective of traditional agricultural actors who view forested land as economically uncompetitive compared to the potential benefits that more traditional agriculture practices (e.g., cattle farming) on such land can provide. The framework, once enacted, will contribute to **afforestation and reforestation**, as DAMF have indicated that future schemes under this framework will relate to new afforestation in particular, thereby serving as an additional driver for land-use change.[124] In addition, distinct from traditional timber production, the framework also addresses the **improvement of the market for forestry products** by recognising carbon storage in long-lasting bio-based products, thus integrating climate mitigation incentives with the broader forest bioeconomy.

4.2.2. Challenges in meeting these objectives

Despite the comprehensive suite of financial incentives, DAFM identified a number of key challenges that remain in meeting the strategic objectives, primarily driven by **land availability**, **regulatory complexity**, and **cultural norms**.[125]

1. Environmental compliance and land availability.
A primary challenge is that the 'low hanging fruit is gone' regarding land suitable for planting. Historically, afforestation occurred on peatlands or marginal wetlands. However, strict environmental compliance as per EU Directives (e.g., Habitats, Birds, and Water Framework) now prevents planting on deep peat (<30cm), High Nature Value farmland, or areas with breeding waders (e.g., Curlew, Hen Harrier). The DAFM official estimates that of the 5 million hectares of available farmland, approximately 2.5 to 3 million hectares are excluded due to these environmental constraints. Consequently, forestry must compete for the remaining 'productive land' against strong agricultural sectors like dairy and beef.

2. Cultural barriers and land use.
There is a persistent view among Irish farmers that planting trees on productive land is not economically productive. While financial incentives are high, they do not fully overcome the reluctance to make a permanent land use change. However, demographic shifts may help to change this as the average farmer age is currently 62. As such, forestry is increasingly viewed as a viable option for older farmers who lack successors willing to invest in machinery or intensive stock management.

3. Integration with agriculture.
A historic challenge was the perception that forestry and organic farming were mutually exclusive. However, recent policy changes now allow for a 'whole farm integrated approach', where farmers can simultaneously receive CAP payments, Organic Farm payments, and Agroforestry payments on the same land. This synergy is intended to address the 'Prosperity' and 'Planet' objectives by making forestry complementary to, rather than competitive with, traditional farming.

4.3 Objectives of the strategy that are not being addressed

While the financial incentives address all the strategic objectives set out by the Forest Strategy 2030, the ambitious quantitative goals related to afforestation remain challenging. After a drastic reduction of the afforestation rates between 1993 and 2021, that fell from 24,000 ha/yr until less than 2,000 ha/yr, the **Forest Strategy 2030** sets a **goal of forest cover of 18%** and an objective of recovering a **minimum afforestation rate of 8,000 ha/yr**. The forest area expected for 2030 reaches 1,323,569 ha, meaning that

[124] Interview with representative of the Department of Agriculture, Food and the Marine (DAFM), November 2025.
[125] Ibid.

more than 0,5 million hectares should be planted. That would mean a plantation rate of 64,340 ha/yr, tripling the historical maximum afforestation rate. This goal was established in the attempt to achieve and maintain an annual timber production of around 8 million cubic meters per year. The SWOT analysis for forestry also highlights an industry that is poised for expansion as **timber output** from high planting levels in the 1980's and 1990's **is set to double to 8 million cubic metres by** 2050.

However, the target of 8,000 ha/year remains difficult to achieve in practice. Even so, DAFM notes that there has been a notable recovery in planting rates.[126] In 2023, approximately 1,500 hectares were planted, and this figure is projected to double to 3,000 hectares by the end of 2024.[127] This shortfall does not indicate that the strategic objectives are ignored by the incentives, but rather that the uptake is limited by the non-financial barriers described in Section 4.2.2.

Importantly, there is no discernible 'gap in financing' in terms of state commitment, as the current programme is backed by €1.3 billion in fully State-funded support.[128] The gap lies in the absorption of these funds by landowners. Therefore, the strategic objective of 'Prosperity' and expanding the forest estate is supported by sufficient capital, but implementation is slowed by the need to build 'confidence and trust' in the licensing system following previous judicial and administrative delays.[129]

[126] Interview with representative of the Department of Agriculture, Food and the Marine (DAFM), November 2025.
[127] Ibid.
[128] Ibid.
[129] Ibid.

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