

State aid: Forestry Grant Scheme

Date published: 15 April, 2015

Legal basis

This scheme has been notified to the European Commission under Commission Regulation (EU) No 702/2014 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the TFEU.

The scheme number will be provided here when available.

The national legal basis for the Scheme is the European Communities Act 1972 – Section two.

Articles being utilised under this scheme

The information below details what Articles of Regulation No 702/2014 that the Forestry Grant Scheme will be utilising. Awards are granted subject to assessment against the detailed conditions of the Regulation.

In relation to Articles 32, 33, 35, 40 and 41 we will not exceed the €7.5 million limit per investment project.

In relation to Article 37 the aid shall be limited to a maximum amount of €200 per hectare per year.

Article 32 - Aid for afforestation and the creation of woodland

1. Aid for afforestation and the creation of woodland granted to public and private land holders and their associations shall be compatible with the internal market within the meaning of Article 107(3)(c) of the Treaty and shall be exempted from the notification requirement of Article 108(3) thereof where it fulfills the conditions laid down in paragraphs two to 16 of this Article and in Chapter I.

2. The aid shall:

(a) be granted in the framework of a rural development programme in accordance with Regulation (EU) No 1305/2013 and the delegated and implementing acts adopted by the Commission pursuant to that Regulation either:

- (i) as aid co-financed by the EAFRD; or
- (ii) as additional national financing to the aid referred to in point (i);

and

(b) be identical to the underlying rural development measure provided for in the rural development programme referred to in point (a).

3. The legal basis for the aid shall specify that the aid shall not be put into effect before the approval of the relevant rural development programme by the Commission.

4. In the case of afforestation of State-owned land, aid shall only be granted if the body managing such land is a private body or a municipality.

5. Limitations on ownership of forests, referred to in paragraph four shall not apply to the tropical or subtropical forests and to the wooded areas of the territories of the Azores, Madeira, the Canary islands, the smaller Aegean islands and the French overseas departments.

6. Aid shall be granted for afforestation and the creation of woodland on agricultural land and on non-agricultural land.

7. The aid for afforestation and the creation of woodland shall cover the costs of establishment and an annual premium per hectare.

The aid for afforestation and the creation of woodland may cover investment operations.

Aid for afforestation of land owned by public authorities or for fast growing trees shall cover only the costs of establishment.

8. Aid for afforestation and the creation of woodland related to investment operations shall cover the following eligible costs:

(a) the construction, acquisition, including leasing, or improvement of immovable property, with land only being eligible to an extent not exceeding 10 per cent of the total eligible costs of the operation concerned

(b) the purchase or lease purchase of machinery and equipment up to the market value of the asset

(c) general costs linked to the expenditure referred to in points (a) and (b), such as architect, engineer and consultation fees, fees relating to advice on environmental and economic sustainability, including feasibility studies; feasibility studies shall remain eligible expenditure even where, based on their results, no expenditure under in points (a) and (b) is being incurred

(d) the acquisition or development of computer software and the acquisitions of patents, licences, copyrights, trademarks

(e) the costs of establishing forest management plans or equivalent instrument. Working capital shall not be considered to be an eligible cost.

9. The investment operations shall be in conformity with Union legislation and with national laws of the Member State concerned on environmental protection. For investment operations requiring an environmental impact assessment under Directive 2011/92/EU the aid shall be subject to the condition that such assessment shall have been carried out and the development consent shall have been granted for the investment project concerned before the date of granting the individual aid.

10. The following costs of establishment may be eligible:

(a) the costs of the plantation and propagation material

(b) the plantation costs and the costs directly linked to the plantation

(c) the cost for other related operations such as storing and treatments of seedlings with the necessary prevention and protection materials

(d) the costs for replanting necessary during the first year of afforestation.

11. The annual premium per hectare shall cover the costs for the agricultural income foregone and for maintenance, including early and late cleansings, and shall be paid for a maximum period of 12 years from the date of granting the aid.

12. Aid shall not be granted for planting the following trees:

(a) trees for short rotation coppicing;

(b) Christmas trees; or

(c) fast growing trees for energy production.

13. The species planted shall be adapted to the environmental and climatic conditions of the area and comply with minimum environmental requirements.

14. In areas where afforestation is difficult due to severe pedo-climatic conditions aid may be provided for planting perennial woody species such as shrubs or bushes suitable to the local conditions.

15. For beneficiaries above a certain size, to be determined by the Member States in the rural development programmes, the aid shall be conditional on the presentation of the relevant information from a forest management plan or equivalent instrument in line with sustainable forest management as defined by the Second Ministerial Conference on the Protection of Forests in Europe of 1993.

16. The aid intensity shall be limited to 100 per cent of the eligible costs.

Article 33 - Aid for agroforestry systems

1. Aid for agroforestry systems granted to private land holders, municipalities and their associations shall be compatible with the internal market within the meaning of Article 107(3)(c) of the Treaty and shall be exempted from the notification requirement of Article 108(3) thereof where it fulfills the conditions laid down in paragraphs two to 11 of this Article and in Chapter I.

2. The aid shall:

(a) be granted in the framework of a rural development programme in accordance with Regulation (EU) No 1305/2013 and the delegated and implementing acts adopted by the Commission pursuant to that Regulation either:

(i) as aid co-financed by the EAFRD; or

(ii) as additional national financing to the aid referred to in point (i);

and

(b) be identical to the underlying rural development measure provided for in the rural development programme referred to in point (a).

3. The legal basis for the aid shall specify that the aid shall not be put into effect before the approval of the relevant rural development programme by the Commission.

4. The aid for agroforestry systems shall cover the costs of establishment and an annual premium per hectare. The aid for agroforestry systems may cover investment operations.

5. The aid for agroforestry systems related to investment operations shall cover the following eligible costs:

(a) the construction, acquisition, including leasing, or improvement of immovable property, with land only being eligible to an extent not exceeding 10 per cent of the total eligible costs of the operation concerned;

(b) the purchase or lease purchase of machinery and equipment up to the market value of the asset;

(c) general costs linked to the expenditure referred to in points (a) and (b), such as architect, engineer and consultation fees, fees relating to advice on environmental and economic sustainability, including feasibility studies; feasibility studies shall remain eligible expenditure even where, based on their results, no expenditure under in points (a) and (b) is being incurred;

(d) the acquisition or development of computer software and the acquisitions of patents, licences, copyrights, trademarks;

(e) the costs of establishing forest management plans or equivalent instrument. Working capital shall not be considered to be an eligible cost.

6. The investment operations shall be in conformity with Union legislation and with national laws of the Member State concerned on environmental protection. For investment operations requiring an environmental impact assessment under Directive 2011/92/EU the aid shall be subject to the condition that such assessment shall have been carried out and the development consent shall have been granted for the investment project concerned before the date of granting the individual aid.

7. The following costs for establishment may be eligible:

(a) the costs for the establishment of the agroforestry system by planting trees, including the costs of the plantation material, the plantation, the storing and the treatments of seedlings with the necessary prevention and protection materials;

(b) the costs for the establishment of the agroforestry system by converting existing forests or other wooded land, including the costs for felling trees, thinning and pruning and protection against grazing animals;

(c) other costs directly linked to the establishment of an agroforestry system such as costs for feasibility studies, establishment plan, soil examination, soil preparation and protection;

(d) the costs of silvopastoral, namely, grazing system watering and protective facilities;

(e) the costs of the necessary treatment connected to the establishment of an agroforestry system, including watering and cutting;

(f) the costs for replanting during the first year after the establishment of an agroforestry system.8. The annual premium per hectare shall cover the costs of maintenance of the agroforestry system, and shall be paid for a maximum period of five years from the date of granting the aid.

The eligible costs of maintenance may relate to the established tree belts, the weeding, pruning and thinning and protective actions and investments such as fences or individual protection tubes.

9. Member States shall determine the maximum number of trees to be planted per hectare, taking account of the following:

(a) local pedo-climatic and environmental conditions;

(b) forestry species; and

(c) the need to ensure sustainable agricultural use of the land.¹⁰ For beneficiaries above a certain size, to be determined by the Member States, the aid shall be conditional on the presentation of the relevant information from a forest management plan or equivalent instrument in line with sustainable forest management as defined by the Second Ministerial Conference on the Protection of Forests in Europe of 1993.

11. The maximum aid intensity shall be limited to:

(a) 80 per cent of the eligible costs for investment operations and of the establishment costs referred to in paragraphs 5 and 7; and

(b) 100 per cent of the annual premium referred to in paragraph 8.

Article 34 - Aid for the prevention and restoration of damage to forests from forest fire, natural disasters, adverse climatic events which can be assimilated to a natural disaster, other adverse climatic events, plant pests and catastrophic events

1. Aid for the prevention and restoration of damage to forests from forest fire, natural disasters, adverse climatic events, which can be assimilated to a natural disaster, other adverse climatic events, plant pests and catastrophic events and climate change events pursuant to Article 24 of Regulation (EU) No 1305/2013 granted to private and public forest holders, and other private law and public bodies and their associations shall be compatible with the internal market within the meaning of Article 107(2)(b) or, as the case may be, Article 107(3)(c) of the Treaty and shall be exempted from the notification requirement of Article 108(3) thereof where it fulfils the conditions laid down in paragraphs 2 to 12 of this Article and in Chapter I.

2. The aid shall:

(a) be granted in the framework of a rural development programme in accordance with Regulation (EU) No 1305/2013 and the delegated and implementing acts adopted by the Commission pursuant to that Regulation either:

(i) as aid co-financed by the EAFRD; or

(ii) as additional national financing to the aid referred to in point (i);

and

(b) be identical to the underlying rural development measure provided for in the rural development programme referred to in point (a).

3. The legal basis for the aid shall specify that the aid shall not be put into effect before the approval of the relevant rural development programme by the Commission.

4. Only forest areas which are classified as a medium to high forest fire risk according to the forest protection plan established by the Member State concerned shall be eligible for aid for prevention of fire.

5. The aid shall cover the following eligible costs:

(a) the establishment of protective infrastructure;

(b) local, small scale prevention activities against fire, or other natural hazards, including the use of grazing animals;

(c) establishing and improving forest fire, pest and diseases monitoring facilities and communication equipment;

(d) restoring forest potential damaged from fires, natural disasters, adverse climatic events, which can be assimilated to a natural disaster, other adverse climatic events, plant pests, catastrophic events and climate change related events.⁶ The aid may cover maintenance costs in the case of firebreaks.

7. The aid shall not be granted for agricultural related activities in areas covered by agri-environmental commitments.

8. In the case of the restoration of forest potential referred to in paragraph 5(d) the aid shall be subject to the formal recognition by the competent authorities of the Member State concerned that:

(a) the fire, natural disaster, adverse climatic event which can be assimilated to a natural disaster, other adverse climatic event, plant pest, catastrophic event or climate change related event has occurred; and

(b) the event referred to in point (a) of this paragraph, including measures adopted in accordance with Directive 2000/29/EC to eradicate or contain a plant pest, has caused the destruction of at least 20 per cent of the relevant forest potential.

9. In the case of aid for prevention of damage to a forest from plant pests, the risk of occurrence of the plant pest shall be supported by scientific evidence and acknowledged by a scientific public organisation. The list of species of harmful organisms which may cause a plant pest shall be provided for in the rural development programme of the Member State concerned.

10. The aided activities or projects shall be consistent with the forest protection plan established by the Member State.

For beneficiaries above a certain size, to be determined by the Member States, the aid shall be conditional on the presentation of the relevant information from a forest management plan or equivalent instrument in line with sustainable forest management as defined by the Second Ministerial Conference on the Protection of Forests in Europe of 1993, detailing the preventive objectives.

Costs other than those referred to in paragraph 5 related to the particularities of the forestry sector may be considered to be eligible costs.

11. Aid shall not be granted for loss of income resulting from fire, natural disasters, adverse climatic events, which can be assimilated to a natural disaster, other adverse climatic events, plant pests and catastrophic events.

12. The aid intensity shall be limited to 100 per cent of the eligible costs. Aid granted for the eligible costs as referred to in paragraph 5(d) and any other payments received by the beneficiary, including payments under other national or Union measures or insurance policies for the same eligible costs shall be limited to 100 per cent of the eligible costs.

Article 35 - Aid for investments improving the resilience and environmental value of forest ecosystems

1. Aid for investments improving the resilience and environmental value of forest ecosystems granted to natural persons, private and public forest holders, private law and public bodies and their associations shall be compatible with the internal market within the meaning of Article 107(3)(c) of the Treaty and shall be exempted from the notification requirement of Article 108(3) thereof where it fulfils the conditions laid down in paragraphs 2 to 8 of this Article and in Chapter I.

2. The aid shall:

(a) be granted in the framework of a rural development programme in accordance with Regulation (EU) No 1305/2013 and the delegated and implementing acts adopted by the Commission pursuant to that Regulation either:

(i) as aid co-financed by the EAFRD; or

(ii) as additional national financing to the aid referred to in point (i);

and

(b) be identical to the underlying rural development measure provided for in the rural development programme referred to in point (a).

3. The legal basis for the aid shall specify that the aid shall not be put into effect before the approval of the relevant rural development programme by the Commission.

4. Investments shall be aimed at the achievement of commitments for environmental aims, for provision of ecosystem services or enhancement of the public amenity value of forest and wooded land in the area concerned or the improvement of the climate change mitigation potential of ecosystems, without excluding economic benefits in the long term.

5. The investment shall be in conformity with Union legislation and with national laws of the Member State concerned on environmental protection. For investment requiring an environmental impact assessment under Directive 2011/92/EU the aid shall be subject to the condition that such assessment shall have been carried out and the development consent shall have been granted for the investment project concerned before the date of granting the individual aid.

6. The aid shall cover the following eligible costs:

(a) the construction, acquisition, including leasing, or improvement of immovable property, with land only being eligible to an extent not exceeding 10 per cent of the total eligible costs of the operation concerned;

(b) the purchase or lease purchase of machinery and equipment up to the market value of the asset;

(c) general costs linked to expenditure referred to in points (a) and (b), such as architect, engineer and consultation fees, fees relating to advice on environmental and economic sustainability, including feasibility studies; feasibility studies shall remain eligible expenditure even where, based on their results, no expenditure under points (a) and (b) is incurred;

(d) the acquisition or development of computer software and the acquisitions of patents, licenses, copyrights and trademarks;

(e) the costs of establishing forest management plans or equivalent instrument.

7. Costs other than those referred to in paragraph 6(a) and (b) connected with leasing contracts, such as lessor's margin, interest refinancing costs, overheads and insurance charges shall not be considered to be eligible costs.

Working capital shall not be considered to be an eligible cost. 8. The aid intensity shall be limited to 100 per cent of the eligible costs.

Article 37 - Aid for forest-environmental and climate services and forest conservation

1. Aid for forest-environmental and climate services and for forest conservation granted to public or private forest holders, private law or public bodies and their associations shall be compatible with the internal market within the meaning of Article 107(3)(c) of the Treaty and shall be exempted from the notification requirement of Article 108(3) thereof where it fulfils the conditions laid down in paragraphs 2 to 9 of this Article and in Chapter I.

2. The aid shall:

(a) be granted in the framework of a rural development programme in accordance with Regulation (EU) No 1305/2013 and the delegated and implementing acts adopted by the Commission pursuant to that Regulation either:

(i) as aid co-financed by the EAFRD; or

(ii) as additional national financing to the aid referred to in point (i);

and

(b) be identical to the underlying rural development measure provided for in the rural development programme referred to in point (a).

3. The legal basis for the aid shall specify that the aid shall not be put into effect before the approval of the relevant rural development programme by the Commission.

4. In the case of forest-environmental and climate services and forest conservation of State-owned land, aid shall only be granted if the body managing such land is a private body or a municipality.

5. For forest holdings above a certain threshold to be determined by Member States, aid shall be conditional on the presentation of the relevant information from of a forest management plan or equivalent instrument in line with sustainable forest management as defined by the Second Ministerial Conference on the Protection of Forests in Europe of 1993.

6. The aid shall be granted per hectare of forest land.

7. Aid shall cover only commitments which go beyond the mandatory requirements established by national forestry act or other relevant national or Union legislation. The mandatory national requirements shall be clearly identified.

Commitments shall be undertaken for a period of between five and seven years. However, where necessary and duly justified, Member States may determine a longer period for particular types of commitments.

8. The aid shall compensate beneficiaries for all or part of the additional costs and income foregone resulting from undertaking the commitments referred to in paragraph 7.

Where necessary the aid may cover transaction costs up to a value of 20 per cent of the aid.

In duly justified cases for operations concerning environmental conservation, the aid for commitments to renounce commercial use of trees and forests may be granted as a flat rate or as an one-off payment per unit calculated on the basis of additional costs and income foregone.

9. The aid shall be limited to the maximum amount of EUR 200 per hectare per year.

That maximum amount may be increased in exceptional cases taking into account specific circumstances to be justified in the rural development programmes.

Article 40 - Aid for investments in infrastructure related to the development, modernisation or adaptation of the forestry sector

1. Aid for investments in infrastructure related to the development, modernisation or adaptation of the forestry sector granted to undertakings active in the forest sector shall be compatible with the internal market within the meaning of Article 107(3)(c) of the Treaty and shall be exempted from the notification requirement of Article 108(3) thereof where it fulfills the conditions laid down in paragraphs 2 to 9 of this Article and in Chapter I.

2. The aid shall:

(a) be granted in the framework of a rural development programme in accordance with Regulation (EU) No 1305/2013 and the delegated and implementing acts adopted by the Commission pursuant to that Regulation either:

- (i) as aid co-financed by the EAFRD; or
 - (ii) as additional national financing to the aid referred to in point (i);
- and

(b) be identical to the underlying rural development measure provided for in the rural development programme referred to in point (a).

3. The legal basis for the aid shall specify that the aid shall not be put into effect before the approval of the relevant rural development programme by the Commission.

4. The investment shall be in conformity with Union legislation and with national laws of the Member State concerned on environmental protection. For investment requiring an environmental impact assessment under Directive 2011/92/EU the aid shall be subject to the condition that such assessment shall have been carried out and the development consent shall have been granted for the investment project concerned before the date of granting the individual aid.

5. The aid shall cover investments in tangible assets and intangible assets which concern infrastructure related to the development, modernisation or adaptation of forests, including the following:

- (a) access to forest land
- (b) land consolidation and improvement;
- (c) supply of energy and water.

6. The aid shall cover the following eligible costs:

- (a) the construction, acquisition, including leasing, or improvement of immovable property, with land only being eligible to an extent not exceeding 10 per cent of the total eligible costs of the operation concerned

- (b) the purchase or lease purchase of machinery and equipment up to the market value of the asset
 - (c) general costs linked to the expenditure referred to in points (a) and (b), such as architect, engineer and consultation fees, fees relating to advice on environmental and economic sustainability, including feasibility studies; feasibility studies shall remain eligible expenditure even where, based on their results, no expenditure under points (a) and (b) is incurred
 - (d) acquisition or development of computer software and acquisitions of patents, licenses, copyrights and trademarks
 - (e) the costs of establishing forest management plans and their equivalent instruments.
7. Costs other than those referred to in paragraph 6(a) and (b) connected with leasing contracts, such as lessor's margin, interest refinancing costs, overheads and insurance charges shall not be considered to be eligible costs.

Working capital shall not be considered to be an eligible cost.

8. In the case of non-productive investments, investments aimed exclusively at improving the environmental value of forests and investments for forest roads, which are open to the public free of charge and which serve the multifunctional aspects of forest the aid intensity shall be limited to 100 per cent of the eligible costs.

9. In the case of investments, which improve the short or long term economic potential of forests, the aid intensity shall be limited to the following rates:

- (a) 75 per cent of the amount of the eligible costs for investment in outermost regions
- (b) 75 per cent of the amount of the eligible costs for investment in the smaller Aegean islands
- (c) 50 per cent of the amount of the eligible costs for investment in less developed regions and in all regions whose GDP per capita for the period from 1 January 2007 to 31 December 2013 period was less than 75 per cent of the average of the EU-25 for the reference period but whose GDP per capita is above 75 per cent of the GDP average of the EU-27
- (d) 40 per cent of the amount of the eligible costs for investment in other regions.

Article 41 - Aid for investments in forestry technologies and in processing, mobilising and marketing of forestry products

1. Aid for investments in forestry technologies and in the processing, mobilising and marketing of forestry products granted to private forest holders, municipalities and their associations and to SMEs shall be compatible with the internal market within the meaning of Article 107(3)(c) of the Treaty and shall be exempted from the notification requirement of Article 108(3) thereof where it fulfils the conditions laid down in paragraphs 2 to 11 of this Article and in Chapter I.

2. The aid shall:

(a) be granted in the framework of a rural development programme in accordance with Regulation (EU) No 1305/2013 and the delegated and implementing acts adopted by the Commission pursuant to that Regulation either:

- (i) as aid co-financed by the EAFRD; or
 - (ii) as additional national financing to the aid referred to in point (i);
- and

(b) be identical to the underlying rural development measure provided for in the rural development programme referred to in point (a).

3. The legal basis for the aid shall specify that the aid shall not be put into effect before the approval of the relevant rural development programme by the Commission.

4. The investment shall be in conformity with Union legislation and with national laws of the Member State concerned on environmental protection. For investment requiring an environmental impact assessment under Directive 2011/92/EU the aid shall be subject to the condition that such assessment shall have been carried out and the development consent shall have been granted for the investment project concerned before the date of granting the individual aid.

5. In the territories of the Azores, Madeira, the Canary islands, the smaller Aegean islands and the French overseas departments aid may also be granted to undertakings that are not SMEs.

6. The aid shall cover the following eligible costs:

(a) the construction, acquisition, including leasing, or improvement of immovable property, with land only being eligible to an extent not exceeding 10 per cent of the total eligible costs of the operation concerned

(b) the purchase or lease purchase of machinery and equipment up to the market value of the asset

(c) general costs linked to the expenditure referred to in points (a) and (b), such as architect, engineer and consultation fees, fees relating to advice on environmental and economic sustainability, including feasibility studies; feasibility studies shall remain eligible expenditure even where, based on their results, no expenditure under points (a) and (b) is incurred

(d) acquisition or development of computer software and acquisitions of patents, licenses, copyrights and trademarks

(e) the costs of establishing forest management plans and their equivalent.

7. Costs other than those referred to in paragraph 6(a) and (b) connected with leasing contracts, such as lessor's margin, interest refinancing costs, overheads and insurance charges shall not be considered to be eligible costs.

Working capital shall not be considered to be an eligible cost.

8. Investments related to the improvement of the economic value of forests shall be justified in relation to expected improvements to forests on one or more holdings and may include investments for soil and resource friendly harvesting machinery and practices.

9. Investments related to the use of wood as a raw material or energy source shall be limited to all working operations prior to industrial processing.

The investments in renewable energy infrastructure that consume or produce energy shall comply with minimum standards for energy efficiency for, where such standards exist at national level.

Investments in installations, the primary purpose of which is electricity production from biomass, shall not be eligible for aid unless a minimum percentage of heat energy, to be determined by the Member States, is utilised.

Aid to bioenergy investment projects shall be limited to bioenergy meeting the applicable sustainability criteria laid down in Union legislation, including in Article 17(2) to (6) of Directive 2009/28/EC.

10. For forest holdings above a certain threshold to be determined by Member States, aid shall be conditional on the presentation of the relevant information from of a forest management plan or equivalent instrument in line with sustainable forest management as defined by the Second Ministerial Conference on the Protection of Forests in Europe of 1993.

11. The aid intensity shall be limited to the following rates:

(a) 75 per cent of the amount of the eligible costs for investment in outermost regions

(b) 75 per cent of the amount of the eligible costs for investment in the smaller Aegean islands

(c) 50 per cent of the amount of the eligible costs for investment in less developed regions and in all regions whose GDP per capita for the period from 1 January 2007 to 31 December 2013 period was less than 75 per cent of the average of the EU-25 for the reference period but whose GDP per capita is above 75 % of the GDP average of the EU-27

(d) 40 per cent of the amount of the eligible costs for investment in other regions.