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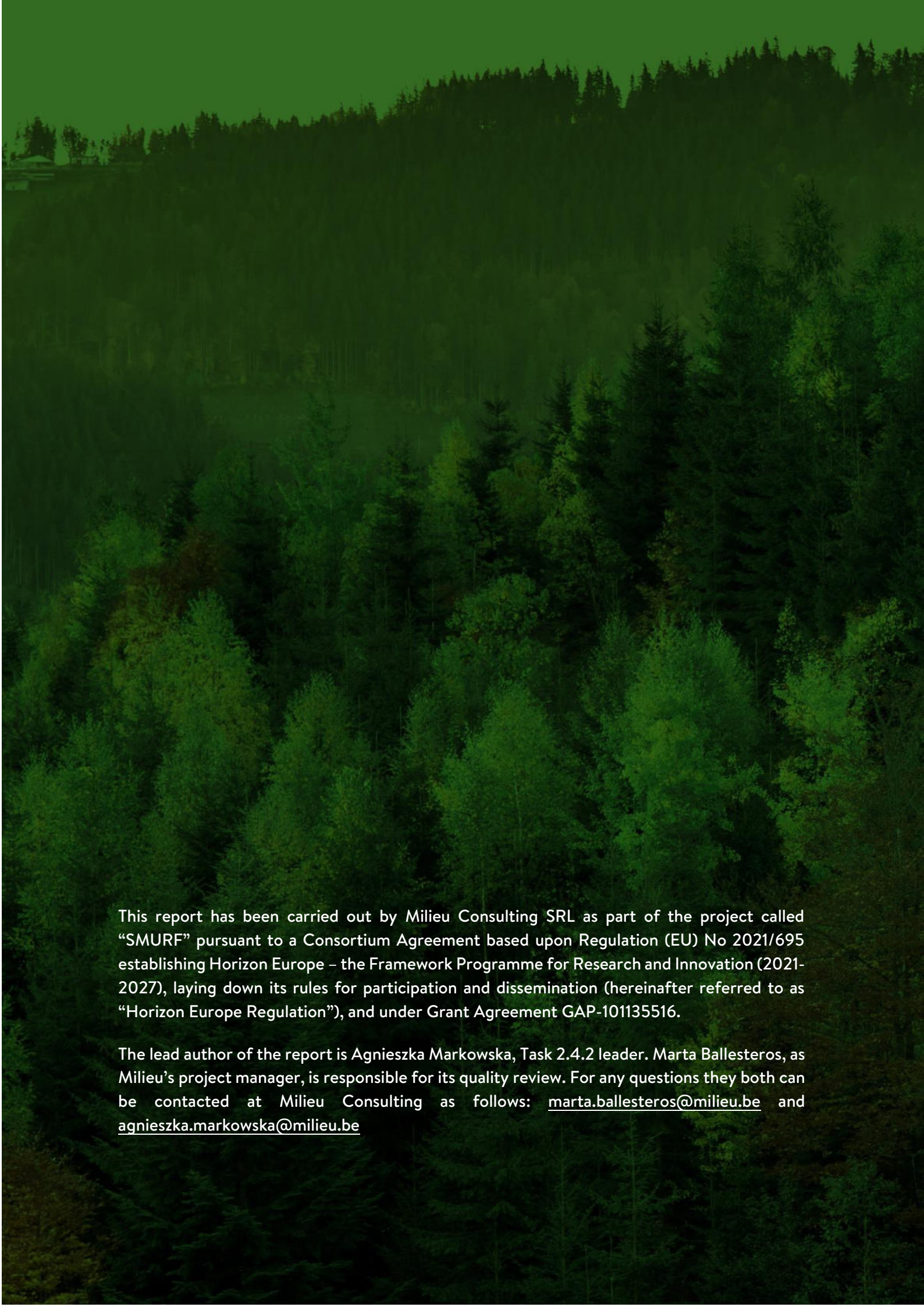
Financial incentives applicable to Small Forest Holdings and their impacts

Country Fact Sheet
Poland

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Financial incentives applicable to Small Forest Holdings

WP2, Task 2.4.2

Executive Summary

In Poland, only about 18% of the forest area is privately owned. Forest plots are typically small and fragmented; they are rarely used for economic activities, as their profitability is low.

A range of financial incentives is available in Poland for forestry-relevant activities that can be implemented by small forest holders (SFH). The most relevant and targeted ones are being provided by the Common Agricultural Policy (CAP). According to the Polish CAP Strategic Plan, five types of measures for the total amount of over EUR 60.3 million, with over EUR 48.4 million of EU funding planned for implementation in the years 2024-2028, including subsidies for agro-forestry, afforestation and tree planting, and subsidies for increasing biodiversity of private forests.

Regarding Cohesion Policy funding, a national-level programme (FEnIKS) and 17 regional programmes disburse EU (ERDF) funding that can be used for green investments and can potentially provide support to SFH. The national programme will dedicate close to EUR 10 billion to environmental protection and energy sectors. The objectives of the programme include support for climate change mitigation and adaptation and risk prevention. Some activities will be implemented in forest areas but there is no budget share dedicated to forests. The two selected regional programmes (for the Lubuskie and Zachodniopomorskie voivodeships) also dedicate significant amounts to green transition and adaptation to climate change; again, the budget share dedicated to forests was not found. Moreover, neither the national programme nor the regional programmes for Cohesion Policy funding contain specific objectives or tracking systems that would allow to assess the amounts to be spent on the financial support for the forestry sector, and in particular, for the SFH.

Forest owners are subject to some tax exemptions, in particular with respect to forests that are less than 40 years old and forests listed in the register of monuments or located on ecological sites.

State Forests, which is an organization managing the forests belonging to the State Treasury, provide support to private forest owners through the use of the Forest Fund. This Fund can be used for a variety of goals including afforestation of land not owned by State Treasury and preparation of simplified forest management plans for privately owned forests. Since 1991, the Fund has been used to support SFH in the fulfilment of the regulatory obligation to prepare simplified forest management plans.

Provincial and municipal budgets as well as dedicated funds for environmental protection, which exist at national and regional levels in Poland, are used for environmental projects at sub-national governance levels, however it was not possible to assess to what extent these funds are used for activities supporting SFH.

Some examples of projects supporting forests and financed by foundations or innovative funding sources such as crowdfunding have been found – these involve educational activities or biodiversity and tree protection activities. However, they are only indirectly relevant to SFH, and the extent to which SFH benefit from them is not clear.

Introduction

In Poland, forests cover 29.2% of the total area of the country. Most forests are under public ownership, with the State Forests (*Lasy Państwowe*) being the single largest forest holder, managing 77% of the Polish forests. Municipalities and other public bodies possess about 2% of the area of forests. About 18% of the total area of Polish forests (1.8 million ha) is privately owned[1]. According to researchers from Forest Research Institute, private forests being part of agricultural holdings are treated more as a "handy storage of wood used for agricultural and household purposes" than capital or the source of farmers' income. This is because typically, the share of forest in the owned land is small, and the forest plots are scattered. This means that the profitability of using forest for economic activities is low. Long-term production cycles contribute to the high risk and low profitability of private forests[2].

[1] Statistics Poland, '*Statistical Yearbook of Forestry*' ('*Rocznik Statystyczny Leśnictwa*') (2024), Warsaw, https://stat.gov.pl/obszary-tematyczne/roczniki-statystyczne/roczniki-statystyczne/rocznik-statystyczny-lesnictwa-2023,13,6.html
[2] Wysocka-Fijorek, Emilia, Gil, Wojciech, Gołos, Piotr, Dobrowolska, Ewelina, *Who applies for afforestation subsidies? Analysis of the age of beneficiaries of the Rural Development Program from 2004-2018*, Folia Forestalia Polonica 62(4), December 2020

1. Financial incentives based on EU funding

1.1. The European Regional Development Fund

Cohesion Policy is implemented in Poland through several Programmes, including the national programme FEnIKS (European Funds for Infrastructure, Climate and Environment)[3] that can be used for nature protection and forestry measures, and 17 regional Programmes (including one for each of the 16 Polish regions and one programme European Funds for Eastern Poland), all of which can potentially provide opportunities for investing in nature and forests. Below we provide some information about the FenIKs programme as well as about two regional programmes from the Polish regions with the highest forest cover: Lubuskie (49.4% of forest cover) and Zachodniopomorskie (39.9% of forest cover).

FENIKS

The budget of the FEnIKs programme amounts to EUR 29.3 billion, with about EUR 9.7 billion dedicated to investments in environmental protection and energy sector. Its main objectives include lowering GHG emissions and green transition. The programme is coordinated by the Ministry of Development Funds and Regional Policy. The Ministry of Climate and Environment is the Intermediate Body responsible for coordinating the priorities related to environmental protection, climate and energy. Direct supervision of environmental projects (with relevance for forestry) was entrusted to the National Fund for Environmental Protection and Water Management (see also section 2.3)[4].

Environmental projects are implemented under the Policy Objective 2: *A greener, low-carbon transitioning towards a net zero carbon economy and resilient Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate change mitigation and adaptation, risk prevention and management, and sustainable urban mobility*. The description of the Specific Objective 2.4 *Promoting climate change adaptation and disaster risk prevention and resilience, taking into account eco-system based approaches* contains some references to forestry, focusing on climate adaptation needs. In forest areas, activities should strengthen resilience to climate change threats. These actions will include further development of small retention systems and counteracting excessively intensive water run-off causing water erosion. Other activities will aim at restoring proper water conditions in marsh and riparian forests habitats, especially on organic soils.

Information available on the FenIKs website does not allow to distinguish the amount of support dedicated to forestry activities. The Specific Objective 2.4 has an indicative financial allocation of over EUR 1.4 billion of ERDF funding. The most granular tracking of the financial allocation and spending in Cohesion Policy is possible by using Intervention Fields (IFs), however there are no IFs dedicated to forestry activities[5].

[3] European Funds for Infrastructure, Climate and Environment (*Program Fundusze Europejskie na Infrastrukturę, Klimat, Środowisko*)
[4] European Funds for Infrastructure, Climate and Environment: FEnIKs
[5] Three different IFs are assigned to the adaptation to climate change measures (floods and landslides, fires and storms and drought), none of them being exclusively linked to forest measures.

Lubuskie voivodeship[6]

The total budget of the Programme "European Funds for Lubuskie 2021-2027" amounts to EUR 915 million, with EUR 652 million from the ERDF. This funding is divided into seven priority areas, with the priority II "European funds for green development of Lubuskie" being the most relevant for forestry. This priority area has an allocation of EUR 185 million from the ERDF and a total allocation of EUR 218 million.

One of the specific objectives within this priority area is to support adaptation to climate change and to prevent the risk of natural disasters, with a budget of over EUR 17 million from the ERDF. The supported activities will include investment in green infrastructure. However, forestry-related activities are not explicitly mentioned under this priority or under other priorities of the Programme. The programme will moreover support renewable energy resources including biomass. The list of projects accepted for funding dated in March 2025 does not reveal any projects which could be relevant to forestry and in particular, to SFH.

Zachodniopomorskie voivodeship[7]

Total allocation from the ERDF to the Zachodniopomorskie programme amounts to EUR 1.2 billion. The programme is divided into seven priority areas, with Priority 2 entitled "European funds for Green Western Pomerania" with the allocation of EUR 524 million. Under this priority, specific objective "support for the adaptation to climate change and preventions of natural disasters" has a budget of over EUR 95 million. The supported activities will include investment in green infrastructure and natural water retention. As for the Lubuskie voivodeship, forestry-related activities are not explicitly mentioned under this priority or under other priorities of the Programme. The programme will also support renewable energy resources including biomass. The list of projects accepted for funding dated in May 2025, however, does not reveal any projects which could be relevant to forestry and in particular, to SFH.

Concluding, while the ERDF provides funding for "green" investments that can support SFH, it is not clear to what extent SFH use this funding is used in practice.

1.2. Common Agricultural Policy (CAP)

CAP funding provides subsidies for farmers and other stakeholders who implement forestry activities. The Polish Strategic Plan prepared within the framework of the CAP for the years 2023-2027 lists afforestation, planting of trees and shrubs, enhancing biodiversity in forests as well as establishment of agro-forestry areas, as types of interventions that will be supported[8]. Financial support for the five types of measures relevant to forestry and SFH is estimated at approximately EUR 60.3 million, with over EUR 48.4 million of EU funding (see the table below[9]). The measures targeted at forest owners and managers contribute to climate adaptation, carbon

[6] European Funds for Lubuskie.
[7] European Funds for Western Pomerania
[8] Government of the Republic of Poland: Strategic Plan for RDP in Poland in the years 2023-2027.
[9] More details are presented in the Excel database.

sequestration, environmental protection and biodiversity enhancement. They are primarily dedicated to farmers, however forest owners other than farmers (e.g. private forest owners' associations, local authorities managing forests) are also eligible.

Table 1 Financial incentives for SFH envisaged in the CAP Strategic Plan

Type of premium	Planned total amount (EUR)	Planned EU amount (EUR)	Timeline[10]	Indicators
Subsidies for agro-forestry, afforestation and tree planting (I.8.8)	8 million	6.4 million	2024-2028	5 500 ha to be covered by this measure Contribution to climate adaptation, carbon sequestration, soil protection, water quality protection, sustainable nutrient management, sustainable forest management, protection of habitats and species, landscape preservation
Subsidies for afforestation (continuation of afforestation undertaken under Rural Development Plans 2004-2006, 2007-2013 and 2014-2020) (I.8.10)	22.8 million	18.3 million	2026-2028	0.37% of forested land to be covered by these measures Contribution to carbon sequestration, water balance and biodiversity enhancement
Subsidies for afforestation of agricultural land (I. 10.11)	11.6 million	9.3 million	2024-2028	Afforestation of agricultural land has a target of 20 660 ha
Subsidies for setting up agro-forestry systems (I. 10.13)	5.9 million	4.8 million	2024-2028	Contribution to biodiversity enhancement, environmentally-friendly use of natural resources, climate-friendly investments
Subsidies for increasing biodiversity of private forests (I.10.14)	12 million	9.6 million	2024-2028	Contribution to land afforestation and implementation of environmental and climate goals
TOTAL	**60.3 million**	**48.4 million**		

Information about calls for applications for the measures listed in the above table can be found on the website of the Polish Agency for Restructurisation and Modernisation of Agriculture[11].

Similar investments to subsidise private forests also took place under the Rural Development Programme 2014-2020[12].

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.

[10] The timeline of the measures in the Polish Strategic Plan varies, with the earlies starting date in 2023 and the latest ending date in 2029. For forestry and agro-forestry measures, the timeline is indicated consistently as 2024-2028, while afforestation subsidies for farmers who undertook afforestation under the previous programming periods will be provided in the years 2026-2028.
[11] Forestry and afforestation investments.
[12] Subsidies for private forests from the Rural Development Plan 2014-2020

2. Financial incentives based on MS funding

2.1. State aid

The website of the European Commission dedicated to state aid[13] provides access to state aid data for several Member States, with a possibility of searching diverse economic sectors by NACE codes. For Poland, the website provides a link to the Polish website of the Office for Competition and Consumers, which contains a similar list of state aid information. However, the Polish database does not allow searching by economic sector (NACE) codes. Information on state aid for a range of objectives is available but forestry sector does not feature among the objectives. Other objectives could be partly relevant (e.g. environmental protection, support for renewable energy) but it is not possible to assess to what extent the support provided to these objectives could be used for forestry or, in particular, for SFH.

2.2. Taxes and tax exemptions, subsidies

Forest owners[14] are obliged to pay a forest tax. It is a direct tax paid to the municipalities, similar to the agricultural tax. The tax was introduced in 1991 by the Forest Act[15] while the Act on Forest Tax[16] adopted in 2002 provides the main legal basis. This tax applies to the owner of a forest, the possessor of a forest in their own right (*posiadacz samoistny*[17]), the perpetual usufructuary of a forest that is in public ownership.

The following exemptions from the tax apply:

- Full exemption if the forest is less than 40 years old;
- Full exemption if the forest is listed in the register of monuments or is located on ecological sites (*użytki ekologiczne*)[18];
- Educational and scientific institutions are exempted from this tax;
- The rate of the tax is lower by 50% for nature reserves and national parks;
- In addition, the municipality in which the forest is located may introduce additional forest tax exemptions and reduce the tax rate in its area.

The rate of the tax per 1 ha is equal to the value of 0.22 m^3 of wood calculated according to the average sales price of wood obtained by the forest districts for the first three quarters of the year preceding the tax year. In 2025, the tax rate was equal to PLN 61 (ca. EUR 15) per ha of land[19]. If non-forestry economic activities are carried out on forest land, property tax is paid instead of the forest tax.

[13] State Aid Transparency Public Search
[14] In Poland, most forests are under public ownership, with the State Forests (*Lasy Państwowe*) being the single largest forest holder, managing 77% of the Polish forests (Statistical Yearbook of Forestry 2024). The tax applies to both private and public forest owners.
[15] Forest Act
[16] Act on Forest Tax
[17] A legal concept established in Article 336 of the Civil Code, which defines the possessor of an object as the person who actually disposes of it as an owner would.
[18] These are small areas of high ecological value established by municipalities (too small to qualify as nature park or reserves).
[19] INFOR, Podatek leśny 2025

Forest Fund

The Forest Fund (*Fundusz Leśny*) was established according to Art. 56 of the Forest Act. The main source of income of this Fund, which is managed by the General Directorate of State Forests, is a deduction charged to the operating costs of forest districts that are parts of State Forests. This deduction is determined as a percentage rate for a given year in relation to the planned revenue from the sale of timber. The resources of the Forest Fund are allocated for the purposes indicated in Article 58 of the Forest Act, including afforestation of land not owned by the State Treasury and preparation of simplified forest management plans for forests not owned by the State Treasury, as well as other works related to the removal of the effects of natural disasters and management of non-state forests.

According to the financial report of State Forests from 2023[20], on 1 January 2023, the budget of the Forest Fund was equal to PLN 3.2 million (ca. EUR 740 thousand). Among the expenses, PLN 459 thousand (ca. EUR 107 thousand) was spent for the preparation of simplified forest management plans for forests not owned by State Treasury[21]. In 2022, the expenses of the Forest Fund for the same objective amounted to PLN 714 thousand (ca. EUR 166 thousand)[22]. Information about the expenses for the years 2019-2021 was obtained from the report of the Polish Chamber of Control[23]:

- In 2021, PLN 261 000 (ca. EUR 61 thousand)
- In 2020, PLN 2 030 600 (ca. EUR 472 thousand)
- In 2019, PLN 2 475 700 (ca EUR 576 thousand).

In the years 2019-2021, simplified forest management plans were prepared under 78 separate contracts.

In the same period, PLN 19 193 800 (ca. EUR 4.5 million) were spent from the Forest Fund for buying land with the purpose of afforestation[24].

Concluding, since 1991, the Forest Fund has been used to fulfil the regulatory requirements related to the preparation of simplified forest management plans for forests not managed by State Forests. It is not clear, however, to what extent these plans concerned the forests managed by SFH.

2.3. Funding provided by regional and local authorities

Provincial and municipal budgets receive annually a certain share of the income collected from environmental compliance fees – according to the Environmental Protection Act, this income should be earmarked for environmental investments including nature protection. One of the categories of spending envisaged in the Environmental Protection Act is the setting up and maintenance of green areas and parks, planting trees and shrubs[25].

[20] Financial Report of State Forests 2023.
[21] It is not clear, however, if all these forests would qualify as forests managed by SFH.
[22] Financial Report of State Forests 2022.
[23] The Highest Chamber of Control, Report about the management with the resources of the Forest Fund, 29 June 2023.
[24] Ibid
[25] Article 400a, Environmental Protection Act, O.J. No. 62 2001, item 627, with amendments.

According to a report on green investments in Poland, in the period 2014-2020, expenditures on environment and climate-related goals from regional budgets amounted to approximately EUR 330 million, from provincial budgets – EUR 4 billion, and from municipalities – EUR 7 billion[26]. These expenditures encompass financing of initiatives supporting and promoting biodiversity and nature. Each municipality in Poland has a department related to environmental protection that implements various activities, including management of subsidies for the shaping and promotion of green areas within the municipality[27]. However, it is not possible to assess to what extent these activities relate to forests and in particular, to SFH.

Funds for environmental protection

National and regional funds for environmental protection and water management constitute an important source of funding for environmental protection in Poland. The funds distribute income collected from environmental compliance fees and fines, providing grants and loans to the selected beneficiaries.

The National Fund for Environmental Protection and Water Management is the largest Polish financial institution supporting environment and climate[28]. The National Fund supports both large nation-wide programmes and smaller projects implemented by various stakeholders on a regional or local level. The National Fund is an intermediary institution coordinating the disbursement of EU funding for environmental protection, including the ERDF resources devoted to green transition, which are part of the FEniKS programme.

Regional funds provide funding for projects located within each of the sixteen voivodeships (regions) of Poland. These funds act as coordinating bodies in the disbursement of EU and national funding dedicated to environmental protection. Each fund has a list of priority types of investments which are to be financed every year. For example, the list of priority areas for investment for 2025 of the Regional Fund in the Lubuskie voivodeship includes[29]:

- Air quality protection.
- Waste management and circular economy.
- Water management.
- Biodiversity and ecosystem protection.
- Other investments including environmental monitoring, education as well as prevention and recovery from disasters.

The websites dedicated to environmental funds, however, do not contain information specifically dedicated to forests or specifically to SFH. Many of the funding opportunities for which the funds act as coordinating institutions could be used by SFH, however the available information does not allow to distinguish the amounts of funding or specific projects that would be relevant.

[26] Kotecki, L. (UN Global Compact Network Poland), Green Finance in Poland 2022. The values reported in euro in this section have been converted from the Polish zloty using an approximate exchange rate of 4.6 PLN/EUR.
[27] See for example the scope of responsibilities of the department for biodiversity of the city of Gdańsk, Gdańsk city portal, 2023
[28] The National Fund for Environmental Protection and Water Management.
[29] Wojewódzki Fundusz Ochrony Środowiska i Gospodarki Wodnej, List of priority investments.

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

Several foundations and non-governmental organisations (NGOs) are active in Poland in the field of nature protection and forestry. They manage and implement projects which may at least indirectly be useful for SFH. For example, WWF Poland, within its programme 'Rivers and Forests', organises training sessions for non-governmental organisations which deal with the protection of forests. WWF is also preparing a report on ecosystem services provided by Polish forests[30].

SFH do not seem to be a specific target of forestry-related activities by foundations, business associations, educational and similar institutions.

2.5. Innovative funding sources

Crowdfunding gains popularity in Poland, with several crowdfunding portals being available, including Patronite. The "Forest forever" Foundation collects funds for afforestation and forest care. One of its activities involves buying biodiversity-rich forests from their current owners, to ensure that the forest will not be cut[31]. Trees emergency is another foundation implementing an initiative supported by donors using Patronite[32]. The goals of this initiative include diagnostics of trees to identify protected species, prevention of unjustified cutting of trees and indication of alternative solutions.

It can be concluded that the innovative funding sources are not used in Poland to support SFH although some of the initiatives (including the ones mentioned above) can have some relevance to forestry.

A strong potential for the introduction of **Payment for Ecosystem Services** in private forests in Poland was found in the context of the NEWFOREX project supported by EU funding[33]. However, to date, no such initiatives have been implemented in practice.

2.6. Other funding sources

EEA and Norway Grants have been used to support construction of installations for pellet production from wood and agrobiomass. This programme was available in the years 2014-2021. EUR 3 million was dedicated to co-finance construction of such installations by local governments. The pellets were donated to energy-poor households[34]. No information was available regarding the source of the wood for pellet production, in particular if it originated from activities of SFH.

[30] WWF, 2023
[31] Patronite, Forest for ever
[32] Patronite, Tree emergency.
[33] Bartczak, A., Metelska-Szaniawska, K, Should we pay, and to whom, for biodiversity enhancement in private forests? An empirical study of attitudes towards payments for forest ecosystem services in Poland.
[34] National Fund for Environmental Protection and Water Management, Support for construction of installation for the pellet production.

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