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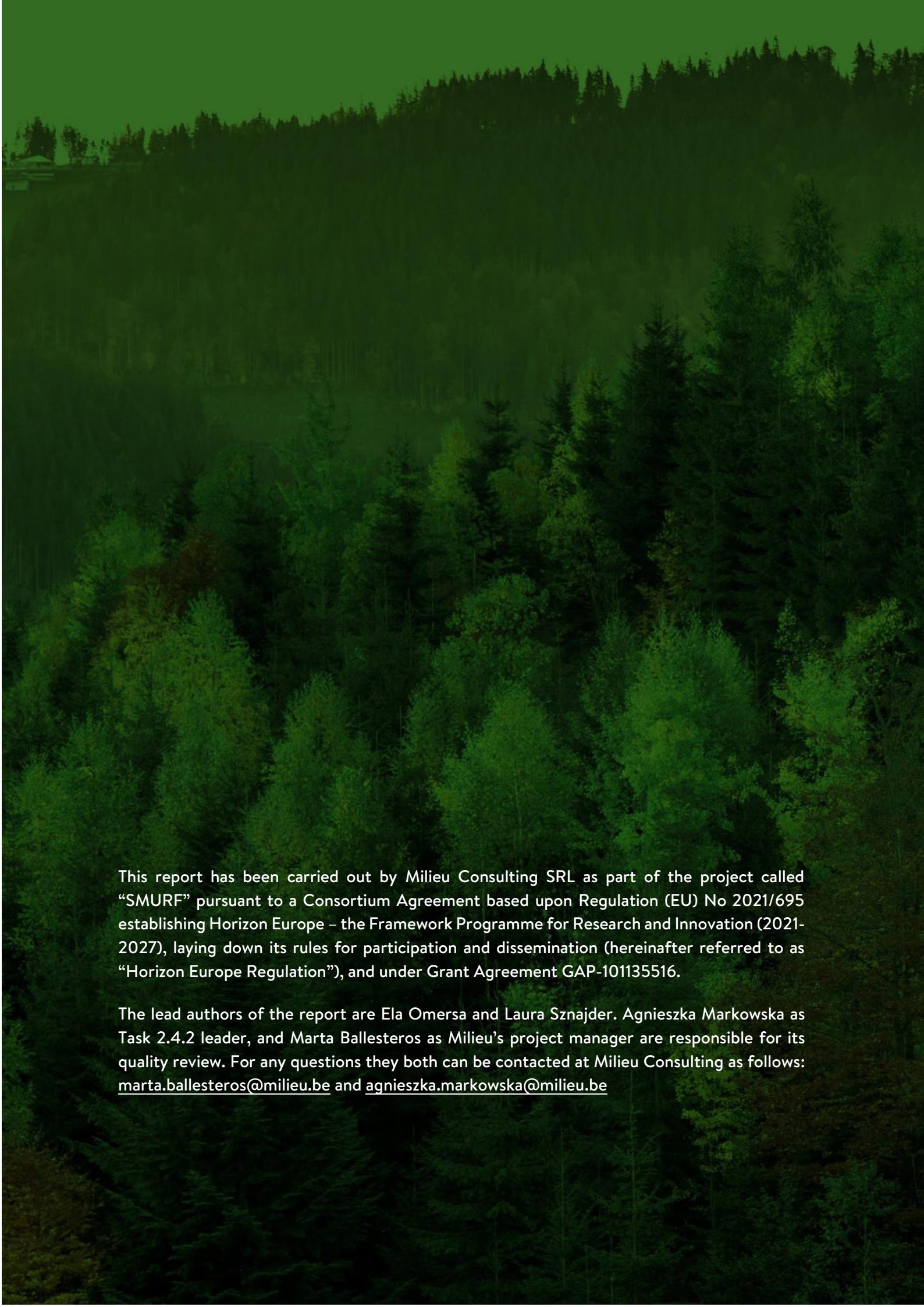
Financial incentives applicable to Small Forest Holdings and their impacts

Country Fact Sheet
Slovenia

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Financial incentives applicable to Small Forest Holdings

WP2, Task 2.4.2

Executive Summary

In Slovenia, forests cover 58% of the national territory, with 77% of this area privately owned. However, private forests are highly fragmented, averaging just 3,2 hectares, and are often divided into smaller plots. Forest ownership is widespread—over 409,000 individuals (more than one-fifth of the population) own forests—but active management is constrained by scale, access, and profitability.

A range of financial incentives is available for forestry-relevant activities that can be implemented by SFO/SFH, drawing from both national and EU funding. The most structured and significant support mechanisms are embedded in Slovenia's implementation of the Common Agricultural Policy (CAP). The CAP Strategic Plan 2023–2027 targets forestry through investments in forest infrastructure, digitalisation, fire prevention, rehabilitation after natural disasters, and afforestation. Funding allocations for forestry interventions have increased by 15% compared to the 2014–2020 period, with EUR 99,69 million earmarked for improving the performance of the forestry sector.

Cohesion Policy funding also provides relevant opportunities through Slovenia's EU Cohesion Policy Programme 2021–2027. Although the programme allocates over EUR 270 million to initiatives potentially relevant to forestry—such as disaster resilience, biodiversity protection, and the transition to a circular economy—no direct budget share or tracking mechanisms for SFH support were identified. Similarly, the Recovery and Resilience Facility (RRF) supports forestry projects such as digitalisation (eGozdarstvo) and nursery development, but does not explicitly target SFO/SFH.

State funding mechanisms supplement EU programmes. The Forest Fund, Climate Change Fund, and direct subsidies support sustainable forest management and biodiversity protection. Forest owners may receive subsidies for forestry operations included in the silviculture plan, but available national funds are insufficient to cover all planned interventions. Tax policies offer limited relief, such as cadastral income exemptions for certain forest types, but do not comprehensively incentivise small-scale forest management.

Local and regional contributions are limited. Municipalities may co-finance environmental projects, but such initiatives rarely prioritise SFO/SFH. Foundations and NGOs support biodiversity and sustainability education, often in partnership with national or EU funds, but financial benefits for SFH remain indirect. Innovative finance mechanisms, such as green bonds or Payments for Ecosystem Services, are underdeveloped.

While Slovenia offers a relatively comprehensive policy framework for forestry, including significant EU and national funding, small forest holders face persistent barriers to access. These include low awareness, limited administrative capacity, and insufficient targeting of small-scale needs. A more tailored approach with enhanced outreach, simplified procedures, and dedicated budget tracking could strengthen SFH participation in sustainable forest management.

Introduction

In Slovenia, forests cover more than half of the country's total area. To be more precise, the forest area is 1.177.165 hectares, accounting for 58% of the country's total area. [1]

The level of private forest ownership is very high:

- 77 % of forests are privately owned,
- 20 % are owned by the State,
- and 3 % by the municipalities.[2]

Private forests tend to be very small and fragmented: the average size of a private forest is just 3.2 hectares, and this may be divided into smaller plots[3]. Only 2% of Slovenian forest owners own more than 20 hectares of forest. Private forests are owned by 409.000 private forest owners – meaning more than one-fifth of Slovenia's residents own a forest. Less than half of private forests are owned by family farms (47%), while 53% are owned by other private entities, including individuals, private businesses and institutions.[4] The forest owners must manage the forest in accordance with regulations, management plans and by the management decisions issued on the basis of the Forest Act[5]. Nevertheless, forest owners are entitled to take part in the creation of forest management plans by the Slovenia Forest Service.[6]

While Slovenia is the third most forested EU Member State, producing more than 9 million cubic metres of wood, a renewable raw material, annually, Slovenian timber is not exploited sufficiently due to unregulated and interrupted forest wood processing chains.

The National Forest Programme[7] is the foremost national policy document covering forestry. It defines national policy on forest management and sets out guidelines for the preservation and development of forests, as well as the requirements for their exploitation and the management of wildlife. The National Forest Programme was adopted in 2007. To implement it, the government must adopt five-year operational programmes. The most recent **operational programme** – **OPINFO 2022-2026** - was adopted in 2022 and covers the period from 2022 to 2026[8].

In addition, several other strategic and operational documents set out objectives and actions of forest policy, such as:

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[1] Slovenia Forest Service, https://www.zgs.si/gozdovi-slovenije/.
[2] Slovenia Forest Service, https://www.zgs.si/gozdovi-slovenije/lastnistvo-gozdov.
[3] Slovenia Forest Service, https://www.zgs.si/gozdovi-slovenije/lastnistvo-gozdov.
[4] European Forest Institute, Forest Land Ownership Change in Slovenia - COST Action FP1201 FACESMAP Country Report website, p. 7-8, https://facesmap.boku.ac.at/library/FP1201_Country%20Report_SLOVENIA.pdf.
[5] Zakon o gozdovih (ZG), Official Gazette of the Republic of Slovenia No. 30/93 et al., https://pisrs.si/pregledPredpisa?id=ZAKO270.
[6] Country report on legal and regulatory framework applicable to SFO resulting from Task 2.3.
[7] Resolucija o nacionalnem gozdnem programu (ReNGP), Official Gazette No. 111/07, https://pisrs.si/pregledPredpisa?id=RESO56.
[8] Operational Programme for the Implementation of the National Forest Programme in the 2022–2026 Period (Operativni program za izvajanje nacionalnega gozdnega programa za obdobje 2022–2026), https://www.gov.si/assets/ministrstva/MKGP/PODROCJA/GOZDARSTVO/NGP/OPNGP-2022_2026_SI.pdf and OPNGP-2022_2026_EN.pdf.

- **Action plan to increase the competitiveness of the forest-wood chain in Slovenia by 2020**[9] - As Slovenian timber is mostly exported with domestic timber processing industry lagging behind, this action plan puts forward concrete measures to intensify the management of private forests in Slovenia, thereby increasing the added value of each cubic metre of timber harvested.
- **Government Natura Management Programme**[10] - This programme plans to improve Natura 2000 sites, including forests. Slovenia has the highest proportion of Natura 2000 sites in the EU, at 37.9% of its land area, but the conservation status of species and their habitats is deteriorating.

Investments are financed and co-financed from the budget of the Republic of Slovenia and from several EU funds and programmes. A report from 2016[11] shows that the co-financing rates for tending and forest protection are typically between 30% and 40%. Forest management in private forests has been declining, as have the available funds. Approved state budget funds cover only 10% of the planned investment costs.

[9] Akcijski načrt za povečanje konkurenčnosti gozdno-lesne verige v Sloveniji do leta 2020, https://www.gov.si/assets/ministrstva/MGTS/Dokumenti/DL/Akcijski-nacrt-LES-JE-LEP.pdf. A new action plan to increase the competitiveness of the forest-wood chain in Slovenia by 2030 is being prepared at the moment.

[10] Program upravljanja območij Natura 2000 za obdobje 2023-2028, https://natura2000.gov.si/natura-2000/natura-2000-v-sloveniji/program-upravljanja/.

[11] Sonnenschein, K. K., Financing and Co-financing investments in private forests in Slovenia - Payment for Ecosystem Services (PES) Scheme, December 2016. The case study was prepared as part of the study 'Capacity building, programmatic development and communication in the field of environmental taxation and budgetary reform', carried out for DG ENV (European Commission Service Contract No 07.027729/2015/718767/SER/ENV.F.1) and led by the Institute for European Environmental Policy.

1. Financial incentives based on EU funding

1.1. The European Regional Development Fund

Slovenia is divided into two cohesion regions, with the Western Slovenia Cohesion Region being classified as a developed region with 40% of co-financing from the EU, and the Eastern Slovenia Cohesion Region being classified as a less developed region with 80% of co-financing.

Cohesion policy is implemented in Slovenia through the **Slovenia's EU Cohesion Policy Programme 2021-2027**[12], which includes four EU funds:

- Cohesion Fund;
- European Regional Development Fund (ERDF);
- European Social Fund Plus (ESF+); and
- Just Transition Fund (JTF) (for two coal mining regions: Zasavje and Savinsko-Šaleško region).

The EU Cohesion Policy Programme 2021-2027 refers to several financial measures applicable to forestry, and potentially to SFO/SFH, which are being prepared under the **Cohesion Fund** and the **ERDF**[13]:

- **Promoting climate change adaptation and disaster risk prevention and resilience, taking into account ecosystem approaches (RSO2.4)** - The initiatives include measures to respond to climate-related natural disasters, with the aim of providing conditions for an effective, prompt and safe response to such incidents. This includes the provision of suitable equipment, good training and infrastructure that supports the operation of units for response to climate-related natural disasters. The primary focus is on the mitigation of risk associated with floods, wildfires and glacial ice, which are considered to pose the highest threats. A budget of EUR 49,73 million has been allocated for this purpose from the Cohesion Fund for the entire territory and a budget of EUR 109,31 million from the ERDF for less developed regions.
- **Promoting the transition to a resource-efficient circular economy (RSO2.6)** – Various programmes have been identified to promote circular start-ups, circular innovation in enterprises and the strengthening of five value chains that are key to the transition to a circular economy (manufacturing, forest-wood chain (processing of wood and other naturally renewable resources), mobility, food, built environment). A total of EUR 41,57 million in ERDF funds for less developed regions and EUR 15,77 million in ERDF funds for more developed regions have been allocated for this purpose.
- **Improving the protection and conservation of nature, biodiversity and green infrastructure, including in urban areas, and reducing all forms of pollution (RSO2.7)** -

[12] Program evropske kohezijske politike v obdobju 2021-2027 v Sloveniji, December 2022, https://evropskasredstva.si/app/uploads/2022/12/Program-evropske-kohezijske-politike-sprejeta-verzija-12.-12.-2022.pdf.

[13] JTF in Slovenia is focused on the social impacts of the energy transition, and as such, forest financing initiatives have the potential to be incorporated into landscaping and/or spatial planning policy requirements in JTF recipient regions.

Measures aimed at preserving biodiversity and green infrastructure in urban environments may include forestry initiatives. A total budget of more than EUR 80 million is allocated – EUR 2,55 million in Cohesion Fund and EUR 80,17 million in ERDF.

Information and open calls for projects are published on the governmental website dedicated to EU Cohesion Policy funding. The list of projects funded through the Programme for the Implementation of the European Cohesion Policy in the period between 2021 and 2027 does not include any projects aimed at SFO/SFH.[14]

Another relevant source of funding are also **Interreg programmes** (implemented by more than one MS) and funded by the ERDF. However, programmes like INTERREG SI-HU 2021-2027[15] will be mapped separately.

1.2. Common Agricultural Policy (CAP)

Although CAP funding is one of the most prominent sources of financing, a relatively small proportion of the total CAP budget is allocated to biodiversity, climate and nature projects.[16] In line with the **Rural Development Programme 2014–2020** and the **Common Agricultural Policy Strategic Plan 2023–2027,** investments are financed and/or co-financed from the **European Agricultural Fund for Rural Development (EAFRD).**

Specifically, potential support could be provided for initiatives related to forestry through the following topics/priorities under the **CAP Strategic Plan 2023-2027 for Slovenia**[17]:

- **SO2 - Strengthening market orientation and increasing the competitiveness of farms in the short and long term, including a greater focus on research, technology and digitalisation**
  The following opportunities and financing needs in the forestry sector have been identified:
  - Increasing productivity, competitiveness and technological development in forestry (P08)
  - adaptation of agriculture and forestry to climate change (P15)
  - forest fire protection (P38).

  Interventions addressing them range from **investments in the purchase of new machinery and equipment for forest work (IRP07), investments in primary wood processing and digitisation (IRP08), investments in the establishment and development of forest tree nurseries (IRP09)**, to **investments in forest infrastructure (IRP06).**

[14] Overview of projects, https://evropskasredstva.si/app/uploads/2025/04/Operacije-iz-e-MA2-za-Cohesio-Razdelitev-20250401.xlsx.
[15] http://www.si-hu.eu/2127.
[16] Financing Guide: 3 billion additional trees by 2030, p. 321.
[17] Strateški načrt skupne kmetijske politike 2023-2027, https://skp.si/skupna-kmetijska-politika-2023-2027.

- **SO4 - Contributing to climate change mitigation and adaptation, including by reducing greenhouse gas emissions and increasing carbon sequestration, and promoting sustainable energy**
  Financing need relevant for the forestry sector are the following
  - adaptation of agriculture and forestry to climate change (P15)
  - restoring forests after natural disasters and adverse weather conditions (P16)
  - forest fire protection (P38).

  Several initiatives address the mapped needs, in particular **investments in the rehabilitation and restoration of forests following natural disasters and adverse weather conditions** (IRP15). Under this priority, it is planned to repair damage and restore damaged forests, with a view to making them more resilient and stable. The work is grounded in forest rehabilitation plans prepared by the Slovenia Forest Service in accordance with the Forest Act and by-laws. The process of natural reforestation will be initiated in areas of forestry that have been damaged by natural disasters. In instances where natural regeneration is unsuccessful for a variety of reasons, artificial regeneration is to be employed through the planting of seedlings that are suitable for the site in terms of species composition and provenance. The restoration process is to be executed in accordance with biodiversity-friendly practices, with the objective of enhancing the diversity, quality and resilience of forest ecosystems.

In addition, horizontal objectives aimed at strengthening research, development, innovation and cooperation, as well as improving knowledge and information sharing and promoting digitalisation are also relevant in the forestry sector and will be addressed through several interventions.

CAP payments are calculated on the basis of the hectares on which the measure is implemented, as part or full remuneration for measures implemented, or as lump sum payments. The Ministry for Agriculture, Forestry and Food (MAFF) and its Agency for Agricultural Markets and Rural Development are the managing authorities for CAP.

The targeted value of funds to improve the performance of the forestry sector is **EUR 99,69 million.**

The table below shows the projected amount divided per different types of investments[18].

[18] The CAP Strategic Plan 2023–2027 includes several other investments. The table presents the most relevant ones for SFO/SFH.

Table 1: Financial investments relevant for SFO/SFH in the CAP Strategic Plan

Types of investments	Planned total amount (EUR)	Planned EU amount (EUR)	Timeline
Investments in the purchase of new machinery and equipment for forest work (IRP07)	18.4 million	6.24 million	2023-2029
Investments in primary wood processing and digitisation (IRP08)	8.98 million	3.04 million	2023-2029
Investments in the establishment and development of forest tree nurseries (IRP09)	1.8 million	0.61 million	2023-2029
Investments in forest infrastructure (IRP06)	3.59 million	1.22 million	2023-2029
Investments in the rehabilitation and restoration of forests following natural disasters and adverse weather conditions (IRP15)	4 million	1.36 million	2023-2029
TOTAL	36.77 million	12.47 million	

OPINFO 2022-2026 provides further data on the **amounts of funds (EU funds and Slovenian participation)** available under the Rural Development Programme 2014–2020 (table 1) and under the Common Agricultural Policy Strategic Plan 2023–2027 (table 2):[19]

Table 2: Amounts of funds available under the RDP 2014–2020, including the transition period until the end of 2022, by measure, sub-measure, and operation (EU funds and Slovenian participation)

RDP 2014–2020 measure/sub-measure/operation	Amount (in million EUR)
Arranging Forest Infrastructure	9.0
Investments in the establishment and development of non-agricultural activities	31.3 [1]
Investing in the development of forest areas and improving the viability of forests	
· Prevention and repair of damage to forests	14.0
· Investments in forestry technologies and wood processing and mobilisation	
· Investments in the Purchase of New Machinery and Equipment for Felling and Wood Hauling	27.0
· Investments in Pre-Industrial Wood Processing	19.8
[2] Setting up producer groups and organisations	3.4 [1]
Knowledge transfer and activities relating to the provision of information	4,.8 [1]
Total::	69.8

[1] These amounts are not included in the total because the resources invested in the forest-wood chain depend on applications.

[2] The funding for the establishment of groups and producers is earmarked for agriculture and forestry, so that implementation in the forestry sector depends on applications.

[19] OPINFO 2022-2026, pp. 51 and 52.

The table below presents measures in the forest-wood chain that are aimed at forest owners, farmers, entrepreneurs, and other beneficiaries. The CAP Strategic Plan 2023-2027 also includes additional investments aimed at improving the performance of the forestry sector.

Table 3: Amounts of funds available under the CAPSP 2023–2027 by individual intervention (EU funds and Slovenian participation)

Intervention under the CAPSP 2023–2027	Amount (in million EUR)
Investments in arranging forest infrastructure	4.0
Investments in the purchase of new forestry machinery and equipment	20.5
Investments in primary wood processing and digitisation	10.0
Investment in the establishment and development of forest tree nurseries	2.0
Investment in the rehabilitation and restoration of forests following natural disasters and adverse weather conditions	4.0
Preservation and maintenance of grazing areas for wild herbivores	4.5
[2] Support for the establishment and initial operation of collective forms of cooperation in the agriculture and forestry sector	9.0 [1]
Support for investments in the establishment and development of non-agricultural activities, including the bio-economy	8.9 [1]
Knowledge sharing and information transfer to farmers and forest owners and the training of counsellors	3.5 [1]
Total:	45

[1] These amounts are not included in the total because the resources invested in the forest-wood chain depend on applications.

[2] The funding for the establishment of groups and producers is earmarked for agriculture and forestry, so that implementation in the forestry sector depends on applications.

Compared to the previous period from 2014 to 2020, funding for forestry interventions in the 2021–2027 period increased by EUR 8 million. This represents a 15% increase in available funding.[20]

1.3. LIFE 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. However, some information about these project in Slovenia is worth mentioning here.

The **LIFE programme** constitutes a significant instrument through which funding opportunities for sustainable forestry are provided. Projects financed through this EU funding instrument are often co-financed by the relevant national ministries.

While such projects will be mapped centrally, desk research already revealed a few of them:

- The "LIFE to Grasslands" project on conservation and management of dry grasslands in eastern Slovenia is a notable example of such an initiative. It served the implementation of the Natura 2000 Management Programme (2015 to 2020) and aimed to improve the unfavourable condition of some of the most endangered habitat types in Slovenia. One of the challenges of the project was to find opportunities for re-cultivation of

[20] OPINFO 2022-2026, p. 52.

abandoned agricultural areas and thus "bring life back to grasslands". The demonstration of the possibility of achieving both the production of quality agricultural products and nature protection concurrently was pursued.

Horizon Europe instruments also have the potential to finance forestry-related projects; however, it is more probable that the measures will be financed as part of larger projects implemented with support of these instruments, where green infrastructure complements spatial planning policy. Such projects will be mapped centrally.

Other EU projects that could have financial implications for forest owners include:

- **Erasmusm+ project** Net4Forest – Knowledge network for more efficient management of private forests - the aim of the project is to exchange experiences and to create innovative and publicly available materials that will enable consultants and forest owners to acquire the appropriate knowledge for effective forest management.

1.4. Recovery and Resilience Facility

The operational programme – OPINFO 2022-2026[21] mentions two projects that will be implemented in the field of forestry under the European Commission Recovery and Resilience Facility (RRF), namely:

- **investment in the Seed, Nursery, and Forest Protection Centre**: this project aims to support the achievement of Slovenia's climate change and adaptation goals and commitments by restoring and maintaining the health, resilience, and biodiversity of forest ecosystems, the effective sustainable use of forests and wood in the future, and the provision of planting material; and
- **eGozdarstvo (eForestry)**: this project is part of the ministry's broader investment in digital transition, with the aim to increase the transparency and traceability in the forest-wood chain.

European funds from the RRF are used for the investment part of the projects, and integral budgetary funds from the Slovenian budget are used for VAT. See table below for more detail.

[21] Operational Programme for the Implementation of the National Forest Programme in the 2022–2026 Period (Operativni program za izvajanje nacionalnega gozdnega programa za obdobje 2022–2026), pp. 48 and 49, https://www.gov.si/assets/ministrstva/MKGP/PODROCJA/GOZDARSTVO/NGP/OPNGP-2022_2026_SI.pdf and OPNGP-2022_2026_EN.pdf.

Table 4: Amounts of the funds available for the RRP projects in the forestry sector

RRP forestry projects	Amount (in 1,000 EUR)
Development Area 1 Green Transition – Component 2 Clean and Safe Environment (C1 K3)	
Seed, Nursery, and Forest Protection Centre (EU and SLO)	6,180.2
– Recovery and Resilience Fund (EU funding)	5,100.0
– integral VAT resources of the budget of the Republic of Slovenia	1,080.2
Development Area 2 Digital Transformation – Component 2 Digital Transformation of the Public Sector and Public Administration (C2 K2)	
eGozdarstvo (eForestry; EU and SLO)	11,812.5
– Recovery and Resilience Fund (EU funding)	10,116.4
– integral VAT resources of the budget of the Republic of Slovenia	1,696.1
Total, both projects (EU and SLO)	17,992.7
– Recovery and Resilience Fund (EU funding)	15,216.4
– integral VAT resources of the budget of the Republic of Slovenia	2,776.3

2. Financial incentives based on MS funding

Information about MS funding should be gathered primarily for the years 2020-2025. You are also welcome to include some information about the most interesting financial incentives from previous years, especially if this is about a historical development of the incentives which are still available today.

2.1. State aid

The European Commission's state aid website[22] provides access to state aid data for several Member States and allows users to search diverse economic sectors by NACE codes. Information about the state aid reported by Slovenia in the forestry sector could not be found (NACE code 02 – Forestry and logging).

For Slovenia, the website provides a link to the State Aid Monitoring Division of the Slovenian Ministry of Finance's website, which contains information on state aid and several lists of the major recipients of state aid per NACE code. A List of major recipients of state aid in the agriculture, forestry and food sector[23] shows that in the period between 2017 and 2022 no state aid has been granted to business in the forestry sector.

The Department of State Aid and Research, which sits within the MAFF, is responsible for assessing and monitoring plans for granting state aid in agriculture, forestry, fisheries, aquaculture and rural areas, as well as de minimis aid in primary agricultural, fisheries and aquaculture production. However, the department's website does not provide any information on granted state aid in the forestry sector.[24]

2.2. Taxes and tax exemptions, subsidies

General rules

The MAFF coordinates the main strategic orientations for the implementation of the CAP. The Ministry is also responsible for the allocation of funds in agriculture, forestry, fisheries, the food industry and rural development. The subsidy system focuses on three main areas that reflect identified national priorities:

- improving biodiversity, water and soil protection, and similar, which are directly related to SFM goals;
- competitiveness of the agricultural sector, and

[22] https://webgate.ec.europa.eu/competition/transparency/public?lang=en.
[23] Seznam večjih prejemnikov državnih pomoči v kmetijstvu, gozdarstvu in prehrani, https://www.gov.si/assets/ministrstva/MKGP/PODROCJA/DRZAVNE-POMOCI-/Evidence/vecji-prejemniki-pomoci-v-kmetijstvu-gozdarstvu-in-prehrani-za-objavo-5.10.2022.xlsx.
[24] https://www.gov.si/drzavni-organi/ministrstva/ministrstvo-za-kmetijstvo-gozdarstvo-in-prehrano/o-ministrstvu/sluzba-za-eu-koordinacijo-in-mednarodne-zadeve/oddelek-za-drzavne-pomoci-in-raziskovalno-dejavnost/.

- social inclusion and rural development.[25]

The implementation of the **Operational Programme for the Implementation of the National Forest Programme in the 2022–2026 Period (OPINFO 2022-2026)** is fully financed from the available resources of the Slovenian budged, including:[26]

- the **Forest Fund** (since 2017);
- the **Climate Change Fund**;
- the **Recovery and Resilience Fund**; and
- the **Common Agricultural Policy funds** (EAFRD).

Theoretically, other funds like the **Water Fund** could be used in the case of forest management in torrential areas.[27]

The **Rules on Financing and Co-financing of Investments in Forests**[28] govern the procedures and criteria for investments in forests.

The State finances or co-finances the costs incurred by forest owners in carrying out breeding and protection work, as well as work to maintain the living environment of wild animals, from the budget funds intended for investments in forests. The maintenance of forest roads is co-financed from the Republic of Slovenia's budget. Municipalities are eligible for these funds. Investments to improve conditions for obtaining and marketing products, as well as the activities of forest owners' associations, are also co-financed from these funds.[29]

Taxes and tax exemptions

Natural persons who own forests **do not pay tax on wood sold** from their own forests, but instead pay a cadastral income tax. Cadastral income is the potential income from forestry activities that could be achieved through average production levels of forestry products. Owners of protected forests and forests for specific purposes are exempt from paying the cadastral income tax. Forest owners who are legal persons are liable to pay the same taxes as any type of commercial company, such as VAT and tax on profits, and no special taxes are in place for them.[30]

Forest owners must also pay a fee for the use of forest roads.

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[25] See *Elena Haeler et al, Forest subsidy distribution in five European Countries*, Forest Policy and Economics, Vol. 146, Jan 2023. https://www.sciencedirect.com/science/article/pii/S1389934122001952.

[26] Operational Programme for the Implementation of the National Forest Programme in the 2022–2026 Period - OPINFO 2022-2026 (Operativni program za izvajanje nacionalnega gozdnega programa za obdobje 2022–2026), https://www.gov.si/assets/ministrstva/MKGP/PODROCJA/GOZDARSTVO/NGP/OPNGP-2022_2026_SI.pdf and OPNGP-2022_2026_EN.pdf.

[27] https://www.gozdis.si/f/docs/aktivni-projekti/3.2-Predlog-za-sofinanciranje_fin_p_1.pdf.

[28] Pravilnik o financiranju in sofinanciranju vlaganj v gozdove, Official Gazette of the Republic of Slovenia No. 71/04 et al., http://www.pisrs.si/Pis.web/pregledPredpisa?id=PRAV5730.

[29] See Slovenia Forest Service, https://www.zgs.si/delovna-podrocja/gojenje-gozdov/sofinanciranje-del.

[30] Country report on legal and regulatory framework applicable to SFO resulting from Task 2.3.

A person liable for cadastral income tax may claim an **exemption from paying income tax on profits** made from providing services through machine clubs. Agricultural households may receive up to EUR 420 per hectare of agricultural land (up to a maximum of 20 hectares) and up to EUR 85 per hectare of forest land (up to a maximum of 30 hectares) per year, with tax-free receipts.[31]

Subsidies

The eligibility for subsidies granted by the State is extended to **forest owners**, associations of forest owners and leaseholders of private forests. This involves co-financing and financing investments in forests.

Some subsidies are awarded **annually** (e.g. for forest maintenance), while others are awarded **periodically** through tenders published by the competent ministry. Most of the subsidies are meant for the activities related to sustainable forest management and biodiversity conservation.

The State fully finances:

- the implementation of planned works in protective forests and in forests in the area of torrents;
- materials for the implementation of silvicultural and protective works;
- seedlings and seeds for forest restoration by planting or sowing;
- the purchase, manufacture and placement of hunting devices and traps for bark beetles;
- the implementation of fire prevention measures in forests at risk of fire.

The State partially finances:

- breeding work, protection work and work to maintain the habitat of wild animals;
- forest rehabilitation when the cause of the damage is unknown;
- forest restoration on fire sites and natural disasters;
- forest restoration after damage caused by animals and diseases;
- maintenance of forest roads and tracks;
- preparation of forest roads and tracks that are urgently needed to carry out the restoration of a damaged forest.[32]

Forest owners can obtain **subsidies for forestry operations** that are specified in the Forest Act and are included in the silviculture plan.[33] To obtain a subsidy, the forest owner must thus contact the **competent district forester of the Forest Service's local unit.** At the end of each calendar

[31] WCM InfoGozd, The Legal Framework for Forest Management, at https://wcm.gozdis.si/sl/infogozd/prirocnik-za-lastnike-gozdov/zakonski-okviri-gospodarjenja-z-gozdovi/.
[32] See Gozd in gozdarstvo, https://www.gozd-les.com/upravljanje-gozdov/subvencije-lastnike-gozdov.
[33] See Gozd in gozdarstvo, https://www.gozd-les.com/upravljanje-gozdov/nacrtovanje-gospodarjenja/gozdnogojitveni-nacrt.

year, the unit's forester must determine the necessary works for the coming year, which are then entered into the **annual forest investment plan or program**, which is the basis for issuing of decisions on financial subsidies.[34] However, the amount of budgetary funds for forest investments is **not sufficient to (co-) finance all the measures** foreseen in the forest management plans, so the available funds are allocated according to the urgency of the work.[35] A consulted forestry association[36] affirmed that while a subsidy system is in place, its effectiveness is critically undermined by the low level of financial support, which has not been adjusted for inflation or rising operational costs. Consequently, the subsidies do not reflect the real expenses of forest operations.

Either the **budgetary funds** or the Forest fund can be used to allocate funds. With respect to the latter, the **Forest Fund's funds**, managed and disposed of by the Ministry of Agriculture, Forestry and Food, are used to also finance measures in private forests such as in the Natura 2000 area, promotion of the use of wood and wood products and forest-timber chains, etc.[37] Additionally, the Slovenia Forest Service allocates **funds to forest restoration projects.** For example, large-scale reforestation and seeding activities are currently underway as part of the restoration plan following the Karst fires in 2022, which were the largest in Slovenian history. Measures to **repair damage** to forests following storms and other natural disasters are mostly financed **from European funds.**[38]

OPINFO 2022-2026 provides the following tables showing the planned integral budgetary funds (table 3) and planned dedicated Forest Fund funds (table 4) in 2022 and 2023:[39]

[34] See Gozd in gozdarstvo, https://www.gozd-les.com/upravljanje-gozdov/subvencije-lastnike-gozdov.
[35] OPINFO 2022-2026, p. 44.
[36] Consultations with a forestry association from Slovenia took place in September 2025. Its input has been addressed and included within this report.
[37] See Ministry of Agriculture, Forestry and Food, https://www.gov.si/teme/gozdni-sklad/.
[38] OPINFO 2022-2026, p. 44.
[39] OPINFO 2022-2026, pp. 45 and 46.

Table 5: Planned integral budgetary funds of the Republic of Slovenia for forestry and hunting tasks in 2022 and 2023 (in EUR 1,000)

Budget heading code	Budget heading name	Year 2022	Year 2023
184110	Public forestry service	25,832.1	26,865.4
141110	Regenerating private forests	213.0	213.0
224810	Regenerating burned areas and regenerating forests damaged by natural disasters	185.0	185.0
144110	Tending private forests	380.6	380.6
632610	Preventive forest protection	140.0	140.0
632710	Other protection of private forests	215.0	215.0
632910	Fire protection in the Karst	150.0	150.0
633010	Seed and seedling production in forestry	6.0	6.0
255910	Enforcement of decisions of the Slovenian Forest Service	5.0	5.0
632810	Maintaining wildlife habitats in private forests	50.0	50.0
417810	Repairing forest roads in private forests	1,960.3	1,960.3
417910	Repairing forest roads in national forests	665.3	665.3
633210	Compensation due to the declaration of forests with a special purpose	6.0	6.0
255210	[1] Scientific research work in forestry	500.0	500.0
613110	Compensation for damage caused by game	646.0	400.0
170058	Public service for game and hunting	100.0	100.0
	Total	31,054.3	31,841.6

[1] These funds are earmarked by the MAFF to support scientific research work in the field of forestry. The funds are earmarked for research projects under the TRP and are financed jointly with the Slovenian Research and Innovation Agency.

Table 6: Planned dedicated funds (Forest Fund) from the budget of the Republic of Slovenia for forestry and hunting tasks in 2022 and 2023 (in EUR 1,000)

Planned funds	Year 2022	Year 2023
Forest Fund – investments	2,047.4	0
Forest Fund - Natura 2000 measures	1,000.0	1,000.0
Forest Fund – forest acquisition	4,465.8	6,000.0
Forest Fund – disposal tasks	385.7	1,000.0
Forest Fund – liabilities of the Republic of Slovenia arising from the acquisition of ownership of forests under the act governing inheritance	3.0	5.0
Forest Fund – liabilities towards municipalities – 25% of the annual remuneration of revenues from the sale of wood from state forests	3,346.6	3,200.0
Forest Fund – liabilities arising from taxes, contributions, and other compulsory levies deriving from the ownership of state forests	2,118.9	1,500.00
Forest Fund – promoting the use of wood and wood products and forest-wood chains	634.2	1,000.00
Forest Fund – tasks relating to the transport, storage, and sale of seized and confiscated timber assortment carried out by the company on the basis of the act governing forests	0	110,00
Forest Fund – Article 36 of the ZGGLRS	10,631.1	1,000.00
Total	26,654.7	16,838.0

Resources from the **Climate Change Fund** are mostly used to implement **climate change mitigation and adaptation measures** in the forestry sector. Funding is provided for the preparation of expert documents, courses, workshops, lectures, practical demonstrations and other activities that transfer knowledge on the wood trade in Slovenia and investment in measures to protect forests from invasive alien species. The funding also supports the adaptation of forest tree composition to climate change and the maintenance of genetic diversity in tree species. Funds are awarded to contractors selected through public procurement processes and to project promoters selected through public calls for tenders.[40]

Table 7: Planned dedicated budgetary funds of the Republic of Slovenia (Climate Change Fund) for forestry tasks in 2022 and 2023 (in EUR 1,000)

Measures to mitigate and adapt to climate change in forestry	Year 2022	Year 2023
Total	1,405.3	1,499.2

The following data on the **number of subsidies** could be found:

- According to a comparative study of forestry subsidies in five EU countries (Austria, Finland, Germany, Slovenia and Sweden), Slovenia's subsidies amounted to **EUR 11,91 per hectare per year between 2014 and 2020.** This was by far the highest amount compared to other countries (the second highest subsidies were EUR 5,89 per year per hectare).[41] The authors also concluded that in all countries where the available data allowed for comparison (including Slovenia), the owners with plot smaller than 20 hectares received a disproportionately small share of the subsidies.[42] This may be because smaller owners are less interested in subsidies, since their forests are of little economic importance to them. They may also be poorly informed about financing possibilities or lack the capacity to apply effectively. Forest owners generally believe that subsidies for forest management are insufficient to allow for effective management.
- A total of EUR 5 million is allocated for **forest-environment measures** from the Forest Fund for the period 2022–2026. This equates to **EUR 1 million per year**, with the option to reallocate funds between years during this period, depending on local requirements and the interests of forest owners.[43]
- Data from the CAP Strategic Plan show that private forest owners receive the following amounts each year: (i) **EUR 380 000 for maintenance work** (tending, thinning and pruning); (ii) **EUR 450 000 for reforestation measures** (stand and soil preparation, planting and sowing); and (iii) **EUR 500 000 for forest protection measures** (sanitary logging, protection against pollination and fires).[44] In 2021, a total of EUR 23 951 737,43

[40] OPINFO 2022-2026, p. 47.
[41] See *Elena Haeler et al, Forest subsidy distribution in five European Countries*, Forest Policy and Economics, Vol. 146, Jan 2023. https://www.sciencedirect.com/science/article/pii/S1389934122001952.
[42] Such data were available for Austria, Finland and Slovenia.
[43] CAP Strategic Plan 2023-2027, p. 124.
[44] CAP Strategic Plan 2023-2027, p. 264.

was allocated from the Slovenian budget for the implementation of the public forestry service, of which EUR 310 000 was allocated for the implementation of public services/tasks under the Natura 2000 budget line, EUR 3 219 328 for forest management planning, and EUR 12 319 758 for forest cultivation and protection.[45]

2.3. Funding provided by regional and local authorities

In Slovenia, only national authorities are responsible for the policy decision regarding forest management. The Slovenia Forest Service, a public institution tasked with performing public forestry services in all Slovenian forests, irrespective of ownership, is however divided into 14 regional units and 69 local units, which are further divided into 396 forest districts.

As Slovenia has **no regions**, the funding at the regional level does not exist. Slovenia is however subdivided into 212 municipalities, which are the only type of local self-government units.

Municipalities can fund projects from their municipal budget, or in combination with national funding (for example, from the Slovenia Forest Service) and EU-funded projects (LIFE projects). The municipal spatial planning office is the primary source of information regarding financing for small-scale local projects. Desk research did not reveal any projects aimed at SFO/SFH. Some Slovenian municipalities have long-term (10-year) tree-planting plans in urban areas (e.g. Kočevje,[46] Dobrna[47]), while others finance these projects with dedicated donations (Ajdovščina[48]), however, such plans are mostly aimed at financing tree-planting projects in urban areas.

The use of forest roads is regulated by the Forest Act. Forest roads are an integral part of the forest itself. Even when they are located in private forests, they are considered to be 'of a public character'. Forest roads are primarily intended for forest management, but other users may also use them at their own risk. Users must use forest roads in accordance with the regime set out by the Forest Service in cooperation with the forest owners.[49] **Funding for the maintenance of forest roads** is provided by the State and municipalities.[50] The latter receive revenues for the maintenance of forest roads from the tax levied on forest land, in accordance with the law governing real estate tax. The amount of revenue belonging to an individual municipality is determined by the Government based on the total length of forest roads, the average costs of their maintenance and the share of their use for non-forestry purposes. These funds must be allocated exclusively to the maintenance of forest roads.[51]

[45] CAP Strategic Plan 2023-2027, p. 264.
[46] https://kocevje.si/objava/693497.
[47] https://www.dobrna.si/web/index.php/obcina-4/obcina/1262-ukrepi-za-varstvo-okolja-in-ohranjanje-narave-zelene-dobrne.
[48] https://www.ajdovscina.si/arhiv_vseh_objav/2023021608264535/.
[49] Forest Act, Article 39.
[50] Forest Act, Article 38(3).
[51] Forest Act, Article 49.

A consulted forestry association affirmed that although co-financed by the state and municipalities, the current system for maintaining forest roads is perceived by owners as non-transparent, inefficient, and illogical. Landowners, who contribute financially, have no say in the planning or supervision of maintenance work, which is initiated and overseen by the Slovenia Forest Service and tendered by the municipality. This often results in poor quality work and misuse of funds, while bureaucratic procedures for building or closing forest roads remain excessively complex.

Regional Development Agencies are funded by the national budget and may incorporate biodiversity, nature and/or forestry projects in their development plans, thereby securing financing for these initiatives.

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

The Slovenian Beekeeping Association maintains a long-term planting strategy, financed through a combination of its own budget and EU/CAP funds administered by MAFF. Local beekeeping associations are responsible for coordinating the implementation of forestry measures.[52]

NGOs that specialise in biodiversity and nature conservation are frequently involved in projects that encompass sustainable forestry initiatives. It is rare for them to provide financial backing for such projects, as their own financing typically comprises a combination of national, EU and foreign funds. However, they possess may assist in providing information or guidance regarding current initiatives.[53]

While local action groups and private companies can (co-)finance individual biodiversity projects, which may include initiatives related to forestry, no such initiatives have been found.

2.5. Innovative funding sources

The issuance of green bonds in Slovenia is predominantly directed towards energy efficiency projects and renewable energy sources. Regarding the Payments for Ecosystem Services (PES), Ecocells (*Ecocelica*) in the private forests which belong to Natura 2000 sites can be seen as a prominent example.

Ecocells, or Ekocelica, are described in the Regulation on Forest Protections[54] as smaller forest areas that contribute to biodiversity and provide vital habitats for various species. They are designated particularly in wetlands, sites of endangered plant species and tree refuges[55]. Within this scheme, forest owners can voluntarily include portions of their land as Ecocells, a move that may also be suggested by their district forester. The landowner signs an agreement (usually for

[52] Financing Guide: 3 billion additional trees by 2030, p. 322.
[53] Financing Guide: 3 billion additional trees by 2030, p. 322.
[54] Pravilnik o varstvu gozdov, Official Gazette of the Republic of Slovenia No. 114/09 et al., https://pisrs.si/pregledPredpisa?id=PRAV9492.
[55] Forest Law (1993) *(Zakon o gozdovih).*

20 years) with the Slovenia Forest Service[56] for this designation and receives financial remuneration. This remuneration comes from the Forest Fund, under the budget line intended for measures on Natura 2000 sites. In 2024, the total spending plan for such sites was EUR 2 million[57] while in 2025, the total spending plan increased to EUR 3 million[58]. Although the specific budget for this measure could not be identified, 57 contracts were concluded in 2020 for the clearance of 157 hectares of forest across ten Natura 2000 sites, with EUR 415,587 allocated.[59] There are two categories of Ecocells: those with management measures and those without any interventions. In the case of Ecocells without measures, the designated area is left to develop naturally. Conversely, Ecocells with management measures have specific goals related to biodiversity, ecology, and conservation, leading to the implementation of appropriate actions. Landowners must enter into an agreement with the Slovenia Forest Service for this designation and are compensated financially.

Financial support from the Forest Fund for landowners with Ecocells is only available if these areas are located within Natura 2000 sites. While non-Natura 2000 areas can still be classified as Ecocells, privately owned lands in these areas are not eligible for funding. In state-owned forests, Ecocells do not receive any financial compensation, yet they serve an important role as set-asides in the Forest Stewardship Council (FSC) certification process. The selection of priority locations, habitats, and species also takes into account the Natura 2000 Management Programme.

A consulted forestry association affirmed that while the PES scheme for Ecocells in Natura 2000 areas is a positive step, it covers only a fraction of private forests. The potential for revenue from carbon credits remains largely untapped, and owners are effectively mandated to provide public goods without remuneration.

[56] Slovenia Forest Service (*Zavod za gozdove Slovenije*).
[57] Programme for the use of the Budgetary Fund for Forests for 2024, https://www.gov.si/assets/ministrstva/MKGP/PODROCJA/GOZDARSTVO/Sektor-pravo-SiDG/Program_P.pdf.
[58] Programme for the use of the Budgetary Fund for Forests for 2025, https://www.gov.si/assets/ministrstva/MKGP/PODROCJA/GOZDARSTVO/Sektor-pravo-SiDG/Pgozd25_P.pdf.
[59] Analiza Programa upravljanja območij Natura 2000 2015-2020, p. 25, https://natura2000.gov.si/fileadmin/user_upload/Dokumenti/LIFE_IP_NATURA_SI/Rezultati/A.3_Analiza_PUN2000_15-20_krovni_dokument_MOP_2022.pdf.

Desk research revealed also the following initiatives that could have financial implications for forest owners:

- **Systematic promotion of wood and wood products made from Slovenian wood**[60] – activities such as the establishment of an office for promotion of wood, introduction of wood products for promotional and business gifts, gradual introduction of a voluntary scheme (public-private partnership) for financing of wood promotion, gradual increase of the share of wood in the construction of buildings, etc.
- **Digital tools and solutions for forest owners**[61] - several applications have been and are being developed for forest owners such as the Forest data viewer, WoodChainManager (WCM) data portal, Digital forest inventory - Di-Gozd, online portal MojGozdar, etc.

2.6. Other funding sources

On 18 December 2019, the Slovenian Government Office for Development and European Cohesion Policy signed a grant agreement for the programme "Climate Change Mitigation and Adaptation" with the Norwegian Environment Agency.[62] The funding was allocated under the EEA Financial Mechanism 2014-2021, totalling EUR 14,5 million (excluding co-financing) and stemming from EEA Grants and Norway Grants. One of the objectives of the programme was to support projects mitigating climate change and reducing vulnerability to it, with a particular emphasis on strengthening the protection and restoration of ecosystems.

In this regard, the aim was to improve the management of ecosystems under climate change pressure, with actions to achieve this including: integrating ecosystem services into the decision-making processes of governance models; training of professional staff and carrying out awareness-raising and education campaigns. Furthermore, an area of approximately 100 hectares was earmarked for restoration. It is not clear, however, to what extent this funding targets the SFH.

- **Final note**: A consulted forestry association raised several practical barriers and unaddressed challenges for SFHs.
    - Slovenia mandates a close-to-nature forest management system, which is significantly more expensive and less competitive than the plantation-style forestry practiced in other countries. The current financial incentives do not function as a proper compensation for this enforced non-competitiveness, placing a disproportionate economic burden on forest owners. Therefore, subsidies should not be viewed merely as co-financing but as a necessary mechanism to offset the economic disadvantages imposed by national legislation.

[60] https://www.gov.si/assets/ministrstva/MGTS/Dokumenti/DL/Akcijski-nacrt-LES-JE-LEP.pdf.
[61] https://www.zgs.si/assets/uploads/files/vsebine/2/0/3/digitalna_orodja_in_resitve_za_lastnike_gozdov-3.pdf.
[62] https://eeagrants.org/news/programme-agreement-signed-climate-programme-slovenia.

- The relationship between forest owners and the Slovenia Forest Service is a key factor influencing management activity. Owners report significant frustrations with administrative processes, citing a lack of genuine partnership.
- The operational realities of forestry are being reshaped by climate change and a growing shortage of skilled labour. The number of days suitable for forest work, particularly in higher elevations, has decreased dramatically, increasing operational costs and soil damage risks. The current financial incentives are not structured to address these emerging challenges, such as supporting investment in modern, soil-friendly technology or offsetting the higher costs associated with a narrowing operational window.

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