

Payments for Forest Ecosystem Services in Croatia

Location

Country: Republic of Croatia

Scale: national level

Region: ---

Compensated /improved ecosystem services

Payments for forest ecosystem services are designated for the purposes as referred to in the Article 68 of the Forest Act:

1. management in protective forests and forest land;
2. preparation and approval of forest management plans;
3. management in commercial forests owned by small forest owners, except of work relating to timber harvesting and harvesting of non-wood forest products,
4. management in commercial forests owned by public authorities, institutions, legal entities, medium and large forest owners, namely:
 - a) reforestation,
 - b) remediation and restoration of forests damaged by biotic and abiotic factors,
 - c) maintenance of springs, wells and tanks,
 - d) protection of forests against harmful organisms and fire,
5. demining of forests and forest land;
6. scientific and expert studies in the field of forestry;
7. fire-fighting activities.

Management

Payments for forest ecosystem services (PFES) are provided as direct payment scheme for legal entities and individuals in accordance with the Article 65 of the Forest Act. Payments are intermediated through the legislation (Forest Act and related regulations) among users (citizens and institutions of the Republic of Croatia) and providers of FES (state or private forest owners).

Each legal entity and natural person who perform registered activities in the Republic of Croatia, are taxed as corporation and achieve annual income in an amount more than 3 000 000 HRK are obliged to pay for forest ecosystem services. PFES are paid in an amount of 0.0265% of the total income to the state budget and are designated for the purposes as referred to in the Article 68 of the Forest Act (see the box above).

Payments are allocated to forest owners in proportion to the share of forest and forest land surface area of the Republic of Croatia that are managed by them, in accordance with forest management plans.

Procedure of using the payments as referred to in the Article 65 of the Forest Act shall be prescribed by the minister by means of an regulation.

Stakeholders

Service providers:

- Different categories of forest owners e.g. public authorities, institutions, legal entities, small, medium and large forest owners

Beneficiaries of services:

- Citizens and institutions of the Republic of Croatia

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Donors:

- Each legal entity and natural person who perform registered activities in the Republic of Croatia, are taxed as corporation and achieve annual income in an amount more than 3 000 000 HRK are obliged to pay in an amount of 0.0265% of the total income to the state budget.

Intermediaries:

- The Republic of Croatia stipulates by its legislation (Forest Act (OG 68/18)) taxpayers, method of collecting and allocating of payments, and activities to be supported

PFES mechanism is prescribed by laws:

Regulation on the procedure for realisation of the rights to the funds from the use of the Fee for Forest Ecosystem Services for performed work in the forests (OG 22/15, 93/15 i 46/18)

Regulations on the method of calculation, forms, separate account and payment deadlines for the use of the Fee for Forest Ecosystem Services (OG 19/15)

Timeline

Establishment year: 1990. (Amendments to the Forest Act OG 41/90)

Time horizon: long-term application (more than 10 years)

Status of PES: active status – in use

Availability of economic data

Data on annually collected and allocated payments are publicly available upon written request to the Ministry of Agriculture (okfs@mps.hr).

Similar data on the use of payments for state owned forests are presented in the annual reports of the public company “Croatian Forests” Ltd (https://www.hrsume.hr/images/stories/godisnja-poslovna-izvjesca/godisnje_izvjesce_za_2017.pdf)

References / Source of information

Forest Act OG 68/18 (https://narodne-novine.nn.hr/clanci/sluzbeni/2018_07_68_1392.html)

Regulation on the procedure for the realisation of the rights to the funds from the use of the Fee for Forest Ecosystem Services for the performed work in the forests (OG 22/15, 93/15 i 46/18);

https://narodne-novine.nn.hr/clanci/sluzbeni/2018_05_46_883.html)

Regulation on the method of calculation, forms, separate account and payment deadlines for the use of the Fee for Forest Ecosystem Services (OG 19/15; https://narodne-novine.nn.hr/clanci/sluzbeni/2015_02_19_409.html)