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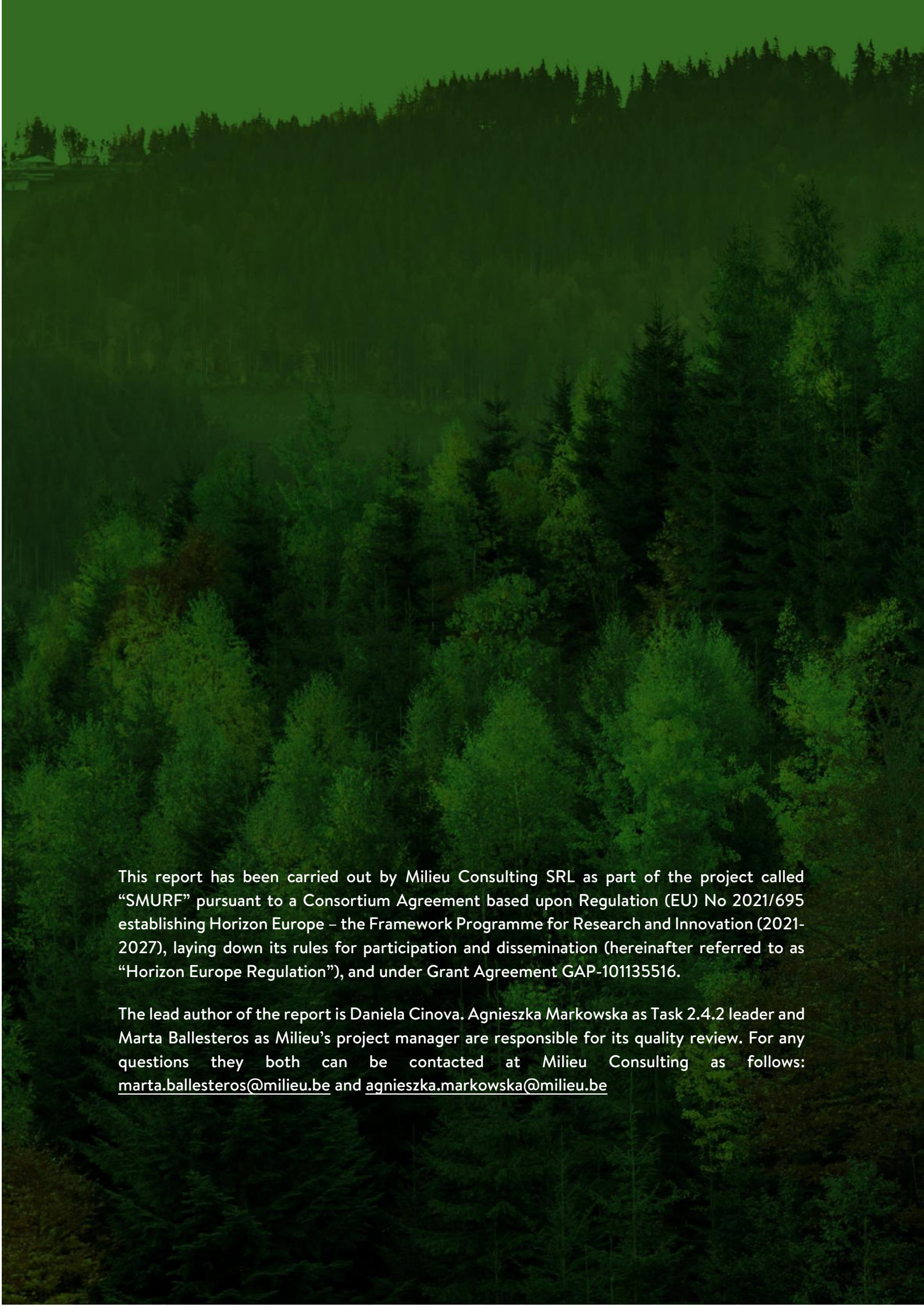
Financial incentives applicable to Small Forest Holdings and their impacts

Country Fact Sheet
Slovakia

SMURF
THE FOREST OWNERS' PROJECT

Grant Agreement GAP-101135516.
June 2025

Funded by
the European Union



This report has been carried out by Milieu Consulting SRL as part of the project called "SMURF" pursuant to a Consortium Agreement based upon Regulation (EU) No 2021/695 establishing Horizon Europe – the Framework Programme for Research and Innovation (2021-2027), laying down its rules for participation and dissemination (hereinafter referred to as "Horizon Europe Regulation"), and under Grant Agreement GAP-101135516.

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Financial incentives applicable to Small Forest Holdings

WP2, Task 2.4.2

Executive Summary

This report, prepared for Slovakia under the SMURF project (Sustainable Management models and value chains for small Forests), offers a detailed analysis of financial incentives available for Small Forest Holdings (SFH) and other stakeholders in Slovakia's forestry value chain.

In Slovakia, financial support for the forestry sector and SFH is provided through both EU and national funding mechanisms. On the EU side, Slovakia benefits from the European Regional Development Fund (ERDF) through the Operational Program Slovakia (2021–2027), which allocates nearly €13 billion for a range of objectives, including a dedicated €4.2 billion for the "Greener Slovakia" initiative aimed at enhancing environmental sustainability and biodiversity. Although no specific forestry-related calls were identified, relevant activities supported include habitat protection, flood prevention, ecosystem restoration, and the development of biocorridors.

The Common Agricultural Policy (CAP) Strategic Plan for Slovakia (2023–2027) represents a significant source of funding for forestry activities, with approximately €98.7 million allocated for measures that benefit forestry and SFH. Key interventions include grants for nature-friendly forest management, forest health improvement measures, afforestation of agricultural land, Natura 2000 payments, water retention measures, bioeconomy investments, and EIP-AGRI Operational Groups. These measures aim to improve forest management practices, enhance biodiversity, promote sustainability, and support the bioeconomy.

Regarding State funding, Slovakia has allocated significant state aid to large forest enterprises, such as Military Forests and Estates of the Slovak Republic, which received a €4,000,000 grant in 2024 for restoration and preventive measures. Smaller entities have received aid through national programs, notably the Support in Forestry for the Fulfillment of Non-Production Functions of Forests, which allows forest managers with at least 5 hectares to apply for grants to support nature-friendly practices. This aid is provided under the de minimis scheme, with a maximum of €300,000 per forest manager over three years. Furthermore, forest managers are eligible for reimbursement of costs related to pest control when imposed by nature protection regulations, though this support is evaluated on a case-by-case basis.

While no significant regional or local funding was identified for SFH, and no innovative financing sources like green bonds, carbon credits, or crowdfunding were found in Slovakia's forestry sector, international funding mechanisms such as the Norway Grants and Swiss Financial Mechanism have historically supported initiatives related to climate adaptation, biodiversity protection, and sustainable tourism in forested areas.

1. Financial incentives based on EU funding

1.1. The European Regional Development Fund

The ERDF Programming for 2021-2027 in Slovakia is implemented via a single Operational Program Slovakia (2021–2027). This is part of a reform to simplify and streamline the management of EU funding for Slovakia. Instead of six separate operational programs, Slovakia now uses one unified framework to manage its allocation of nearly €13 billion in EU funds for the upcoming programming period[1].

The program is structured around five main objectives in line with EU regulations:

1. A more competitive and smarter Slovakia (€1.89 billion)
2. A greener Slovakia (€4.2 billion)
3. A more connected Slovakia (€2 billion)
4. A more socially inclusive Slovakia (€3.25 billion)
5. Europe closer to citizens (€400 million)

Additionally, a Just Transition Fund of €441 million is dedicated to addressing the socio-economic impacts of carbon neutrality transitions in specific regions, including the Upper Nitra, Košice, and Banská Bystrica regions.

For forest owners and forest-related activities, the Operational Program Slovakia offers financial resources for projects that align with environmental sustainability and biodiversity preservation under its 'Greener Slovakia' objective, including:

- Improvement of species and habitat protection within the NATURA 2000 network,
- Monitoring of species and habitats of European significance,
- Flood protection measures,
- Restoration of ecosystems and habitats outside protected areas,
- Biomass facility construction,
- Creation of biocorridors and planting of native tree species.

Operational Programme Slovakia currently does not have open initiatives directly relevant to Forestry. However, open calls are regularly updated and can be reviewed here: https://eurofondy.gov.sk/vyzvy/vyzvy-programu-slovensko/. Detailed information on how to apply for funding is always listed in details of each call available here - https://portal.itms21.sk/vyhlasene-vyzvy/ and is generally submitted via the itms portal.

[1] For more information about Operational Programme Slovakia see https://eurofondy.gov.sk/prinasame-13-miliard-eur-pre-rozvoj-slovenska-vlada-schvalila-program-slovensko-na-roky-2021-2027/

1.2. Common Agricultural Policy (CAP)[2]

The Strategic Plan of the Common Agricultural Policy (CAP) 2023-2027 for Slovakia outlines the framework for utilizing European Union (EU) funding to address various agricultural, forestry, and rural development challenges[3]. Although the plan primarily focuses on agricultural production, it also includes significant support for forestry activities. **Financial support for the measures relevant to forestry and SFH is estimated at approximately EUR** 98.7 million.

An overview of initiatives relevant to Small Forest Owners is presented in Table 1 below.

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

Intervention Name	Target Audience	Support Type	Planned Budget (EUR)		Additional Notes	Timeline
Integrated Projects for Nature-Friendly Forest Management	Forest owners, land managers	Grants for nature-friendly forest management	10 000 000	At least 40 supported projects / interventions	Focuses on forest roads restoration, tree species diversity, and promoting ecological practices.	2023-2029
Forest Health Improvement Measures	Forest owners, land managers	Grants for combating harmful agents and improving forest health	20 000 000	At least 50 supported projects / interventions	Supports activities like removing damaged trees, pest control, and forest health improvements.	2023-2029
Afforestation of Agricultural Land	Landowners, co-owners, farmers	Grants for converting agricultural land to forests	286 900	At least 21 supported projects / interventions	Focus on increasing carbon sequestration and biodiversity.	2023-2029
Natura 2000 Payments	Forest owners in Natura 2000 areas	Compensation for maintaining biodiversity and ecological functions	5 712 552	132 235 ha	Support for maintaining forest management on Natura 2000 sites.	2023-2029
Water Retention Measures	Forest owners, land managers, experts	Grants for hydro-melioration and water retention in landscapes	18 750 000	At least 36 supported projects / interventions	Includes restoration of hydro-melioration canals and forest water retention efforts.	2023-2029

[2] For more information about CAP in Slovakia visit https://www.mpsr.sk/rozvoj-vidieka-a-priame-platby-rybne-hospodarstvo/strategicky-plan-spp-2023-2027/1-43-1327

[3] For a detailed overview of the plan visit https://www.enviroportal.sk/dokument/f/strategicky-plan-spolocnej-polnohospodarskej-politiky-2023-2027.pdf and https://www.mpsr.sk/strategicky-plan-spp-2023-2027/1-43-1327

Intervention Name	Target Audience	Support Type	Planned Budget (EUR)		Additional Notes	Timeline
Bioeconomy Investments	Forest entrepreneurs, processors	Grants for bioeconomy and biomass processing projects	30 000 000	At least 75 supported projects / interventions	Supports projects in biomass processing and improving efficiency in the forestry sector.	2023-2029
EIP-AGRI Operational Groups	Forest owners, agricultural stakeholders	Support for innovative solutions and projects in forestry	14 000 000	At least 56 supported projects / interventions	Promotes sustainability and productivity improvements through research, innovation, and practical collaboration.	2023-2029

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.

2. Financial incentives based on MS funding

2.1. State aid

The following overview is based on the information available from the EU's State Aid Transparency website, which provides data on state aid granted by Member States in various sectors, including forestry[4]. The information is filtered according to the NACE code 02 – Forestry and Logging, and it reports state aid granted for forestry-related activities, which include restoration, maintenance, and infrastructure improvements within forest areas. The data also includes details on the beneficiaries, the amounts of aid granted, and the specific purposes of the support.

In Slovakia, a variety of forestry-related entities have received state aid, particularly aimed at supporting large forest enterprises. Military Forests and Estates of the Slovak Republic (Vojenské lesy a majetky SR), a prominent beneficiary, has been allocated several substantial grants over the years, with the most recent one being a direct grant of €4,000,000 in 2024. These grants, primarily granted for projects in Central Slovakia, focus on the restoration and maintenance of forests, forest infrastructure, and preventive measures against ecological damage. This includes subsidies for the prevention and restoration of forest ecosystems, investments in infrastructure, and improvements in forest health.

Smaller forestry enterprises, such as Municipal Forests Dobšiná Ltd. (Mestské lesy Dobšiná, spol. s.r.o.) and Forests Čelovce Ltd. (Lesy Čelovce s.r.o.), have also received state aid, though the amounts are generally smaller compared to those allocated to larger entities. For example, Municipal Forests Dobšiná received €842,762.88 in 2018, aimed at improving forest health and ecosystem resilience, particularly in the eastern regions of Slovakia. Similarly, Forests Čelovce was granted €1,694 in 2024 to address disturbances in forest management. These funds were used to support measures against environmental damage and to restore affected forest areas.

The aid granted to Slovak State Forests (Lesy Slovenskej republiky), the national state-owned forestry enterprise, includes tax exemptions and reductions. In 2024, Slovak State Forests received a total of €44,699.02 under this scheme, which was intended to support large-scale investments in forestry, ensuring long-term sustainability and improved forest management practices. Other smaller entities, such as Forests, Meadows and Pastures Uhliská Ltd. (Lesy, Lúky a Pasienky Uhliská), have also benefited from smaller grants aimed at addressing disturbances in forest ecosystems. In the case of Forests Čelovce, another small enterprise, a €4,900 grant was awarded in 2024 to remedy significant disruptions in forestry practices.

[4] https://webgate.ec.europa.eu/competition/transparency/public?lang=en

2.2. Taxes and tax exemptions, subsidies

Two subsidies relevant to SFHs have been identified in Slovakia, as follows:

Support in forestry for the fulfilment of non-production functions of forests[5]

The call for applications was open from May 21, 2025, to July 21, 2025.

According to Section 2, Subsection f) of the Law No. 326/2005 on Forests, as amended, non-productive functions of forests include ecological functions such as soil protection, water management, and climate functions, as well as social functions like health, cultural, educational, recreational, nature protection, and water protection. These functions provide benefits, effects, and impacts that forests contribute to as part of the natural environment and as a subject of economic use, which are not traded in the market.

Eligible applicants for support to fulfill non-productive forest functions include forest managers who manage forest areas of at least 5 hectares. These areas must be registered in the Forest Management Plan, with a validity start date of 2015 or 2020 (except for cases where the Forest Management Plan is prepared for a period other than ten years).

The basic support framework includes the following criteria:

- The minimum forest area for applicants is 5 hectares.
- The forest areas are registered in the Forest Care Program with a start date of 2015 or 2020.
- Support is provided if:
    - Forest management activities such as thinning or selective cutting have been carried out according to the program until the forest stand reaches fifty years of age, and invasive non-native tree species have been removed, or
    - Nature-friendly forest management methods have been applied, such as small-scale undergrowth management, selection-based management, or targeted management, resulting in permanent multi-storey forest stands.

This support is provided under the de minimis scheme (Scheme No. DM 11/2024), provided that the total amount of aid does not exceed EUR 300,000 within the three-year period preceding the aid's provision (e.g., for aid granted in July 2025, the reference period will be from April 2022 to July 2025). However, the call does not specify the total or annual budget allocated under this initiative. Similarly, no detailed timeline for evaluation, approval, or payment has been made public. Only the application period, running from 21 May 2025 to 21 July 2025, is defined in the available documentation.

[5] More information about this initiative can be found https://www.forestportal.sk/les-pre-verejnost-2/podpora-lh/narodna-podpora/ and on this website : https://www.apa.sk/aktuality/vzva-na-predkladanie-iadost-o-poskytnutie-dotcie-na-plnenie-mimoproduknch-funkci-lesov/13069

Aid can be granted in an amount calculated as the sum of the products of the rates for the relevant forest management unit types listed in Annex 3 of the de minimis scheme No. DM 11/2024 and the area of the forest stands in the relevant management unit. The support rate is increased by 50% if the support is granted for forest stands where nature-friendly management methods such as small-scale undergrowth management, selection-based management, or targeted management have been applied, and the result is permanent multi-storey forest stands.

Applications should be submitted through the form available to registered applicants in the ITMS2014+ information system at the following website: http://itms2014.sk/ after logging in.

An indicative list of forest stands and the calculation of support can be found here.

Claiming payment of increased costs for the implementation of measures to prevent the excessive spread and proliferation of pests based on Article 28 paragraph 3 and paragraph 6 of Law no. 326/2005 on Forests[6]

Forest managers are entitled to reimbursement for increased costs incurred when implementing measures to prevent the spread and multiplication of pests, especially when these costs arise due to restrictions imposed by nature protection regulations or decisions. These restrictions can be based on special laws, mandatory regulations, or specific decisions issued by nature protection authorities in the affected area or its vicinity. To claim compensation, a project must be prepared by a professional forest manager. This project needs to detail the situation, proposed actions, and include components such as descriptions of the affected areas, the health status of the forests, the type of harmful agents, the damage extent, and the proposed protective measures. The project should also outline the associated costs and include a map of the affected areas.

The claim for reimbursement is considered submitted when the project is presented to the nature protection organization (Štátna ochrana prírody SR) and reviewed by the state professional control authority for forest protection (Lesnícka ochranárska služba). Compensation applies to measures carried out outside the restricted areas, typically within 500 meters from the edge of the affected forest stands. If necessary, measures may extend beyond 500 meters, depending on the pest's biology, and the nature protection organization will assess the scope and area for such measures.

The reimbursement covers increased costs, which are expenses beyond the usual forest management activities. This includes the costs for preparing the project and submitting the claim. However, if the nature protection organization disagrees with any proposed measures, the forest manager must carry them out at their own expense, without reimbursement for those specific measures. Funding for these costs is provided through various sources, with the

[6] For more information about this funding option visit : https://www.forestportal.sk/les-pre-verejnost-2/podpora-lh/narodna-podpora/ and https://web.nlcsk.org/wp-content/uploads/2020/11/Postup-k-%C2%A7-28-z%C3%A1kona-o-lesoch.pdf

nature protection organization responsible for ensuring reimbursement for the agreed-upon measures.

Forest managers may submit applications for reimbursement whenever a need arises, as this support mechanism is not dependent on fixed calls but is established directly by Article 28 of the Forests Act. There is no pre-defined annual or total budget for this support. Instead, the reimbursement is evaluated on a case-by-case basis, depending on the nature and extent of the measures proposed, and the agreement of the competent authorities. The law outlines potential funding sources but does not limit them, allowing flexibility in financing based on the specific circumstances of each case.

Tax exemptions

Specific tax exemptions for forest owners in Slovakia were not identified in the reviewed sources. However, owners of special-purpose forests are eligible for lower taxes on forest land ownership as outlined in Law No. 582/2004 on Local Taxes. This law provides for a tax reduction for protected and special-purpose forests, available upon formal application. The standard tax rate on forest land is set at 0.25% of the land value.

2.3. Funding provided by regional and local authorities

No relevant funding initiatives were identified.

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

No relevant funding sources were identified during the research. Slovak foundations such as Ekopolis and Envirofond were reviewed; however, although these organizations frequently have open calls related to environmental protection and tree planting, no calls specifically relevant to forestry were identified.

2.5. Innovative funding sources

In the course of the research, no innovative funding sources were identified for Slovakia specifically related to small forest holders (SFH) or the broader forestry sector.

2.6. Other funding sources

2.6.1 Norway Grants

Since 1994, Norway, Iceland, and Liechtenstein—non-EU member states—have been providing financial contributions to EU countries whose gross domestic product per capita is below 90% of the EU average through the EEA[7] and Norway Grants. The primary goal of these grants is to reduce economic and social disparities within the European Economic Area (EEA) and to strengthen cooperation between donor and beneficiary states. Projects funded through these grants are supported by two mechanisms: the EEA Financial Mechanism and the Norwegian

[7] EEA stands for European Economic Area

Financial Mechanism. The Slovak state budget contributes 15% to the funding. Slovakia has been a beneficiary since 2004, when it became a member of the European Union and thus part of the European Economic Area[8].

While currently there are no open calls relevant to forestry, past initiatives under the Norway Grants focusing on climate adaption could be relevant for forestry. An overview of open calls can be always found here: https://www.eeagrants.sk/vyzvy/?csrt=1126401582446921961

2.6.1 Swiss Financial Mechanism[9]

The global goal of the Swiss Financial Mechanism, funded by the Swiss Confederation and the Slovak state budget, is to contribute to reducing economic and social disparities within the expanded European Union as well as within the Slovak Republic. This objective is significantly supported by the implementation of 21 projects that could not be financed through Structural Funds. These projects are strategically focused on areas such as security, stability, support for reforms, environmental protection, infrastructure, and human and social development.

A recent example of a relevant initiative is the Support for Sustainable Tourism and Strengthening Biodiversity in Protected Areas program, funded through the Swiss Financial Mechanism. This initiative aimed to protect the environment and climate by promoting sustainable tourism and creating conditions for ecosystem protection and biodiversity enhancement in protected areas across Slovakia. The program had two main components:

1. "Tourists and Nature Together", which focused on supporting sustainable tourism in Slovakia's national parks, involving activities such as the creation of strategic documents for ecosystem and biodiversity protection, the management of protected areas, and the establishment of the Alliance of National Parks of Slovakia. It also included infrastructure improvements, like the construction of information centers and eco-education spaces.
2. Pilot Initiatives and Local Measures, which targeted the protection and restoration of ecosystems and biodiversity in protected areas. This component supported projects aimed at preserving biodiversity by protecting, managing, and restoring specific plant and animal species, habitats, and ecological processes.

This initiative is relevant to forestry as it encourages ecosystem and biodiversity protection in forested areas, promotes sustainable tourism in national parks (which often include forest ecosystems), and supports forest management and biodiversity enhancement activities.

[8] See https://www.forestportal.sk/podpora-mimo-fondov-eu/ and https://www.eeagrants.sk/vyzvy/?csrt=1126401582446921961
[9] https://swiss-contribution.sk/?page_id=42&csrt=11159144986300610140

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