

25 January 2024

Positive preliminary assessment of the satisfactory fulfilment of milestones and targets related to the first payment request submitted by Finland on 10 November 2023, transmitted to the Economic and Financial Committee by the European Commission

Executive summary

In accordance with Article 24(2) of Regulation (EU) 2021/241, on 10 November 2023, Finland submitted a request for payment for the first instalment of the non-repayable support. The payment request was accompanied by the required management declaration and summary of audits.

To support its payment request, Finland provided due justification of the satisfactory fulfilment of the 20 milestones of the first instalment of the non-repayable support, as set out in Section 2.1 of the Council Implementing Decision of 29 October 2021 on the approval of the assessment of the recovery and resilience plan for Finland¹.

Upon receipt of the payment request, the Commission has assessed on a preliminary basis the satisfactory fulfilment of the relevant milestones and targets. Based on the information provided by Finland, the Commission has made a positive preliminary assessment of the satisfactory fulfilment of all 20 milestones.

The milestones positively assessed as part of this payment request demonstrate significant steps in the implementation of Finland's Recovery and Resilience Plan. This includes, among others, the introduction of the key legislation for the reform of the social, healthcare and rescue services as well as amendments of the taxation to promote electrification of industry and heat production and to raise the tax on fossil heating fuels. The milestones also confirm progress towards the completion of investment projects related to new energy technologies and energy infrastructure investments, decarbonisation of industry, and recycling and reuse of industrial waste and side streams.

By the transmission of this positive preliminary assessment and in accordance with Article 24(4) of Regulation (EU) 2021/241, the Commission asks for the opinion of the Economic and Financial Committee on the satisfactory fulfilment of the relevant milestones.

¹ ST 12524/21; ST 12524/21 ADD 1 as amended by ST 6991/23; ST 6991/23 ADD 1, [not yet published].

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Number: 2	Related Measure: (2) P1C1R2 – Transformation of the energy system – Reform of energy taxation to take account of technological developments	
Name of the Milestone: Entry into force of the Act on Excise Duty on Electricity and Certain Fuels		
Qualitative Indicator: Provision in the law indicating the entry into force of the Act		Time: Q2 2021
Context: <p>The objective of this reform is to change the existing taxation of different types of energy in view of contributing to the phasing out of fossil fuels by promoting electrification of industry and encouraging investment in low-carbon technologies.</p> <p>Milestone 2 requires amending the Act on Excise Duty on Electricity and Certain Fuels as follows:</p> <ul style="list-style-type: none">• lowering the industrial electricity tax to promote the electrification of industry and heat production;• lowering the electricity tax for mines, agriculture and data centres of more than 5 MW;• phasing out the energy tax refund for energy-intensive industrial fuels, by 2025;• raising the tax on fossil heating fuels, including peat, by EUR 2,7/MWh from 1 January 2021. <p>Milestone 2 is the only milestone of this reform.</p>		
Evidence provided: <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none">i) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.ii) Copy of the publication of the Legislative Amendment to the Act on Excise Duty on Electricity and Certain Fuels (Act 1033/2020) (<i>Laki sähkön ja eräiden polttoaineiden valmisteveroista annetun lain muuttamisesta</i>), and the link to where it is published in the Statute Book of Finland https://www.finlex.fi/fi/laki/alkup/2020/20201033.iii) Copy of the Study on the Energy Taxation of Non-Combustion Heat Production (AFRY 5/2021), (<i>Lämpöpumput ja konesalit energiaverotuksessa - Raportti valtiovarainministeriölle</i>), and the link to where it is published on the Government website https://vm.fi/documents/10623/307625/L%C3%A4mp%C3%B6pumput+ja+konesalit+energiaverotuksessa+loppuraportti.pdf/8c9f730f-0599-79a5-783c-4c69d75a8137/L%C3%A4mp%C3%B6pumput+ja+konesalit+energiaverotuksessa+loppuraportti.pdf?t=1642422528742. <p>The authorities also provided:</p> <ol style="list-style-type: none">iv) Copy of Government Proposal to Parliament for Acts Amending Legislation on Energy Taxation (HE 167/2020) (<i>Hallituksen esitys eduskunnalle laeiksi energiaverotusta koskevan lainsäädännön muuttamisesta</i>), and link to where it is published in the Parliament website https://www.eduskunta.fi/FI/vaski/HallituksenEsitys/Documents/HE_167+2020.pdf.		

- v) Copy of Government Proposal to Parliament for Acts Amending Legislation on Energy Taxation (HE 212/2021) (*Hallituksen esitys eduskunnalle energiaverotusta koskevan lainsäädännön muuttamiseksi*), and link to where it is published in the Parliament website https://www.eduskunta.fi/FI/vaski/HallituksenEsitys/Documents/HE_212+2021.pdf.
- vi) Copy of Legislative Amendment to the Act on Excise Duty on Electricity and Certain Fuels (Act 1215/2021) (*Laki annetun lain muuttamisesta*), and link to where it is published in the Statute book of Finland <https://www.finlex.fi/fi/laki/alkup/2021/20211215>.
- vii) Copy of Government Decree No 468/2022 on the Entry Into Force of Article 4(3) of the Act Amending the Act on Excise Duty on Electricity and Certain Fuels (Act 1215/2021) (*Valtioneuvoston asetus sähkön ja eräiden polttoaineiden valmisteverosta annetun lain muuttamisesta annetun lain 4 §:n 3 momentin voimaantulosta*), and link to where it is published in the Statute Book of Finland <https://www.finlex.fi/fi/laki/alkup/2022/20220468>.
- viii) Copy of Act on Excise Duty on Electricity and Certain Fuels (Act 1260/1996) (*Laki sähkön ja eräiden polttoaineiden valmisteverosta*), and link to where it is published in the Statute Book of Finland <https://www.finlex.fi/fi/laki/ajantasa/1996/19961260>.
- ix) Copy of Act on the Refund of Excise Duty on Certain Energy Products Used in Agriculture (Act 603/2006) (*Laki maataloudessa käytettyjen eräiden energiatuotteiden valmisteveron palautuksesta*), and link to where it is published in the Statute Book of Finland <https://www.finlex.fi/fi/laki/ajantasa/2006/20060603>.

Analysis:

The justification and substantiating evidence provided by the Finnish authorities covers all constitutive elements of the milestone.

Amendment to the Act on excise Duty on Electricity and Certain Fuel [...]

Item (i) on the list of evidence - the Amendment to the Act on Excise Duty on Electricity and Certain Fuel (Act 1033/2020) - stipulates in the last paragraph its entry into force on 1 January 2021.

The Act 1033/2020 amending the Act on Excise Duty on Electricity and Certain Fuels, is based on the Government Proposal HE 167/2020.

In line with the description of the milestone, the amendment covers the following four elements:

- **Lowens the industrial electricity tax to promote the electrification of industry and heat production.** Furthermore, in line with the description of the measure, the **amendment of energy taxation legislation (Act on Excise Duty on Electricity and Certain Fuels) shall contribute to the phasing out of fossil fuels by promoting electrification of industry and encouraging investment in low-carbon technologies.**

Section 4 of item (viii) on the list of evidence - the Act on Excise Duty on Electricity and Certain Fuels (1260/1996) - defines that tax category II applies on electricity used by industry, provided it can be separately measured.

Item (ii) on the list of evidence – Act 1033/2020, amends the Act 1226/2018, which is published in the Statute Book of Finland in the following link: <https://www.finlex.fi/fi/laki/alkup/2018/20181226>. Table 2 of the Act 1226/2018 defines the rate in the tax category II as 0.69 cents/kWh. Table 2 of the Act 1033/2020 defines the rate of tax in the tax category II as 0.05 cents/kWh after the amendment.

Item (iv) on the list of evidence - Government Proposal to Parliament for Acts Amending Legislation on Energy Taxation (HE 167/2020) - provides for additional information in Chapter 4.2, sub-chapter on Climate and Environmental Impact. According to this chapter the proposed changes in the industrial electricity taxation would increase the incentives to substitute taxed fossil fuels in heat production by other heat production methods and also encourage electrification. On the basis of this assessment, a conclusion is made that the Act 1033/2020 can promote the electrification of industry and heat production, phasing out of fossil fuels and encouraging investment in low-carbon technologies.

The preparatory legislative work plays a significant role in interpreting legislation by offering insights into the legislator's intentions.

- **Lowens the electricity tax for mines, agriculture and data centres of more than 5 MW.** Furthermore, in line with the description of the measure, **the reform shall also reduce the electricity tax for industry, mines, agriculture and data centres of more than 5 MW to 0,05 cent/kWh, i.e. the EU minimum, from 0,69 cent/kWh.**

Item (ii) on the list of evidence - Act 1033/2020 - lays down the lowered electricity tax rate for tax category II of 0.05 cents/kWh in Table 2 of the Annex of the Act.

Item (viii) on the list of evidence - the Act on Excise Duty on Electricity and Certain Fuels (Act 1260/1996) provides the following:

- In Section 4 Paragraph 2, stipulates that electricity used for industrial purposes is subject to the rate of electricity tax category II.
- In Section 2 Paragraph 6, provides a definition of industry and includes mining, commercial greenhouse farming and data centres of more than 5 MW.

The Council Implementing Decision required that the **electricity tax for agriculture shall be lowered**. Item (iv) on the list of evidence - the Government Proposal to Parliament for Acts Amending Legislation on Energy Taxation (HE 167/2020) - explains in its abstract, that the decrease in electricity taxation for the agricultural sector other than commercial greenhouse farming would be done by refunding the difference between the tax categories I and II via the existing refund system, which is regulated by Act 603/2006 (item ix on the list of evidence). While the tax rate for tax category II was decreased, the refund for the agricultural sector took place as follows:

- The section 4 of the Act 603/2006 makes reference to the previous Act 1186/2014, which is published in the Statute Book of Finland in the following link: <https://www.finlex.fi/fi/laki/alkup/2014/20141186?search%5Btype%5D=pika&search%5Bpika%5D=1186%2F2014https://www.finlex.fi/fi/laki/alkup/2014/20141186?search%5Btype%5D=pika&search%5Bpika%5D=1186%2F2014>. Section 4 of the Act 1186/2014 stipulates the refund of 1.55 cents/kWh on electricity for the agricultural sector.
- The chapter on the Entry into Force and Application of the Act 603/2006 makes reference to the Act 1034/2020 published in the Statute book of Finland in the following link: <https://www.finlex.fi/fi/laki/alkup/2020/20201034#Pidm46434451032208>. Act 1034/2020 amends the section 4 of the Act 603/2006 and increases the refund to 2.19 cents/kWh. In accordance to the enacting clause, the Act 1034/ 2020 entered into force on 1 January 2021.

- 2.19 cents is the difference between the tax categories I (2.24 cents) and II (0.05 cents), as stipulated in the tax table 2 of the Act 1033/2020 (item (ii) on the list of evidence). In accordance to the enacting clause, Act 1033/2020 entered into force on 1 January 2021. Whilst increasing the refund for the agricultural sector to cover the difference between the two tax categories, instead of reducing the tax rate, constitutes a minimal substantive deviation from the requirement of the Council Implementing Decision, the electricity tax in the agricultural sector as a whole is lowered in practice. The new rate of refund equals the difference between the tax categories I and II and therefore offsets the impact of reducing the tax under tax category II as demonstrated by the below table.

	Tax Category 1	Tax Category 2	Refund (=difference between categories 1 and 2)
Before the amendment	2.24	0.69	1.55
After the amendment	2.24	0.05	2.19

As of this, this minimal deviation does not change the nature of the measure and does not affect the progress towards achieving the reform that the milestone represents. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled.

- **Phases out the energy tax refund for energy-intensive industrial fuels**, in line with the description of the measure, **by 2025**

Section 8a of item (ii) on the list of evidence - Act 1033/2020 phases out the tax refund for energy intensive industry gradually between 2020 and 2025 as follows: if the excise duties paid or included in the purchase price of the products referred to in the Act (light and heavy fuel oil, bio fuel oil and liquified petroleum gas) used as non-motor fuel in industry during the accounting year are:

- In 2020, more than 0.5% of the value added by the company, the company is entitled to claim back a refund of 85% of the amount of excise duty paid for the excess;
- In 2021 the threshold is 1% and the refund is 85%;
- In 2022 the threshold is 1.7% and the refund 85%;
- In 2023 the threshold is 3.7% and the refund is 85%;
- In 2024 the thresholds is 3.7% and the refund is 45%;
- In 2025 the refund is no longer applied.

- **Raises the tax on fossil heating fuels, including peat, by EUR 2,7/MWh**, in line with the description of the measure, **from 1 January 2021**

Item (ii) on the list of evidence - Act 1033/2020 amends the Act 1226/2018, which is published in the Statute Book of Finland in the following link: <https://www.finlex.fi/fi/laki/alkup/2018/20181226?search%5Btype%5D=pika&search%5Bpika%5D=1226%2F2018>. Act 1033/2020 lays down the provisions on increasing the tax on heating fuels, including peat by EUR 2.7 per MWh. Tax tables 1 and 2 in the Annex of the Act provide tax rates after the amendment as follows:

- Natural gas 10.33 EUR/MWh

- Fuel peat: 5.70 EUR/MWh

Act 1033/2020 entered into force on 1 January 2021, in line with the enacting clause.

Tables 1 and 2 of the Act 1226/2018 provide the tax rates before the change as follows :

- Natural gas 7.63 EUR/MWh
- Fuel peat: 3.00 EUR/MWh

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 3	Related Measure: (3) P1C1I1 – Transformation of the energy system – Energy infrastructure investments	
Name of the Milestone: Publication of the first call for applications for energy infrastructure projects		
Qualitative Indicator: Publication of the first call for applications on the Ministry of Economic Affairs’ website		Time: Q4 2021
Context: <p>The objective of this investment is to enhance the framework conditions for attracting investment in clean energy, with a focus on energy system integration, energy storage and transport. The investment supports projects that promote the construction of energy infrastructure, including:</p> <ul style="list-style-type: none">• electricity grids and electricity transmission capacity,• the integration of energy systems and the production, transmission and utilisation of surplus and waste heat in district heating networks, and• the transport of low-carbon gases such as hydrogen, biogas and biomethane. <p>Milestone 3 concerns the launch of the first call for applications for the energy infrastructure investments. This also requires as a precondition the entry into force of the funding guidelines (Energy Aid Regulation), which provides the legal basis for the launch of competitive calls. The milestone foresees the inclusion of “Do No Significant Harm (DNSH)” criteria in the terms of reference of the call.</p> <p>Milestone 3 is the first step of the implementation of the investment and it will be followed by milestone 4, related to the notification of the award of all grants, and target 5 which requires the completion of at least four supported projects corresponding to at least 90% of the budget allocated to this measure. The investment has a final expected date for implementation by 30 June 2026.</p>		
Evidence provided: <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none">i) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.ii) Copy of Government Decree No. 1112 of 2021 on Aid for Energy Investments under Finland’s Recovery and Resilience Plan in 2022-2026, published on 16 December 2021.iii) Copy of and links to the publication of the first call for applications for energy investment aid on the website of the Ministry of Economic Affairs and Employment (https://tem.fi/en/first-application-round-for-energy-investment-subsidies) and on the website of Business Finland (https://www.businessfinland.fi/en/whats-new/calls/2022/first-application-round-for-energy-investment-subsidies), published on 20 December 2021 and open until 4 March 2022.iv) Copy of the application instructions of the first call for applications on the website of Business Finland (https://www.businessfinland.fi/490bfa/contentassets/1b65df417f4147a69936e209c9505c83/hakuohjeet-rrf_tuki_fi_paivitetty-8.2.2022.pdf), published on 20 December 2021.		

Analysis:

The justification and substantiating evidence provided by the Finnish authorities covers all constitutive elements of the milestone.

The funding guidelines (Energy Aid Regulation) shall enter into force, enabling the launch of the first competitive call for proposals for energy infrastructure investments [...] Furthermore, in line with the description of the measure, the support shall be granted under a new Government Decree to be adopted by 31 December 2021. It shall take the form of competitive calls under the responsibility of the Ministry of Economic Affairs and Employment and Business Finland, to be organised in several stages, with the aim of frontloading large investments.

Item (ii) of the evidence list is the Government Decree No. 1112 of 16 December 2021 on Aid for Energy Investments. The Decree functions as the funding guidelines for four measures included in Finland's RRP (P1C1I1, P1C1I2, P1C2I1 and P1C2I2), by laying down the conditions on which the aid for energy investments under the Finnish RRP can be granted. Paragraph 5 of the Decree sets out that support may be granted to energy infrastructure projects under Finland's RRP, which provides the legal basis for the launch of the first call for proposals for energy investment aid under this investment. The support is structured to be organised through multiple calls, to frontload large investments. Paragraph 21 of the Decree confirms that the Decree entered into force on 16 December 2021.

Item (iii) of the evidence list is the first call for applications for energy infrastructure projects as published on the website of the Ministry of Economic Affairs and Employment and on the website of Business Finland. The call for applications, which is a competitive call under the responsibility of the Ministry of Economic Affairs and Employment and Business Finland, was published on 20 December 2021 and closed on 4 March 2022.

Furthermore, in line with the description of the measure, **the investment shall support projects that promote the construction of energy infrastructure with the following focus: i) electricity grids and electricity transmission capacity; ii) investments to integrate energy systems and produce, transmit and utilise surplus and waste heat in district heating networks; iii) transport of low-carbon gases, including hydrogen, biogas and biomethane.**

The technologies referred to in the description of the measure are included in paragraph 5 of the Government Decree No. 1112 of 16 December 2021 (item (ii) of the evidence list), which lists the eligible types of projects as including the transmission or distribution of electricity, the utilisation or transfer of waste heat, waste cold or renewable energy to district heating systems and the transmission or distribution of low-carbon gases. These eligible technologies are also included in section 3.1 of the application instructions (item (iv) of the evidence list), which moreover specifies that low-carbon gases refer to low-carbon hydrogen, biogas or gaseous fuels (i.e. biomethane).

Furthermore, in line with the description of the measure, **the selection shall be made according to various criteria such as their contribution to the decarbonisation of the energy sector and their feasibility in accordance with the set time frame.**

The selection criteria included in the description of the measure are included in paragraph 11 of the Government Decree No. 1112 of 16 December 2021 (item (ii) of the evidence list), which specifies that the granting authority decides on the support to projects based on the effectiveness of each project type with the goals set in Finland's RRP. Paragraph 11 further specifies this by mentioning

in particular the projects' energy and emission effects, cost-effectiveness, feasibility, the novelty value of the technology included in the projects and the replicability of the technology or the project. Moreover, paragraph 5 of the Decree specifies that only projects that will be completed by 30 June 2026 are eligible for support.

[...] with terms of reference including eligibility criteria that ensure that the selected projects comply with the 'Do no significant harm' Technical Guidance (2021/C58/01) through the use of an exclusion list and the requirement of compliance with the relevant EU and national environmental legislation.

Furthermore, in line with the description of the measure, **In order to ensure that the measure complies with the 'Do no significant harm' Technical Guidance (2021/C58/01), the eligibility criteria contained in terms of reference for upcoming calls for projects shall exclude the following list of activities: (i) activities related to fossil fuels, including downstream use; (ii) activities under the EU Emissions Trading System (ETS) achieving projected greenhouse gas emissions that are not lower than the relevant benchmarks; (iii) activities related to waste landfills, incinerators and mechanical biological treatment plants; and (iv) activities where the long-term disposal of waste may cause harm to the environment. The terms of reference shall additionally require that only activities that comply with relevant Union and national environmental legislation can be selected.**

Section 4 of the application instructions (item (iv) in the evidence list) specifies the eligibility criteria for applicants. Section 4.2 specifies the requirement of compliance with the Do No Significant Harm principle as a condition for the eligibility of all projects applying for funding under this call for applications. Section 4.2, in particular, requires compliance with the "Do No Significant Harm (DNSH)" Technical Guidance, it includes a reference to the exclusion list and it specifies that projects are required to comply with EU and national environmental legislation. The exclusion list is specified in detail in the same section 4.2 and includes all activities listed in the description of the measure. Moreover, Section 4.2 of the application instructions (item (iv) in the evidence list) clarifies that Business Finland will carry out a two-stage assessment of compliance of applicants with the "Do No Significant Harm (DNSH)" principle.

Furthermore, in line with the description of the measure, **selection criteria shall ensure that all projects contribute to the climate change objectives linked to the intervention field 033 that has a 100% climate coefficient in accordance with Annex VI of the Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility.**

The evidence for this element is included in Section 3.1 of the application instructions (item (iv) in the evidence list), which requires as part of the specific selection criteria for applicants for energy infrastructure projects that all projects contribute to the climate change objectives linked to the Intervention field 033 [Smart energy systems (including smart grids and ICT systems) and associated storage] with a 100 % climate coefficient in accordance with Annex VI to Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 6	Related Measure: (6) P1C1I2 – Transformation of the energy system – Investments in new energy technologies	
Name of the Milestone: Publication of the first call for applications for investments in new energy technologies		
Qualitative Indicator: Publication of the first call for applications on the Ministry of Economic Affairs’ website		Time: Q4 2021
Context: <p>The objective of this investment is to stimulate the introduction of new clean technologies for energy production and use by providing support for large-scale projects in the demonstration phase with a priority on technical feasibility. The investment focuses on offshore wind energy production, renewable fuels in transport, non-combustion heat production to replace the use of coal and other renewable energy projects.</p> <p>Milestone 6 foresees the launch of the first call for applications for the investments in the new energy technologies. This also requires as a precondition the entry into force of the funding guidelines (Energy Aid Regulation), which provides the legal basis for the launch of competitive calls. The milestone foresees the inclusion of “Do No significant Harm (DNSH)” criteria in the terms of reference of the call.</p> <p>Milestone 6 is the first step of the implementation of the investment and it will be followed by milestone 7, related to the notification of the award of all grants, and target 8 which requires the completion of at least four supported projects corresponding to at least 90% of the budget allocated to this measure. The investment has a final expected date for implementation by 30 June 2026.</p>		
Evidence provided: <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none">i) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.ii) Copy of Government Decree No. 1112 of 16 December 2021 on Aid for Energy Investments under Finland’s Recovery and Resilience Plan in 2022-2026, published on 16 December 2021.iii) Copy of the publication of the call for applications for investments in new energy technologies on the website of the Ministry of Economic Affairs and Employment (https://tem.fi/en/first-application-round-for-energy-investment-subsidies) and on the website of Business Finland (https://www.businessfinland.fi/en/whats-new/calls/2022/first-application-round-for-energy-investment-subsidies), published on 20 December 2021 and open until 4 March 2022.iv) Copy of the application instructions of the first call for applications on the website of Business Finland (https://www.businessfinland.fi/490bfa/contentassets/1b65df417f4147a69936e209c9505c83/hakuohjeet-rrf_tuki_fi_paivitetty-8.2.2022.pdf), published on 20 December 2021.		

The authorities also provided:

- v) Extract of the internal processing instructions for applications of the Ministry of Economic Affairs and Employment.

The Commission considers that there is a clerical error in the text of the Council Implementing Decision as regards the description of this reform and has undertaken the assessment on a revised basis. In such description, it is stated that "calls for tender shall be launched once the legislative framework for granting the support is in place". However, as stated elsewhere in the same description of this measure, Finland shall in fact launch calls for applications. Against this background, the justification and substantiating evidence provided by the Finnish authorities cover all constitutive elements of the milestone.

Analysis:

The justification and substantiating evidence provided by the Finnish authorities covers all constitutive elements of the milestone.

The funding guidelines (Energy Aid Regulation) have entered into force, enabling the publication of the first call for proposals for investments in new energy technologies [...] Furthermore, in line with the description of the measure, **support shall be granted under a new Government Decree to be adopted by 31 December 2021. It shall take the form of competitive calls under the responsibility of the Ministry of Economic Affairs and Employment and Business Finland, to be organised in several stages with the aim of frontloading large investments. The calls for tender shall be launched once the legislative framework for granting the support is in place. A first call for applications is expected to be organised during 2021.**

Item (ii) of the evidence list is Government Decree No. 1112 of 16 December 2021 on Aid for Energy Investments. The Decree functions as the funding guidelines for four measures included in Finland's RRP (P1C111, P1C112, P1C211 and P1C212), by laying down the conditions on which the aid for energy investments under the Finnish RRP can be granted. Paragraph 5 of the Decree sets out that support may be granted to new energy technology projects under Finland's RRP, which provides the legal basis for the launch of the first call for proposals for energy investment aid under this investment. The support is structured to be organised through multiple calls, to frontload large investments. Paragraph 21 of the Decree confirms that it entered into force on 16 December 2021.

Item (iii) of the evidence list is the first call for applications for new energy technologies as published on the website of the Ministry of Economic Affairs and Employment and on the website of Business Finland. The call for applications, which is a competitive call under the responsibility of the Ministry of Economic Affairs and Employment and Business Finland, was published on 20 December 2021 and closed on 4 March 2022.

Furthermore, in line with the description of the measure, **the support shall prioritise sectors where emission reductions are difficult and costly ('hard-to-decarbonise sectors').**

The objective of prioritising hard-to-decarbonise sectors is included in the call for applications (item (iii) of the evidence list), by referring to transport and heavy industry. Finland has also submitted an extract from the internal processing instructions for the applications of the Ministry of Economic Affairs and Employment (item (v) of the evidence list), which explains to project assessors that hard-to-decarbonise sectors are to be prioritised.

Furthermore, in line with the description of the measure, **the investment shall provide support for large-scale projects in the demonstration phase with a priority on technical feasibility, with a particular focus on: i) offshore wind energy production; ii) renewable fuels in transport (electric fuels and biofuels); iii) non-combustion heat production such as geo-energy to replace the use of coal; and iv) other renewable energy projects such as large biogas transport projects using low-used inputs, large-scale solar energy projects and projects that promote energy storage.**

The objective of providing support for large-scale projects in the demonstration phase with a priority on technical feasibility stimulating new clean energy technologies is included in Paragraph 5.2 of the Government Decree No. 1112 of 16 December 2021 (item (ii) of the evidence list).

The supported sectors are included in section 3.2 on pages 4-5 of the call instructions (item (iv) of the evidence list). Paragraph 5.2 of the Decree explicitly refers to the four categories of projects included in the description of the measure.

Furthermore, in line with the description of the measure, **the selection of successful projects shall be made according to various criteria including their contribution to the increase in the share of renewable energy and their potential contribution to the long-term development and commercialisation of relevant technologies.**

The evidence for this element is included in paragraph 11 of the Government Decree No. 1112 of 16 December 2021 (item (ii) of the evidence list). Paragraph 11 of the Decree describes the elements that the granting authority should consider in the selection phase of the applications, which includes explicit reference to projects' contribution to the increase in renewable energy capacity and the replicability of the technology or the project (i.e. their potential contribution to the long term development and commercialisation of the relevant technologies). Identical references are also included in Section 8 of the application instructions (item (iv) in the evidence list).

[...] with terms of reference including eligibility criteria that ensure that the selected projects comply with the 'Do no significant harm' Technical Guidance (2021/C58/01) through the use of an exclusion list and the requirement of compliance with the relevant EU and national environmental legislation.

Furthermore, in line with the description of the measure, **In order to ensure that the measure complies with the 'Do no significant harm' Technical Guidance (2021/C58/01), the eligibility criteria contained in terms of reference for upcoming calls for projects shall exclude the following list of activities: (i) activities related to fossil fuels, including downstream use; (ii) activities under the EU Emissions Trading System (ETS) achieving projected greenhouse gas emissions that are not lower than the relevant benchmarks; (iii) activities related to waste landfills, incinerators and mechanical biological treatment plants; and (iv) activities where the long-term disposal of waste may cause harm to the environment. The terms of reference shall additionally require that only activities that comply with relevant Union and national environmental legislation can be selected.**

Section 4 of the application instructions (item (iv) in the evidence list) specifies the eligibility criteria for potential applicants. Section 4.2 specifies the requirement of compliance with the Do No Significant Harm principle as a condition for the eligibility of all projects applying for funding under this call for applications. Section 4.2, in particular, requires compliance with the Do No Significant Harm (DNSH) Technical Guidance, it includes a reference to the exclusion list and it specifies that

projects are required to comply with EU and national environmental legislation. The exclusion list is specified in detail in the same section 4.2 and includes all activities listed in the description of the measure.

Moreover, Section 4.2 of the application instructions (item (iv) in the evidence list) clarifies that Business Finland will carry out a two-stage assessment of compliance of applicants with the “Do No Significant Harm (DNSH)” principle.

Furthermore, in line with the description of the measure, **selection criteria shall ensure that all projects contribute to the climate change objectives linked to intervention fields 032, 034bis0, 028 and 029 and 030bis that have a 100% climate coefficient in accordance with Annex VI to Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility.**

The evidence for this element is included in Section 3.2 of the application instructions (item (iv) in the evidence list), which requires as part of the specific selection criteria for applicants for energy infrastructure projects that all projects contribute to the climate change objectives linked to the Intervention fields 028, 029, 030bis, 032 or 034bis0 with a 100 % climate coefficient in accordance with Annex VI to Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 14	Related Measure: (14) P1C2R2 – Industrial reforms and investments supporting the green and digital transition - Strategic promotion of the circular economy and reform of the Waste Act		
Name of the Milestone: Adoption of the Government resolution on the implementation of the Strategic Programme for a Circular Economy			
Qualitative Indicator: Publication of the Government resolution (YM/2021/17) on the Government website			Time: Q2 2021
Context: <p>Milestone 14 is part of reform P1C2R2 which consists of two elements:</p> <ul style="list-style-type: none">• Implementation of reformed Waste Act (646/2011) with separate collection obligations for packaging and biowaste from households and businesses, packaging producers’ responsibility for the costs of packaging waste management, implementation of the Single-Use Plastics Directive and the obligation to separate collection of textile waste at regional reception points. It is expected that recycling rates of municipal waste and plastic packaging will increase.• Promoting circular economy with a strategic programme for 2035, which sets targets for the consumption of non-renewable natural resources, resource productivity and circular material use rate. The national framework programme will be complemented by the promotion of voluntary sectoral agreements. <p>Milestone 14 concerns the second element mentioned above. It requires the adoption of a Government resolution on the implementation of the strategic programme for a circular economy, with the objective to reduce the consumption of non-renewable natural resources, while the sustainable use of renewable natural resources may increase so that the total consumption of domestic primary raw materials will not exceed the 2015 level by 2035.</p> <p>Milestone 14 is the first step of the implementation of the reform and it will be followed by milestone 15 related to the national contract framework for a low-carbon circular economy as well as milestone 13 comprising the revised Waste Act. The reform has a final expected date for implementation by 31 December 2024.</p>			
Evidence provided: <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none">i) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.ii) Copy of the publication of the adopted Government resolution on the implementation of the Strategic Programme for a Circular Economy (<i>Valtioneuvoston periaatepäätös kiertotalouden strategisesta ohjelmasta</i>), published on the Government website Valtioneuvoston+periaatepäätös+8.4.2021+kiertotalouden+strategisesta+ohjelmasta.pdf, and reference to the relevant provisions indicating the entry into force.iii) Extract from the Statistics Finland database confirming the 2015 level of the total domestic consumption of primary raw materials drawn from the Statistics Finland website https://www.stat.fi/en/statistics/kanma.iv) Extract from the Government resolution on the implementation of the Strategic Programme for a Circular Economy showing a target of the total domestic consumption of primary raw			

materials by 2035 lower than the 2015 level. This extract is drawn from the evidence listed under point (ii).

The authorities also provided:

- v) Copy of the minutes of the meeting on 8 April 2021 adopting the Government resolution concerning the implementation of the Strategic Programme for a Circular Economy (*Valtioneuvoston 8.4.2021 kiertotalouden ohjelmasta kokouksen pöytäkirja*).

Analysis:

The justification and substantiating evidence provided by the Finnish authorities covers all constitutive elements of the milestone.

The Government resolution on the implementation of the strategic programme for a circular economy is adopted [...]

The last paragraph of the item (v) in the list of evidence, namely the minutes of the Government meeting held on 8 April 2021, attests the adoption of the Government Resolution on the implementation of the Strategic Programme for a Circular Economy.

Furthermore, in line with the description of the measure, **Finland shall promote the circular economy by means of a strategic programme for 2035.**

Chapter 3, paragraph 4 of the Government Resolution on the implementation of a Strategic Programme for Circular Economy (item (ii) in the list of evidence, Finnish version) sets the vision of the strategic programme for the year 2035 concerning circular economy. The programme envisions a carbon-neutral circular economy as the foundation of Finland's prosperous economy in 2035.

[...] and includes the objective that the consumption of non-renewable natural resources shall decrease, and the sustainable use of renewable natural resources may increase so that the total consumption of domestic primary raw materials will not exceed the 2015 level by 2035.

Furthermore, in line with the description of the measure, **the strategic programme for circular economy sets concrete targets for the consumption of non-renewable natural resources, resource productivity and circular material use rate.**

The milestone in the Council Implementing Decision is further specified in the Operational Arrangements, which states that **the reference to “the total consumption of domestic primary raw materials” in the description of this milestone shall be understood as a reference to “the total domestic consumption of primary raw materials”.**

Chapter 3, last paragraph of the Government Resolution on the implementation of a Strategic Programme for Circular Economy (item (ii) on the list of evidence, Finnish version), outlines the requirement on sustainable and efficient use of natural resources and lists the following steps and objectives:

- To decrease the consumption of non-renewable natural resources, and to increase the sustainable use of renewable natural resources to the extent that the total domestic consumption of primary raw materials in Finland in 2035 will not exceed the 2015 level.
- To double the productivity of resources by 2035 compared to the 2015 level.
- To double the circular economy rate of materials by 2035.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 16	Related Measure: (16) P1C2I1 – Industrial reforms and investments in support of the green and digital transition – Low-carbon hydrogen and carbon capture and utilisation	
Name of the Milestone: Publication of the first national call for applications for the production and utilisation of low-emission hydrogen as well as carbon dioxide capture and utilisation		
Qualitative Indicator: Publication of the first calls for applications on Business Finland’s website		Time: Q4 2021
Context: <p>The objective of this investment is to promote the development of the production and storage of clean hydrogen on a commercial scale. The funding will be allocated to support investments along the hydrogen value chain as well as in carbon capture, storage and recovery.</p> <p>Milestone 16 envisages the publication of the first call for applications for the production and utilisation of low-emission hydrogen as well as carbon dioxide capture and utilisation, to hydrogen and carbon capture and storage projects in Finland. The terms of reference of the call should include eligibility criteria that ensure the selected projects comply with the Do No Significant Harm technical guidance and require compliance with EU and national environmental legislation.</p> <p>Milestone 16 is the first step of the implementation of the investment, and it will be followed by milestone 17, related to the notification of the grant awards, and target 18 which requires the completion of at least three projects corresponding to at least 90% of the budget allocated to this measure. The investment has a final expected date for implementation by 30 June 2026.</p>		
Evidence provided: <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none">i) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.ii) Copy of Government Decree No. 1112 of 16 December 2021 on Aid for Energy Investments under Finland’s Recovery and Resilience Plan in 2022-2026, published on 16 December 2021 in the Statute Book of Finland.iii) Copy of and link to the publication of the first call for applications for hydrogen Important Projects of Common European Interest (IPCEI) projects on the website of Business Finland (https://www.businessfinland.fi/ajankohtaista/haut/2021/suomalaisen-elinkeinoelaman-osallistuminen-eurooppalaiseen-vety-ipceihin), published on 9 June 2021.iv) Copy of the application instructions for the call for IPCEI hydrogen projects, published on 10 June 2021.v) Copy of and link to the first call for applications for non-IPCEI projects for the production and utilisation of low-emission hydrogen as well as carbon dioxide capture and utilisation on the website of Ministry of Economic Affairs and Employment (https://tem.fi/en/first-application-round-for-energy-investment-subsidies) and on the website of Business Finland (https://www.businessfinland.fi/en/whats-new/calls/2022/first-application-round-for-energy-investment-subsidies), published on 20 December 2021.vi) Copy of the application instructions accompanying the call for energy investment aid, first published on 20 December 2021 and modified version published on 8 February 2022.		

The authorities also provided:

- vii) Link to the publication of the sustainable growth program for Finland (Recovery and Resilience Plan) on the website of Business Finland (<https://www.businessfinland.fi/kampanjasivut/suomen-kestavan-kasvun-ohjelma>).

Analysis:

The justification and substantiating evidence provided by the Finnish authorities cover all constitutive elements of the milestone.

Launch of the first national call for applications for the production and utilisation of low-emission hydrogen as well as carbon dioxide capture and utilisation. Furthermore, in line with the description of the measure, **in addition, support for certain domestic low carbon 'green' hydrogen investments shall be granted under a new Government Decree to be adopted in 2021 (Energy Aid Regulation). It shall take the form of competitive calls under the responsibility of the Ministry of Economic Affairs and Employment and Business Finland, to be organised in one or several stages. The first call for proposals shall be opened in 2021 and published on Business Finland website.**

Item (ii) of the evidence list is the Government Decree No. 1112 of 16 December 2021 on Aid for Energy Investments. The Decree works as the funding guidelines for four measures Included in Finland's RRP (P1C1I1, P1C1I2, P1C2I1 and P1C2I2), by laying down the conditions on which the aid for energy investments under the Finnish RRP can be granted. Paragraph 5 of the Decree sets out that funding shall be allocated to support investments along the hydrogen value chain as well as in carbon capture, storage and recovery, which provides the legal basis for the launch of the first call for proposals under this investment.

Finland has provided evidence for the launch of the first call by Business Finland for Important Projects of Common European Interest (IPCEI) projects (item (iii) of the evidence list), which occurred on 9 June 2021, as well as the launch of the first call by the Ministry of Economic Affairs and Employment and Business Finland for non-IPCEI projects (item (v) of the evidence list), which occurred on 20 December 2021. The calls for proposal, which took the form of competitive calls and were under the responsibility of the Ministry of Economic Affairs and Employment and Business Finland, were published on the websites of Business Finland and the Ministry of Economic Affairs and Employment. The Council Implementing Decision required the launch of the first national call for applications for the production and utilisation of low-emission hydrogen as well as carbon dioxide capture and utilisation. The Finnish authorities have launched two separate calls for applications, one covering IPCEI projects (evidence item (iii)) and one covering all other projects for the production and utilisation of low-emission hydrogen as well as carbon dioxide capture and utilisation (evidence item (v)). Whilst two calls instead of one constitutes a minimal formal deviation from the requirement of the Council Implementing Decision, the division of the call into two separate calls allowed for a better differentiation of potential projects at the levels of process, substance and the potential beneficiaries. On this basis, it is considered that this constitutive element of the target is satisfactorily fulfilled.

Sections 1 and 4 of the application instructions of the non-IPCEI call (item (iv) of the evidence list) and section 3.2 of the application instructions of the Ministry's call (item (vi) of the evidence list) confirm the objective of the calls to finance projects for the production and utilisation of low-emission hydrogen as well as carbon dioxide capture and utilisation.

Furthermore, in line with the description of the measure, **the funding shall be allocated to support investments along the hydrogen value chain as well as in carbon capture, storage and recovery. Finland is expected to contribute through support to (i) producing low carbon 'green' hydrogen, replacing the use of fossil fuels in heavy industries, (ii) capturing, storing and utilising CO₂ and (iii) research related to hydrogen. In addition to the potential IPCEI, projects linked to European cooperation networks, such as Eureka, may be supported.**

Section 4 of the application instructions for the IPCEI call for applications (item (iv) of the evidence list) evidences that projects supported by this measure should be designated to low carbon hydrogen to replace the use of fossil fuels in heavy industries and capturing, storing and utilising CO₂, while Section 2 of the same document specifies that project proposals may include research related to hydrogen.

Section 3.2 of the application instructions for the non-IPCEI call for applications (item (vi) of the evidence list) states that this call supports projects for the production or storage of low-carbon hydrogen or the capture or utilisation of carbon dioxide.

The terms of reference of the call shall include eligibility criteria that ensure that the selected projects comply with the 'Do no significant harm' Technical Guidance (2021/C58/01) through the use of an exclusion list and the requirement of compliance with the relevant EU and national environmental legislation.

Furthermore, in line with the description of the measure, **in order to ensure that the measure complies with the 'Do no significant harm' Technical Guidance (2021/C58/01), the eligibility criteria contained in terms of reference for upcoming calls for projects shall exclude the following list of activities: (i) activities related to fossil fuels, including downstream use; (ii) activities under the EU Emission Trading System (ETS) achieving projected greenhouse gas emissions that are not lower than the relevant benchmarks; (iii) activities related to waste landfills, incinerators and mechanical biological treatment plants; and (iv) activities where the long-term disposal of waste may cause harm to the environment. The terms of reference shall additionally require that only activities that comply with relevant EU and national environmental legislation can be selected.**

Section 4.2 of the application instructions of the hydrogen IPCEI call (item (iv) of the evidence list) specifies that, in order to be eligible, all projects must fulfil the criteria set out in the Do No Significant Harm (DNSH) Technical Guidance. Section 4.2 also specifies that all projects must comply with relevant EU and national legislation. This requirement concerns only the terms of reference for 'upcoming calls', therefore, calls launched after the adoption of the Council Implementing Decision on 29 October 2021, and its terms of reference are therefore not covered by the requirement in the measure description. Nonetheless, "Do no Significant Harm (DNSH)" compliance is still ensured by the combination of the inclusion of relevant requirements in section 4.2 of the application instructions as mentioned above, in combination with the FAQ posted on Business Finland's website (item (vii) of the evidence list), which explains that each project to be eligible for selection under this call must meet the "Do No Significant Harm (DNSH)" criteria.

Regarding the call for applications for the non-IPCEI call for applications, section 4 of the application instructions for the non-IPCEI call (item (vi) of the evidence list) specifies the eligibility criteria for applicants. Section 4.2 specifies the requirement of compliance with the Do No Significant Harm principle as a condition for the eligibility of all projects applying for funding under this call for applications. Section 4.2, in particular, requires compliance with the DNSH Technical Guidance, it includes a reference to the exclusion list and it specifies that projects are required to comply with EU

and national environmental legislation. The exclusion list is specified in detail in the same section 4.2 and includes all activities listed in the description of the measure. Moreover, section 4.2 also clarifies that Business Finland will carry out a two-stage assessment of compliance of applicants with the DNSH principle.

Furthermore, in line with the description of the measure, **no funding shall be allocated to production of hydrogen from natural gas.**

Section 4 of the application instructions for the hydrogen IPCEI call for applications (item (iv) of the evidence list) specifies that the production of hydrogen from natural gas is not eligible for financing. Section 4.2 of the application instructions for the non-IPCEI call for applications (item (vi) of the evidence list) specifies that no aid can be granted for the production of hydrogen from natural gas.

Furthermore, in line with the description of the measure, **selection criteria shall ensure that all projects contribute to the climate change objectives linked to the intervention field 032 that has 100% climate coefficient in accordance with Annex VI to Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility.**

Section 4.2 of the application instructions for the hydrogen IPCEI call for applications (item (iv) of the evidence list) states that projects can only be selected if they meet the criteria associated with intervention field 032 of Annex VI to Regulation (EU) 2021/241 establishing the Recovery and Resilience Facility.

Section 4.2 of the application instructions for the non-IPCEI call for applications (item (vi) of the evidence list) requires as part of the specific selection criteria for applicants for energy infrastructure projects that all projects contribute to the climate change objectives linked to the Intervention field 032 with a 100 % climate coefficient in accordance with Annex VI to Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 19	Related Measure: (19) P1C2I2 – Industrial reforms and investments supporting the green and digital transition – Direct electrification and decarbonisation of industrial processes	
Name of the Milestone: Publication of the first call for proposals for direct electrification and low-carbonisation of industrial processes aimed at reducing CO2 emissions from industry		
Qualitative Indicator: Publication of the first call for applications on Business Finland’s website		Time: Q4 2021
Context: <p>The objective of this investment is to promote the direct electrification and low-carbon industrial processes to reduce CO2 emissions in the industrial sector. The measure aims both at improving energy efficiency in industry by replacing fossil fuels by electricity in heat generation and at introducing hybrid solutions and utilise heat pump technology and surplus heat.</p> <p>Milestone 19 envisages the publication of the first call for applications for direct electrification and low-carbonisation of industrial processes aimed at reducing CO2 emissions from industry. This also requires as a precondition the entry into force of the funding guidelines (Energy Aid Regulation), which provides the legal basis for the launch of competitive calls. The milestone foresees the inclusion of “Do No Significant Harm (DNSH)” criteria in the terms of reference of the call.</p> <p>Milestone 19 is the first step of the implementation of the investment and it will be followed by milestone 20 and target 21, related to the notification of the award of all grants and the completion of at least three supported projects corresponding to at least 90% of the budget allocated to this measure. The investment has a final expected date for implementation by 30 June 2026.</p>		
Evidence provided: <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none">i) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.ii) Copy of Government Decree No. 1112 of 16 December 2021 on Aid for Energy Investments under Finland’s Recovery and Resilience Plan in 2022-2026, published on 16 December 2021 in the Statute Book of Finland.iii) Copy of and link to the publication of the first call for applications for direct electrification and low-carbonisation of industrial processes on the website of the Ministry of Economic Affairs and Employment (https://tem.fi/en/first-application-round-for-energy-investment-subsidies) and on the website of Business Finland (https://www.businessfinland.fi/en/whats-new/calls/2022/first-application-round-for-energy-investment-subsidies), published on 20 December 2021.iv) Copy of the application instructions of the first call for applications, published on 20 December 2021 and modified on 8 February 2022.		
Analysis: <p>The justification and substantiating evidence provided by the Finnish authorities cover all constitutive elements of the milestone.</p>		

The amended funding guidelines (Energy Aid Regulation) have entered into force, enabling the launch of the first competitive call for proposals for direct electrification and low-carbonisation of industrial processes aimed at reducing CO2 emissions from industry. Furthermore, in line with the description of the measure, support shall be granted under a new Government Decree to be adopted by 31 December 2021. The first call for projects shall be opened as soon as the legislation is in place.

Item (ii) of the evidence list is Government Decree No. 1112 of 16 December 2021 on Aid for Energy Investments. The Decree amended the Act on Discretionary Government Transfers (688/2001) in order to expand the Act's scope by including support under Finland's recovery and resilience plan and functions as the funding guidelines for four measures included in Finland's RRP (P1C1I1, P1C1I2, P1C2I1 and P1C2I2), by laying down the conditions on which the aid for energy investments under the Finnish RRP can be granted. Paragraph 5 of the Decree sets out that support may be granted for direct electrification and low-carbonisation of industrial processes aimed at reducing CO2 emissions from industry. Paragraph 21 of the Decree confirms that it entered into force on 16 December 2021.

Item (iii) of the evidence list is the first call for proposals for direct electrification and low-carbonisation of industrial processes aimed at reducing CO2 emissions from industry, as published on the website of the Ministry of Economic Affairs and Employment and on the website of Business Finland. The call was published and launched on 20 December 2021 and open until 4 March 2022.

Furthermore, in line with the description of the measure, **the measure shall promote the direct electrification and low-carbon industrial processes to reduce CO2 emissions in the industrial sector. The measure shall i) improve energy efficiency by electrifying heat consumption and processes; and ii) introduce hybrid solutions and utilise heat pump technology and surplus heat.**

Paragraph 5 of Government Decree No. 1112 of 16 December 2021 on Aid for Energy Investments (item (ii) of the evidence list) includes the direct electrification or low carbonization of industrial energy processes among the eligible technologies for investment support. This is further specified in section 3.2, paragraph 3, of the application instructions of the first call for applications (item (iv) of the evidence list), which specifies that aid is available for projects for heat consumption and processes with the aim of improving energy efficiency, as well as for projects related to heat pump technology and the utilisation of surplus heat, including hybrid solutions that combine different technologies.

The terms of reference of the call shall include eligibility criteria that ensure that the selected projects comply with the 'Do no significant harm' Technical Guidance (2021/C58/01) through the use of an exclusion list and the requirement of compliance with the relevant EU and national environmental legislation.

Furthermore, in line with the description of the measure, **In order to ensure that the measure complies with the 'Do no significant harm' Technical Guidance (2021/C58/01), the eligibility criteria contained in terms of reference for upcoming calls for projects shall exclude the following list of activities: (i) activities related to fossil fuels, including downstream use; (ii) activities under the EU Emissions Trading System (ETS) achieving projected greenhouse gas emissions that are not lower than the relevant benchmarks; (iii) activities related to waste landfills, incinerators and mechanical biological treatment plants; and (iv) activities where the long-term disposal of waste may cause harm to the environment. The terms of reference shall additionally require that only activities that comply with relevant Union and national environmental legislation can be selected.**

Section 4 of the application instructions (item (iv) in the evidence list) specifies the eligibility criteria for applicants. Section 4.2 specifies the requirement of compliance with the Do No Significant Harm principle as a condition for the eligibility of all projects applying for funding under this call for applications. Section 4.2, in particular, requires compliance with the Do no Significant Harm (DNSH) Technical Guidance, it includes a reference to the exclusion list and it specifies that projects are required to comply with EU and national environmental legislation. The exclusion list is specified in detail in the same section 4.2 and includes all activities listed in the description of the measure.

Moreover, Section 4.2 of the application instructions (item (iv) in the evidence list) clarifies that Business Finland will carry out a two-stage assessment of compliance of applicants with the “Do No Significant Harm (DNSH)” principle.

Furthermore, in line with the description of the measure, **selection criteria shall ensure that all projects contribute to the climate change objectives linked to the intervention field 024ter that has a 100% climate coefficient in accordance with Annex VI of the Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility. To this end, selected projects shall achieve, on average, at least a 30% reduction of direct and indirect greenhouse gas emissions compared to the ex-ante emissions.**

The evidence for this element is included in Section 3.2 of the application instructions (item (iv) in the evidence list), which requires as part of the specific selection criteria for applicants for direct electrification and low-carbonisation projects that all projects contribute to the climate change objectives linked to the Intervention field 024ter (Energy efficiency and demonstration projects in SMEs or large enterprises and supporting measures compliant with energy efficiency criteria) with a 100 % climate coefficient in accordance with Annex VI to Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility. Section 4.2 of the application instructions (item (iv) of the evidence list) confirms that support shall be conditional on the project achieving an average reduction of at least 30 % in direct and indirect greenhouse gas emissions compared to historical emissions.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 22	Related Measure: (22) P1C2I3 – Industrial reforms and investments supporting the green and digital transition – Re-use and recycling of key materials and industrial side streams	
Name of the Milestone: Publication of the first call for applications for investment projects promoting the reuse of waste materials and side streams		
Qualitative Indicator: Publication of the first call for applications on Business Finland’s website		Time: Q4 2021
Context: <p>The objective of this investment is to promote the re-use and recycling of industrial side and waste streams and other key materials such as battery materials, plastics, textiles, packaging, electrical and electronic equipment, construction and demolition materials. The measure provides support for first commercial plants, pilot and demonstration plants, the introduction of new technologies in existing processes, and digital platforms and service investments promoting re-use and recycling.</p> <p>Milestone 22 envisages the publication of the first call for applications under this investment. It requires the entry into force of the Government Decree on Granting Aid to Businesses for the Promotion of the Circular Economy and Sustainable Green Growth, which provides the legal basis enabling the launch of the first competitive call for proposals for investment projects promoting the reuse of waste materials and side streams. The milestone foresees the inclusion of “Do No Significant Harm (DNSH)” criteria in the terms of reference of the call.</p> <p>Milestone 22 is the first step of the implementation of the investment and it will be followed by milestone 23, related to the notification of the award of all grants, and target 24 which requires the completion of at least ten supported projects, corresponding to at least 90% of the budget allocated to this measure. The investment has a final expected date for implementation by 30 June 2026.</p>		
Evidence provided: <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none">i) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.ii) Copy of the Government Decree No. 1197 of 2020 on Granting Aid to Businesses for the Promotion of the Circular Economy and Sustainable Green Growth, published on 30 December 2020 in the Statute Book of Finland and entered into force on 1 January 2021.iii) Copy of and link to the publication of the first call for applications for reuse and recycling of industrial side and waste streams on the Business Finland website (https://www.businessfinland.fi/ajankohtaista/haut/2021/kierratys-ja-uudelleenkayttointiavustus), published on 15 September 2021.iv) Copy of the application instructions of the first call for applications for recycling and reuse, published on 14 September 2021. <p>The authorities also provided:</p> <ul style="list-style-type: none">v) Copy of and link to the publication of the first call for applications for batteries on the Business Finland website		

(<https://www.businessfinland.fi/ajankohtaista/haut/2021/akkuteollisuuden-pilotointi--demonstraatio--ja-investointihankkeet>), published on 15 August 2021.

- vi) Copy of the call instructions of the first call for applications for batteries, published on 24 November 2021.
- vii) Copy of and link to the publication of Finland's Recovery and Resilience Plan on the website of Business Finland (<https://www.businessfinland.fi/kampanjasivut/suomen-kestavan-kasvun-ohjelma>).

Analysis:

The justification and substantiating evidence provided by the Finnish authorities covers all constitutive elements of the milestone.

The Government Decree on Granting Aid to Businesses for the Promotion of the Circular Economy and Sustainable Green Growth (1197/2020) entered into force, enabling the launch of the first competitive call for proposals for investment projects promoting the reuse of waste materials and side streams.

Finland has provided a copy of the Government Decree No. 1197 of 2020 on Granting Aid to Businesses for the Promotion of the Circular Economy and Sustainable Green Growth referenced in the description of the milestone (item (ii) in the evidence list). Paragraph 13 of the Decree confirms that it entered into force on 1 January 2021. Paragraph 1 of the Decree forms the legal basis for the launch of calls by specifying the availability of state aid for the mitigation of climate change by supporting the promotion of the circular economy and sustainable green growth and other investment projects related to environmental protection.

The first competitive call for proposals for investment projects promoting the reuse of waste materials and side streams was launched on 15 September 2021 (item (iii) in the evidence list) and the application instructions were published on Business Finland's website on 14 September 2021 (item (iv) in the evidence list).

Furthermore, in line with the description of the measure, **the measure aims at promoting a circular economy that re-uses and recycles industrial side and waste streams and other key materials such as battery materials, plastics, textiles, packaging, electrical and electronic equipment, construction and demolition materials. Support shall be provided for: i) first commercial plants, pilot and demonstration plants; ii) the introduction of new technologies in existing processes; iii) digital platforms and service investments promoting re-use and recycling.**

The requirements included in the description of the measure are included in section 1, paragraph 4, of the application instructions of the first call for reuse and recycling (item (iv) of the evidence list). Section 1, paragraph 4, states that the call aims to accelerate the reuse and recycling of industrial side and waste streams and other key materials, such as battery materials, plastics, textiles, packaging, electrical and electronic equipment, construction and demolition materials. The same paragraph also specifies that the funding will focus on first commercial plants, pilot and demonstration plants, the introduction of new technologies in existing processes and digital solutions for re-use and recycling.

Furthermore, in line with the description of the measure, **at least EUR 30 000 000 of the envelope shall be directed to the promotion of the circular bioeconomy and at least EUR 30 000 000 of the envelope shall be directed to the promotion of circular economy solutions in the battery value chain.**

The requirements included in the description of the measure are included in section 2 of the application instructions of the first call for applications for reuse and recycling of industrial side and waste streams (item (iv) of the evidence list), which states that EUR 30 million of funding is specifically earmarked for projects related to the re-use of secondary streams of the bioeconomy and the recycling of waste streams, and in section 2 of the application instructions of the first call for applications for batteries (item (vi) of the evidence list), which states that EUR 30 million has been allocated to investment projects for the recycling and reuse of battery materials.

Furthermore, in line with the description of the measure, **competitive calls shall be organised by Business Finland in several stages in 2021.**

The requirements included in the description of the measure are reflected in section 1 of the call for applications for reuse and recycling of industrial side and waste streams (item (iii) of the evidence list), which was launched by Business Finland as a competitive call, and specifies that applications will be processed in two stages. It details that decisions will be made for a total of EUR 10 million in 2021, while another EUR 70 million will be allocated in a second stage in 2022.

The terms of reference of the call shall include eligibility criteria that ensure that the selected projects comply with the ‘Do no significant harm’ Technical Guidance (2021/C58/01) through the use of an exclusion list and the requirement of compliance with the relevant EU and national environmental legislation.

Furthermore, in line with the description of the measure, **in order to ensure that the measure complies with the ‘Do no significant harm’ Technical Guidance (2021/C58/01), the eligibility criteria contained in terms of reference for upcoming calls for projects shall exclude the following list of activities: (i) activities related to fossil fuels, including downstream use; (ii) activities under the EU Emissions Trading System (ETS) achieving projected greenhouse gas emissions that are not lower than the relevant benchmarks; (iii) activities related to waste landfills, incinerators and mechanical biological treatment plants; and (iv) activities where the long-term disposal of waste may cause harm to the environment. The terms of reference shall additionally require that only activities that comply with relevant EU and national environmental legislation can be selected.**

Finland has provided a copy of the terms of reference (“application instructions”) of the first call for proposals for investment projects promoting the reuse of waste materials and side streams (item (iv) in the evidence list). Section 3.3 of this document contains the required reference to compliance with the Do No Significant Harm (DNSH) Technical Guidance through the use of an exclusion list and the requirement of compliance with the relevant EU and national environmental legislation. The exclusion list is replicated in this section and includes all activities listed in the description of the measure. Moreover, the same section of this document specifies that for projects covered by the EU ETS, the estimated greenhouse gas emissions must be below the benchmark.

The specific “Do No Significant Harm (DNSH)” criteria are replicated in Annex I of said application instructions, under evidence item (iv). Moreover, the exclusion list is also included in additional explanations applying to all RRP-related calls for applications published on Business Finland’s website (item (vii) of the evidence list).

Furthermore, in line with the description of the measure, **selection criteria shall ensure that all projects contribute to the climate change objectives linked to the following intervention field 045bis that has 100% climate coefficient in accordance with Annex VI to Regulation (EU) 2021/241**

of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility. To this end, selected projects shall enable at least 50%, in terms of weight, of the processed separately collected non-hazardous waste into secondary raw material.

The requirements included in the description of the measure are reflected in section 3.3 of the application instructions of the call for applications (item (iv) of the evidence list). As part of the selection criteria of the call for applications, section 3.3 of the application instructions requires projects to be financed to fulfil the selection and eligibility criteria set out in Do no significant harm Technical Guidance 2021/C58/01 and the criteria for meeting the 100 % climate target set out in measure 045a/045bis of Annex VI to Regulation (EU) 2021/241 establishing the Recovery and Resilience Facility. In the same section of the application instructions, the additional selection criterion of projects enabling at least 50%, in terms of weight, of the processed separately collected non-hazardous waste into secondary raw material is explicitly specified.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 31	Related Measure: (31) P1C3I2 – Reducing the climate and environmental impacts of the building stock – Low-carbon built environment programme		
Name of the Milestone: Publication of a first call for applications regarding support for a low-carbon built environment			
Qualitative Indicator: Publication of the call for applications			Time: Q4 2021
Context: <p>The objective of this investment is to boost research, development and innovation into low-carbon solutions in the built environment. The measure contributes to climate change mitigation and promotes a low-carbon and circular economy, focussing on research and innovation, technology transfer and cooperation between research, business and local government.</p> <p>Milestone 31 envisages the launch of the first competitive call for applications regarding a low-carbon built environment programme, which should lead to the eventual allocation of EUR 32 million to research, development and innovation projects in Finland. The milestone foresees the inclusion of “Do No significant Harm (DNSH)” criteria in the terms of reference of the call. The first call has been implemented through two calls, one by Business Finland and the other by the Ministry of Environment.</p> <p>Milestone 31 is the first step of the implementation of the investment and will be followed by milestone 32, related to the notification of the award of all grants, and milestone 33 which requires the completion of all supported projects corresponding to at least 90% of the budget allocated to this measure. The investment has a final expected date for implementation by 30 June 2026.</p>			
Evidence provided: <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none">i) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.ii) Copy of and link to the publication of the innovation funding call for applications for a low-carbon built environment programme on the website of Business Finland (https://www.businessfinland.fi/ajankohtaista/haut/2021/vahahiilinen-rakennettu-ymparisto--innovaatiorahoitushaku), published on 23 August 2021.iii) Copy of the application instructions of the innovation funding call for applications for a low-carbon built environment programme (Business Finland), published on 23 August 2021.iv) Copy of and link to the publication of the first call for applications for a low-carbon built environment programme by the Ministry of Environment (https://api.hankeikkuna.fi/asiakirjat/27e805d9-0af4-45d1-af08-282717178a7a/81e90de1-94af-44b2-8cd9-6b9687168767/SUUNNITELMA_20220114104904.pdf), published on 16 December 2021.v) Copy of and link to the application instructions of the first call for applications for a low-carbon built environment programme by the Ministry of Environment (https://api.hankeikkuna.fi/asiakirjat/27e805d9-0af4-45d1-af08-282717178a7a/4dc3bec5-01b6-437b-b7db-76a62c3d8818/SUUNNITELMA_20220114104649.pdf).			

The authorities also provided:

- vi) Copy of the Annex regarding the 'Do No Significant Harm' principle to the first call for applications by the Ministry of Environment.
- vii) Link to the page dedicated to the low-carbon built environment programme on the website of Business Finland (<https://www.businessfinland.fi/en/campaign-sites/sustainable-growth-program-for-finland/low-carbon-built-environment>).
- viii) Copy of and link to the Frequently Asked Questions about RRF funding originally published on the website of Business Finland (<https://www.businessfinland.fi/kampanjasivut/suomen-kestavan-kasvun-ohjelma>).
- ix) Extract from documents published by the Ministry of Finance on budgetary decisions showing the budgetary allocation to the third element of the low-carbon built environment programme.
- x) Funding decision of Business Finland for a project under the Business Finland call for applications.
- xi) Link to the Act on Discretionary Government Transfers (Act 688/2001) (<https://www.finlex.fi/fi/laki/ajantasa/2001/20010688>).
- xii) Link to Decree 1286/2015 amending the Act on the State Council (175/2003) (<https://www.finlex.fi/fi/laki/alkup/2015/20151286>).
- xiii) Link to the publication of "Low-carbon built environment programme - Instructions for applicants and beneficiaries of discretionary government grants", published on 9 May 2022 (https://api.hankeikkuna.fi/asiakirjat/27e805d9-0af4-45d1-af08-282717178a7a/51aa9bb0-2336-4681-a243-6c752089f908/SUUNNITELMA_20220509042432.pdf).
- xiv) Act 1146/2017 on the Business Finland Innovation Finance Centre and a limited company called Business Finland.
- xv) Government Decree 1147/2017 on the Business Finland Innovation Finance Centre and a limited company called Business Finland.
- xvi) Government Decree 1444/2014 on the financing of research, development and innovation activities.
- xvii) Business Finland Excel file on the cost distribution for built environment.

Analysis:

The justification and substantiating evidence provided by the Finnish authorities covers all constitutive elements of the milestone.

Launch of a first competitive call for applications regarding a low-carbon built environment programme on research and innovation, technology transfer and cooperation between research, business and local government.

Item (ii) of the evidence list is the first call for applications for a low-carbon built environment programme on research and innovation as published on the website of Business Finland. The call for applications was published on the website of Business Finland on 23 August 2021 and closed on 31 March 2022.

The text of the Business Finland call (web page as per evidence item (ii)) focuses on the innovation element of the description of the milestone, including the cooperation between research, business and municipalities. The description of the scope of the call includes projects associated with energy efficiency, climate and environmental solutions, new energy solutions or the low-carbon built

environment, and related digital solutions. The description also specifies that research, business and local government (municipalities) can apply for funding under the call.

Item (iv) of the evidence list is the first call for applications for a low-carbon built environment programme published by the Ministry of Environment. The call for applications was published on 16 December 2021 and open until 11 February 2022. This call is accompanied by a document containing the application instructions (item (v) of the evidence list). Section 1 of the application instructions specifies the scope of the call as in the milestone description by including a focus on accelerating the development and deployment of low-carbon solutions in the built environment. It specifies that the investment measure promotes climate change mitigation and adaptation, focusing on research and innovation activities, technology transfer and cooperation between research, business and municipalities.

The Council Implementing Decision required the launch of the first competitive call for applications regarding a low-carbon built environment programme on research and innovation, technology transfer and cooperation between research, business and local government. The Finnish authorities have launched two separate calls for applications for a low-carbon built environment programme on research and innovation, one launched by Business Finland (item (ii) of the evidence list), and one launched by the Ministry of Environment (item (iv) of the evidence list). Whilst two calls instead of one constitutes a minimal formal deviation from the requirement of the Council Implementing Decision, the division of the call into two separate calls allowed for the innovation centre Business Finland and the Ministry of Environment to achieve a better differentiation of potential projects at the levels of process, substance and the potential beneficiaries. On this basis, it is considered that this constitutive element of the target is satisfactorily fulfilled.

Furthermore, in line with the description of the measure, **the following actions shall be supported: i) a grant support scheme for research, development and innovation to stimulate investment (at least EUR 32 million); ii) procurement of knowledge base and assessment tools that support climate-friendly and low-carbon solutions in the built environment, including the possibility for investment support under the scope of the programme (at least EUR 4 million); and iii) support to the development and coordination of joint business projects that aim to export low-carbon solutions in the built environment (at least EUR 2 million).**

Page 2 of the application instructions for the Business Finland call (item (iii) of the evidence list) specifies that the budget for the grant support scheme for research, development and innovation to stimulate investment (item i mentioned in the description of the measure) consists of EUR 32 million.

Page 2 of the application instructions for the Ministry of Environment call (item (v) of the evidence list) specifies that the budget for the procurement of knowledge base and assessment tools that support climate-friendly and low-carbon solutions in the built environment, including the possibility for investment support under the scope of the programme (item ii mentioned in the description of the measure) consists of EUR 6 million.

The page dedicated to the low-carbon built environment programme on the website of Business Finland (item (vii) of the evidence list) specifies the availability of support to the development and coordination of joint business projects that aim to export low-carbon solutions in the built environment (item iii mentioned in the description of the measure). Finland has submitted evidence showing the budgetary allocation of EUR 2.66 million to this third element of the low-carbon built environment programme (item (ix) of the evidence list).

Furthermore, in line with the description of the measure, **support shall be granted under Business Finland support programmes (i and iii above) (act 1146/2017, decree 1147/2017 and 1444/2014) and the Ministry of the Environment decree 1286/2015 and 688/2001 (ii above).**

Paragraphs 1, 2, 3, 11 and 14 of Act 1146/2017 on Business Finland (item (xiv) of the evidence list) and paragraphs 1 and 2 of Decree 1147/2017 on Business Finland (item (xv) of the evidence list) lay down provisions on the possibilities of Business Finland to award discretionary government grants and define the tasks of Business Finland. Paragraphs 1, 2, 3 and 11 of Decree 1444/2014 on the financing of research, development and innovation activities (item (xvi) of the evidence list) provides for the granting, payment and use of the funding granted by Business Finland for research, development and innovation activities in accordance with Finland's state budget.

The first call for applications for a low-carbon built environment programme published by the Ministry of Environment (item (iv) of the evidence list) includes a reference on page 1 that confirms that the Act on Discretionary Government Transfers (688/2001) applies to the grant. Paragraph 2 of Decree 1286/2015 amending the Act on the State Council (175/2003) (item (xii) of the evidence list) states that the steering of construction and real estate management falls within the remit of the Ministry of Environment.

Furthermore, in line with the description of the measure, **competitive calls shall be organised by Business Finland in several stages starting in 2021.**

The first call for applications for a low-carbon built environment programme as published on the website of Business Finland (item (ii) of the evidence list) states that the total budget of EUR 32 million will be granted in several stages in 2021, 2022 and 2023. Moreover, page 1 of the call for applications for a low-carbon built environment programme published by the Ministry of Environment (item (iv) of the evidence list) states that the Ministry will grant aid in several open application rounds during the period from 2021 to 2023.

Furthermore, in line with the description of the measure, **the calls shall primarily target small and medium-sized enterprises, local authorities and research institutes.**

Page 1 of the application instructions of the Business Finland call (item (iii) of the evidence list) specifies that beneficiaries may be companies, associations, municipalities or other legal persons, while the targeting of small and medium-sized enterprises is evidenced by the higher maximum aid intensity of 50% for SMEs compared to the 40% maximum aid intensity for other companies (page 7 of the Business Finland call for applications; item (ii) of the evidence list).

Page 3 of the application instructions of the Ministry of Environment call (item (v) of the evidence list) specifies that the grants target experimental development, which primarily targets small and medium sized enterprises, municipalities and research institutes.

The terms of reference shall include eligibility criteria that ensure that the selected projects comply with the 'Do no significant harm' Technical Guidance (2021/C58/01) through the use of an exclusion list and the requirement of compliance with the relevant EU and national environmental legislation.

Furthermore, in line with the description of the measure, **in order to ensure that the measure complies with the 'Do no significant harm' Technical Guidance (2021/C58/01), the eligibility criteria contained in terms of reference for upcoming calls for projects shall exclude the following list of**

activities: (i) activities related to fossil fuels, including downstream use; (ii) activities under the EU Emission Trading System (ETS) achieving projected greenhouse gas emissions that are not lower than the relevant benchmarks; (iii) activities related to waste landfills, incinerators and mechanical biological treatment plants; and (iv) activities where the long-term disposal of waste may cause harm to the environment. The terms of reference shall additionally require that only activities that comply with relevant EU and national environmental legislation can be selected.

Page 2 of the Business Finland call for applications (item (ii) of the evidence list) confirms that the eligibility criteria take into account the Do No Significant Harm (DNSH) Technical Guidance. The same page of the same document also includes the exclusion list as detailed in the description of the measure.

This requirement concerns only the terms of reference for ‘upcoming calls’, therefore, calls launched after the adoption of the Council implementing decision. The first call by Business Finland was published on 23 August 2021, therefore before the adoption of the Council Implementing Decision on 29 October 2021, and its terms of reference are therefore not covered by the requirement in the measure description. The description of the measure in the Council Implementing Decision clarifies that the requirement for eligibility criteria to contain an exclusion list and the requirement of compliance with the relevant EU and national environmental legislation in the terms of reference refers to *upcoming* calls. In order to ensure compliance with the ‘Do no significant harm’ principle of all projects selected under this call, Business Finland has informed the applicants of the call that the eligibility criteria listed on its website (item (vii) of the evidence list), which includes the relevant provisions regarding the ‘Do no significant harm’ principle, including the compliance with relevant EU and national environmental legislation, are binding on the grantees and that the project has to comply with a supplementing criteria throughout the project lifecycle. Item (x) on the evidence list shows that Business Finland has taken into account all requirements related to the ‘Do no significant harm’ principle listed in the milestone and the description of the measure. This extract of a funding decision confirms that selected projects must meet “Do No Significant Harm (DNSH)” requirements and any environmental and digital criteria related to the RRF Regulation (Regulation (EU) 2021/241) throughout their life cycle. Moreover, page 2 of item (x) on the evidence list states that each funding decision includes definitions of the acts on which the decision is based.

The first call published by the Ministry of Environment after the adoption of the Council Implementing Decision (item (v) of the evidence list) includes all relevant ‘Do no significant harm’-related provisions in section 3 of the text of the call for applications. Section 3 states that in order to be eligible, projects need to comply with the DNSH Technical Guidance and it includes the exclusion list as specified in the description of the measure. Section 3 also specifies that projects can only be selected if they comply with the DNSH criteria. Page 7 of the application instructions for the Ministry of Environment call (item (v) of the evidence list) states that only activities that comply with relevant EU and national environmental legislation can be selected.

Additionally, item (vi) of the evidence list is an annex of the Ministry of Environment call with explanations for the applicants regarding the ‘Do no significant harm’ principle.

Furthermore, in line with the description of the measure, **selection criteria shall ensure that all projects contribute to the climate change objectives are linked to the intervention fields 022 or 027 that have 100% climate coefficient in accordance with Annex VI to Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility.**

The evidence for this element is included on page 2 of the application instructions of the Business Finland call (item (iii) of the evidence list). This document states that all projects to be selected under this call need to fulfil the criteria associated with intervention fields 022 or 027 as set out in Regulation (EU) 2021/241 establishing the Recovery and Resilience Facility.

The application instructions of the Ministry of Environment call (item (v) of the evidence list) also includes the required references. Section 3 of this document lists intervention fields 022 and 027 as the two legal bases for the projects to be selected under this call.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 34	Related Measure: (34) P1C4R1 - Low-carbon solutions for cities and transport – Roadmap for fossil-free transport		
Name of the Milestone: Adoption of the Government resolution LVM/2021/62 to reduce greenhouse gas emissions from domestic transport			
Qualitative Indicator: Publication of the Government resolution			Time: Q2 2021
Context: <p>The objective of this reform is to introduce and implement a roadmap that includes measures to reduce greenhouse gas emissions in transport in view of transitioning towards fossil-free transport.</p> <p>Milestone 34 requires the adoption of a Government resolution containing the Roadmap for fossil free transport, including instructions and guidelines for the preparation of measures to reduce greenhouse gas emissions from domestic transport by 50% by 2030 compared to 2005 levels.</p> <p>Milestone 34 is the first milestone of the reform. It is complemented by milestone 35, also part of the first payment request, consisting of a government decision containing an impact assessment regarding possible additional measures for fossil-free transport to reduce emissions, and it will be followed by target 36, requiring a reduction of greenhouse gas emissions from domestic transport of at least 29% by 2025, compared to 2005 levels, following the implementation of policy measures in the Roadmap. The reform has a final expected date for implementation by 30 June 2026.</p>			
Evidence provided: <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none">i) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.ii) Copy of the Government resolution LVM/2021/62 adopted on 6 May 2021, to reduce greenhouse gas emissions from domestic transport. Published on the official webpage of the Finnish government here: https://valtioneuvosto.fi/paatokset/paatokset?decisionId=0900908f807239ad.iii) Roadmap for fossil-free transport included within Government resolution LVM/2021/62. <p>The authorities also provided:</p> <ul style="list-style-type: none">iv) Summary of approved texts from the budget negotiations on 9 September 2021 with regard to reaching of Finland’s carbon neutrality goal. Published on the Finnish Government website here: https://valtioneuvosto.fi/documents/10616/90558267/Hiilineutraaliuden+saavuttaminen.pdf/246c7de1-1794-2a02-20fa-4da158f40b44/Hiilineutraaliuden+saavuttaminen.pdf?t=1631254456232			
Analysis: <p>The justification and substantiating evidence provided by the Finnish authorities covers all constitutive elements of the milestone.</p>			

The roadmap for fossil free transport shall include instructions and guidelines for the preparation of measures to reduce greenhouse gas emissions from domestic transport by 50% by 2030 compared to 2005 levels.

Item (ii) of the evidence list refers to the copy of Government resolution LVM/2021/62 on reducing greenhouse gas (GHG) emissions from domestic transport. This resolution was adopted by the Finnish Government on 6 May 2021 and published on the official webpage of the Finnish government. The objective of reducing GHG emissions from domestic transport is articulated in the Roadmap for fossil free transport, which the resolution adopted. The Roadmap for fossil-free transport (item (iii) on the evidence list) sets out, in its first page, the target for the reduction in GHG emissions from domestic transport of 50% by 2030 compared to 2005 levels. Page 12 of the Roadmap estimates that, in order to achieve a 50% reduction of GHG emissions by 2030, the additional emission reduction to be sought, in addition to existing measures, is 1.65 megatonnes of CO₂.

Section 3 of the Roadmap (item (iii) on the evidence list) sets out instructions and guidelines for the preparation of the measures foreseen to achieve this target, dividing the implementation of the roadmap in three phases.

- The first phase of the Roadmap includes a range of subsidies and incentives to promote emission-free transport.
- The second phase includes making assessments of emissions reduction effects of potential additional measures and actions to realise these potentials.
- The third phase envisages to take decisions on the potential additional measures and actions, following the assessment of impacts of already decided measures (phase 1) and emission reduction potentials and possible related actions (phase 2).

Phases 1, 2 and 3 of the Roadmap therefore result in a set of measures that would take place partly simultaneously, e.g. the phases do not follow each other in full temporal sequence. The implementation of phase 2 of the Roadmap begins before phase 1 is fully completed and the decisions to introduce additional measures (phase 3) would be taken based on assessed emission reductions to be achieved by 2030 with measures included in phases 1 and 2.

Some of the measures will be implemented by legislation and others by policy measures.

In the first phase of the implementation of the Roadmap, decisions will be made on subsidies and incentives, which will promote emission-free transport. Section 3.1 of the Roadmap (item (iii) on the evidence list) indicates the inclusion of biogas and electro fuels in the distribution obligation, which is a legislative measure implemented through an amendment of the Act 446/2007 on the promotion of the use of renewable fuels in transport.

Another measure contemplated in the Roadmap is the support for public distribution infrastructure for transport electricity and gas, which will be implemented through financing of, for instance, a public network of charging stations (Section 3.1). Other measures included in this section of the Roadmap are the support for private charging infrastructure for housing companies and workplaces, purchase subsidies to incentivise the transition to electric cars or measures to foster sustainable transport modes (cycling, walking and public transportation).

Furthermore, in line with the description of the measure, **in the first phase [of the Roadmap], decisions shall be made on subsidies and incentives which will promote emission-free transport. Among the measures foreseen, are the inclusion of biogas and electro fuels in the distribution**

obligation, support for public distribution infrastructure for transport electricity and gas, for private charging infrastructure for housing companies and workplaces as well as several purchase subsidies (all-electric cars, electric and gas-powered vans and trucks) and support for sustainable transport modes (cycling, walking, public transportation).

Section 3.1 of the Roadmap (item (iii) on the evidence list) details the following measures foreseen:

- Distribution obligation of 30% for biogas and electro fuels by 2030. (Section 3.1 Measure 1);
- Subsidies for public distribution infrastructure for transport electricity and gas (Section 3.1 Measure 2);
- Grant support for private charging infrastructure for housing companies and workplaces (Section 3.1 Measure 3);
- Purchase subsidies (all-electric cars, electric and gas-powered vans and trucks) (Section 3.1 Measures 7, 10, 11);
- Support for sustainable transport modes, including cycling, walking, public transportation, mainly in the form of public investment and fostering agreements between municipalities. (Section 3.1 Measures 14 and 15).

Furthermore, in line with the description of the measure, **the calculated emission reduction of these measures is at least 0,62 megatonnes (Mt).**

The Roadmap (item (iii) on the evidence list) estimates in its Section 3 that the emission reduction from the measures in the first phase, which are the ones described above, will have an emission reduction potential of at least 0.62 megatonnes.

Furthermore, in line with the description of the measure, **decisions on the financing of these measures will be under consideration in the government budget negotiation in the autumn of 2021.**

Decisions on the financing of the measures of the Roadmap were under consideration in the government budget negotiations in the autumn of 2021. The evidence is found in summary of decisions made on climate actions for the draft budget of 2022, evidence (iv), under the transport chapter and the one on biofuels. EUR 75 million are earmarked to the Roadmap for fossil-free fuel transport.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 35	Related Measure: (35) P1C4R1 - Low-carbon solutions for cities and transport – Roadmap for fossil-free transport	
Name of the Milestone: Publication of government decision regarding additional national measures to reduce emissions from domestic transport		
Qualitative Indicator: Government decision published		Time: Q4 2021
Context: <p>The objective of this reform is to introduce and implement a roadmap that includes measures to reduce greenhouse gas emissions in transport in view of transitioning towards fossil-free transport.</p> <p>Milestone 35 requires the publication of a Government decision, regarding possible additional measures to reduce emissions from domestic transport, following a comprehensive impact assessment in order to reduce transport emissions by 50% in 2030 compared to 2005 levels.</p> <p>Milestone 35 is the second milestone of the reform, and it follows the completion of milestone 34 related to the publication of a Government resolution establishing a Roadmap for fossil-free transport to reduce greenhouse gas emissions, which includes the first set of measures to be implemented and is also part of the first payment request. It will be followed by target 36, related to the reduction of greenhouse gas emissions from domestic transport of at least 29% by 2025, compared to 2005 levels, following the implementation of policy measures in the Roadmap.</p> <p>The reform has a final expected date for implementation by 30 June 2026.</p>		
Evidence provided: <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none">i) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.ii) Copy of the Memorandum by the Ministry of Transport and Communications published on 25 January 2022 on the Government website including the decisions taken on possible additional measures as well as their impact assessment and evaluations to implement the Roadmap for fossil-free transport. https://valtioneuvosto.fi/hanke?tunnus=LVM050:00/2019 path: (title) Asiakirjat (name of the document) Fossiilittoman liikenteen tiekartta – 3. vaiheiii) Copy of the following updated emission reduction scenarios. These scenarios determine the needed additional decrease in emissions to reach the 50% emission reduction target by 2030:<ul style="list-style-type: none">a. Scenario With Existing measures (WEM)b. Scenario With Additional measures (WAM)iv) Act 446/2007 on the Promotion of the use of Renewable Fuels as amended by Law 603/2021 entering into force 30 June 2021, with Article 3(2) and (3) entering into force 1 January 2022.v) Act 446/2007 on the Promotion of the use of Renewable Fuels as amended by Law 1243/2022, entering into force 1 January 2023vi) Assessments of emission reduction potentials and possible new measures:<ul style="list-style-type: none">a. Copy of Government Report, <i>Impact of teleworking on GHG emissions from transport</i>, from 13 September 2021.		

- b. Copy of Government Report, *Effects of servitisation of transport on GHG emissions in the transport sector*, from 15 September 2021 assessing the impacts of digital transport solutions and promotion of mobility services (“servitisation”) on greenhouse gas emissions
- c. Copy of Government Report, *CO2 emission reduction potential of combined transport in Finland*
- d. Copy of Government Report, *Increase of transport obligation level -adequacy and impact assessments of renewable fuels*, from 30 November 2021, assessing the impacts of increasing the distribution obligation for biogas and biofuel from the current 30 % on greenhouse gas emissions and fuel prices
- e. Other credible, verifiable emission reduction measures: Copy of Government Report, from 14 April 2022.

The authorities have also provided:

- vii) Act 1279/2023 amending Section 5 of Act 446/2007 on the promotion of the use of renewable fuels in transport. Link: <https://www.finlex.fi/fi/laki/alkup/2023/20231279>

Analysis:

The justification and substantiating evidence provided by the Finnish authorities covers all constitutive elements of the milestone.

Publication of government decision regarding additional national measures to reduce emissions from domestic transport [...].

Furthermore, in line with the further specifications of the Operational Arrangements, **for the purpose of these operational arrangements, the reference to the “Government decision” in this milestone shall be understood as a reference to the “Memorandum by the Ministry of Transport and Communications”.**

The Ministry of Transport and Communications published on 25 January 2022 on the Government website the Memorandum containing an assessment of additional national measures to reduce emissions from domestic transport. The publication of the Memorandum was endorsed by the minister of transport and communications. Its contents and conclusions were used by the government in deciding whether new, additional actions are needed to achieve the 50% emission reduction goal. This Memorandum, as set out in the further specifications of the Operational Arrangements, is therefore understood as the Government decision for the additional measures to reduce emissions from domestic transport.

The measures to be adopted shall follow a comprehensive impact assessment and shall aim at reducing transport emissions by 50% in 2030 compared to 2005.

The Memorandum (item (ii) on the evidence list) contains a summary of the impact assessments carried out on the measures considered to be adopted in order to achieve the objective of transport emissions reduction by 50% in 2030 compared to 2005 levels. These impact assessments have been also submitted in full (items (v)a) - (v)e) on the evidence list), and are explained in detail by individual measure further below.

The estimated amount of reductions needed with additional measures is 1.03 megatonnes (as estimated in the baseline scenario April 2020). The estimate shall be updated based on the updated base scenario that shall be presented in autumn 2021.

Furthermore, in line with the description of the measure, **the baseline scenario on emissions of domestic transport shall be updated by autumn 2021 to get new estimations on the amount of emissions reductions needed to meet the 2030 goal.**

The estimation of additional reduction in emissions needed to reach the 50% decrease goal by 2030 is prepared by comparing a scenario with existing measures with a scenario containing additional measures to reach the target. The difference between the expected emission reduction with existing measures and the total emissions reduction needed to reach the target result in the efforts that are needed from additional measures.

The updated scenario estimating the progression of GHG emission related to transport with additional measures (WAM) scenario (item (iii.a) on the evidence list), from 29 November 2021, can be found published together with the Memorandum, on the materials page of the Roadmap. Also accompanying the publication is the scenario containing the estimated evolution of GHG emission with existing measures (WEM) scenario (item (iii.b) on the evidence list) that was finalised on 20 September 2021.

The amount of Section 1 of the Memorandum (item (ii) on the evidence list) explains that the amount of needed additional emission reductions on the basis of the updated scenarios is 1.25 megatonnes of CO₂ by year 2030 compared to 2005 levels.

The previous scenario, as mentioned in the Council Implementing Decision (which required such baseline scenario to be updated), was from April 2020 and amounted to 1.03 megatonnes.

In line with the description of the measure, **impact assessments on possible further measures shall be finalised by 31 December 2021. Measures to be assessed shall include:**

- **Increasing the distribution obligation for biogas and biofuel from the current 30%**
- **Prerequisites for increasing remote work**
- **Emission reduction potential of combined transport**
- **Digital transport solutions and promotion of mobility services**
- **Other credible, verifiable emission reduction measures**

Once the progress of EU-level measures and the outcome of the impact assessments are known, Finland shall assess and decide on the possible need for additional measures and adopt policy proposals by the end of 2021 to achieve the remaining emissions reductions (phase 3 of the roadmap). To this end, various alternative measures, including national emissions trading for fossil fuels, shall be prepared.

The Memorandum (item (vii) on the evidence list) includes in section 2.1 an assessment of the reduction of greenhouse gas emissions from domestic transport in Finland to be achieved by 2030 through the implementation of existing measures, already decided to be taken at national or at the EU level, including the ones covered under milestone 34, in line with the WEM (with existing measures) scenario (item (iii)a) on the evidence list). The Memorandum identifies the amount of additional emission reductions, as indicated by the WAM scenario (item (iii)b) on the evidence list), that need to take place in order to achieve a 50% reduction of emissions by 2030 in comparison with 2005 levels.

In line with the second phase envisaged in the Roadmap for fossil-free transport, impact assessments on possible additional emission reduction measures and actions have been carried out by end 2021, (items (v)a) - (v)e) on the evidence list), and taken into account for the Memorandum together with the progress of EU-level measures, including the potential impacts from the Fit for 55 measures, in particular the impacts from the EU Emissions Trading Scheme for transport. The measures assessed as part of the impact assessments were aligned with the areas presented in the description of the measure. These represent a number of possible alternative measures that have been prepared in line with the requirements of the Council Implementing Decision, as presented below.

- **Increasing the distribution obligation for biogas and biofuel from the current 30%**

Biogas and biofuels were included in the distribution obligation by the renewal of the Distribution Obligation Law (item (iv) on the evidence list, articles 1-3a, 5, 5b, 6-8, 10, 11). The amended Law entered into force on 30 June 2021 and on 1 January 2022 with Article 3(2) and (3) entering into force on 1 January 2022 (item (iv) on the evidence list). This Law set the distribution obligation at 30% by 2030, as reflected also in phase 1 of the Roadmap for fossil-free transport.

After the assessment of the impacts of the distribution obligation for biogas and biofuel from the current 30% carried out in autumn 2021, as shown on page 79 of the assessment report (item (vi)d) on the evidence list), the distribution obligation by 2030 was raised above 30%. This is reflected in a new amendment of the Distribution Obligation Law regarding its Article 5, sub-section 1 (item (v) on the evidence list). The amended Law entered into force on 1 January 2023 (page 6 (ref. to 20.12.2022/1134) of the Law in item (v) on the evidence list). While the amended Law includes a temporary lowering of the distribution obligation for 2022-23 due to energy crisis, the further increase of the reduction has been planned so that the 2030 goal would be reached.

- **Prerequisites for increasing remote work**

Page 12 of the Memorandum (item (ii) on the evidence list) summarises the impact assessment for this policy measure, which can be found in full in the report assessing the prerequisites for increasing remote work and the impacts of remote work on greenhouse gas emissions (item (vi)a) on the evidence list). In line with the results of the assessment, no additional measures have been introduced, as measures already in place were considered sufficient to achieve the emission reduction objectives following the estimated scenarios.

- **Emission reduction potential of combined transport**

The study on combined transport (item (vi)c) on the evidence list) concluded that, to realise a relatively modest emission reduction impact from combined goods transport, a relatively significant investment on supporting infrastructure would be needed. As funding for these investments is not foreseen, this potential measure has not been taken into account in the Memorandum.

- **Digital transport solutions and promotion of mobility services**

The impacts of digital transport solutions and promotion of mobility services ("servitisation") are summarised in chapter 6 of the report: *Effects of servitisation of transport on GHG emissions in the transport sector* on greenhouse gas emissions (item (v)b) on the evidence list). In line with the results of the assessment, no additional measures have been introduced, as measures already in place were considered sufficient to achieve the emission reduction objectives following the estimated scenarios.

- **Other credible, verifiable emission reduction measures**

A preliminary assessment related to the introduction of a national emission trading system (as required under the milestone description) as a possible additional measure (reported in item (vi)e on the evidence list) was carried out, finalised by the end of 2021 and eventually published in April 2022. A cross-sectoral working group consisting of representatives of relevant ministries and agencies discussed the emissions trading scheme as a means to reduce emissions, the impacts of emissions trading on fuel prices, households and businesses, as well as the possible compensation measures in this report. The main conclusion of the report found in chapter 6, is that a national emissions trading system could contribute to achieving the emission reduction target. A national emissions trading scheme in road transport was found to be an alternative, if the EU-wide emissions trading scheme for road transport was not implemented or if there was a need before the planned start of the EU emissions trading scheme. During the transition phase, the introduction of a scaled-down scheme could be considered.

The outcomes of these impact assessment are summarised in the Memorandum as indicated above, as are the current policy considerations regarding each measure. The aggregate emission reduction estimation according to the Memorandum would expect to reach the 50% goal by 2050.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 37	Related Measure: (37) P1C4R2 - Low-carbon solutions for cities and transport – Tax reform for sustainable transport	
Name of the Milestone: Entry into force of legislative amendments to the Income Tax Act (1205/2020) regarding the taxation of employment benefits of mobility		
Qualitative Indicator: Provision in the law indicating the entry into force of the amendments to the Act		Time: Q2 2021
Context: <p>The objective of this reform is to introduce tax incentives to favour sustainable transport. It includes incentives to stimulate the use of electric vehicles, public transport and bicycle.</p> <p>Milestone 37 requires the entry into force of legislative amendments to the Income Tax Act (1206/2020) in order to favour the choice of a much lower-emission car in the context of employment benefits.</p> <p>Milestone 37 is the first step of the implementation of the reform and it will be followed by milestone 38 that consists of the entry into force of legislative amendments to the Income Tax Act, as modified under milestone 37, introducing further incentives to favour the choice of low-emission company cars. The reform has a final expected date for implementation by 30 June 2022.</p>		
Evidence provided: <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none">i) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;ii) Copy of the publication of the legislative amendments to the Income Tax Act (1205/2020) in the Statute Book of Finland; <p>The authorities also provided:</p> <ul style="list-style-type: none">iii) Final report of the working group on the reform of transportation taxation published on 18 May 2021 at the following link: https://julkaisut.valtioneuvosto.fi/handle/10024/163110		
Analysis: <p>The Commission considers that there is a clerical error in the text of the Council Implementing Decision as regards the description of this reform and has undertaken the assessment on a revised basis. In such description, it is stated that the amended to the income tax “shall include lower tax rates.”</p> <p>However, the Finnish version of the original RRP, uses “taxable value” instead of “lowering tax rate for cars”. Therefore, the intention of this part of the reform was not to reduce the tax rate for company cars, but rather to reduce the taxable value.</p> <p>Against this background, the justification and substantiating evidence provided by the Finnish authorities cover all constitutive elements of the milestone.</p> <p>The amendments to the Income Tax Act shall favour the choice of a much lower-emission car and a more equal use of light and public transport and mobility services.</p>		

Annex 1 of the Act amending and temporarily amending of the Income Tax Act (Act 1205/2020), as per item (ii) on the evidence list, entered into force 1 January 2021 and was published in the Statute Book of Finland. The amendments' contribution to the preference for choosing a much lower-emission car and for a more equal use of light and public transport, as well as mobility services, is explained below.

Furthermore, in line with the description of the measure, **a working group composed of civil servants is expected to have adopted a report in May 2021, advising the Finnish government on the necessary tax measures to improve the efficiency of transport emission control and ensure the long-term fiscal base.**

Item (iii) on the evidence list contains the final report by the working group of civil servants on the reform of transportation taxation (publication 2021:26), published by the Ministry of Finance on 18 May 2021. The report focuses on road transport and analyses how to improve the effectiveness of the current Finnish tax structure in the transport sector. The conclusions and recommendations of the working group are reflected in chapter 7 of the final report (item (iii) on the evidence list). These include several measures to reform transport taxation in order to improve the efficiency of transport emission control while also ensuring maintenance of the long term fiscal base.

The Ministry of Finance set up a working group for the period 1 September 2019 – 19 May 2021 to examine the need to reform transport taxation (see abstract of the final report). Chapter 1, in its section 1.2. of the final report, describes that the group consisted of public officials from the Ministry of Finance, the Ministry of Transport and Communications, the Ministry of Economic Affairs and Employment, the Ministry of the Environment, the tax Administration and the Finnish Transport and Communications Agency.

It shall include lower tax rates for full electric cars for the period 2021-2025, [...]

Tax benefits to encourage the transition in car mobility were introduced by adding provisions to Annex 1 of the Income Tax Act 1205/2020 (item (ii) on the evidence list), in section 64a paragraphs 1-2, until 31 December 2025.

Amendments to add a new section 64a paragraph 1 of Income Tax Act 1205/2020 provide that the taxable value corresponding to the car benefit of zero emission company cars was reduced by EUR 170 per month for the years 2021-2025.

Furthermore, in line with the description of the measure, **Finland shall further prepare a review of company car taxation to favour low-emissions vehicles, including lower tax rates for low-emission company cars.**

Amendments to section 64a paragraph 2 of Income Tax Act 1205/2020 provide that when an employer pays for the charging of an employee's own car or car used as a benefit at the workplace or at a public charging point, it is considered a tax-free benefit in years 2021-2025, i.e. it is not generating taxable income.

It shall include [...] simplified taxation schemes for commuter tickets [...]

Amendments to section 64 paragraph 3 in Annex 1 of the Income Tax Act 1205/2020 lay down provisions for simplifying taxation schemes for commuter tickets. The amended provisions state

that commuter tickets offered by an employer become a tax-free benefit up to EUR 3 400 per year. Before the amendment, a commuter ticket offered by an employer was a tax-free benefit up to EUR 300 per year. The commuter ticket was a tax-free benefit also for an amount exceeding EUR 750, up to EUR 3 400.

It shall include [...] tax-free advantages on employee bicycles.

Amendments to section 64 in Annex 1 of the Income Tax Act 1205/2020 add a new paragraph 4 to lay down provisions for an employment bicycle benefit to become a tax-free benefit up to EUR 1 200 per year. Before the amendment, the whole benefit was taxable income.

Furthermore, in line with the description of the measure, **a reform of the taxation of employee transport benefits shall stimulate the use of electric vehicles, public transport and bicycles. It shall include lower tax rates for electric vehicles for the period 2021-2025, simplified taxation schemes for commuter tickets and tax-free advantages on employee bicycles.**

As explained above, the legislative amendments to the Income Tax Act 1205/2020 encourage the transition in the transport sector, targeting the use of electric vehicles public transport and bicycles.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 52	Related Measure: (52) P1C5I2 Environmental sustainability and nature-based solutions – climate-resilient measures in the land use sector
Name of the Milestone: Publication of the first call for proposals for precision forestry projects	
Qualitative Indicator: Publication	Time: Q4 2021
<p>Context:</p> <p>The objective of this investment is the development of climate-sustainable land use methods. Finland will finance initiatives that enable the forestry sector to use better targeted and more diverse logging and farming methods, in which soil, natural values and water protection will be considered more strongly than at present ("precision forestry").</p> <p>Milestone 52 concerns the publication of the first call for proposals for precision forestry projects.</p> <p>Milestone 52 is the first step in the implementation of the investment and will be followed by milestone 53 related to the award of all grants for the precision forestry projects selected for funding and target 54 related to completed precision forestry projects. The investment has a final expected date for implementation by 31 December 2025.</p>	
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> i) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. ii) A copy of the funding guidelines, Government Decree 5/2021 on grants for climate measures in the land use sector 2020-2025, published on 11 January 2021 and entered into force on 13 January 2021. (https://www.finlex.fi/fi/laki/alkup/2021/20210005) iii) A copy of the publication on 22 October 2021 of the call for proposals for precision forestry projects, published on the website of the Ministry of Agriculture and Forestry on 22 October 2021. (https://mmm.fi/-/uusi-rahoitushaku-avautuu-marraskuussa-rahoitettavaksi-haetaan-metsaluonnon-monimuotoisuutta-ja-metsatalouden-ilmastokestavyytta-edistavia-hankkeita) iv) A copy of the application instructions of the call published on 22 October 2021. <p>The authorities also provided:</p> <ul style="list-style-type: none"> v) A copy providing questions and answers for applicants, published on the website of the Ministry of Agriculture and Forestry on 24 November 2021. (https://mmm.fi/documents/1410837/22876822/RRF+-+Hakijoiden+kysymyksi%C3%A4+ja+vastauksia.pdf/a12cf8cf-568d-b3ae-f36d-360809e72efb/RRF+-+Hakijoiden+kysymyksi%C3%A4+ja+vastauksia.pdf?t=1637747498109) vi) A copy of the project-specific checklists for the five projects funded under this first call for proposals. 	
<p>Analysis:</p> <p>The justification and substantiating evidence provided by the Finnish authorities covers all constitutive elements of the milestone.</p>	

The funding guidelines (Government Decree 5/2021 on grants for climate measures in the land use sector in 2020-2025) have entered into force, enabling the launch of the first competitive call for proposals for precision forestry projects.

Item (ii) of the evidence list, namely Government Decree 5/2021, constitutes the funding guidelines and provides the national legal basis for grants for climate measures in the land use sector 2020-2025 to be awarded through a competitive call for proposals. It was published on 11 January 2021 and entered into force on 13 January 2021 as stated in Article 16 of the Decree (§16).

The first call for proposals shall be opened by 31 December 2021.

A copy of the publication of the call for proposals for precision forestry projects was published on the website of the Ministry of Agriculture and Forestry on 22 October 2021 (item (iii) of the evidence list). The call was open for applications between 9 November 2021 and 15 December 2021.

The terms of reference include eligibility criteria that ensure that the selected projects comply with the “Do no significant harm” Technical Guidance (2021/C58/01) through the use of an exclusion list and the requirement of compliance with the relevant EU and national environmental legislation. Furthermore, in line with the description of the measure, it is expected that this measure does not do significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852, taking into account the description of the measure and the mitigating steps set out in the recovery and resilience plan in accordance with the Do No Significant Harm (DNSH) Technical Guidance (2021/C58/01).

The applicant instructions (item (iv) of the evidence list) contain the technical specifications and the eligibility criteria of the call, including the condition that the project is “Do No Significant Harm (DNSH)”-compliant on the basis of Technical Guidance (2021/C58/01) and respects the relevant EU and national environmental legislation. The applicants are asked to provide a “Do No Significant Harm (DNSH) self-assessment for their project proposal as a part of the online application form.

The Council Implementing Decision required that the terms of reference had to include eligibility criteria that ensure that the selected projects comply with the “Do no significant harm” Technical Guidance (2021/C58/01) through the use of an exclusion list. However, the exclusion list referred to in the Council Implementing Decision is missing from the applicant instructions and from the eligibility criteria. Whilst this constitutes a minimal substantive deviation from the requirement of the Council Implementing Decision, Finland has, however, not granted funding for actions in the exclusion list, namely those related to fossil-based power generation and distribution, activities covered by the EU Emission Trading System with projected CO₂ equivalent emissions that are not substantially lower than the relevant benchmarks established for free allocation, actions related to waste treatment, or actions for which the long-term disposal of waste may cause significant and long-term environmental harm. Item (vi) of the evidence list provides adequate evidence on this through the project-specific checklists that explicitly refer to the actions contained in the exclusion list. As of this, this minimal deviation does not change the nature of the measure and does not affect the progress towards achieving the investment that the milestone represents. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled.

The measure shall include additional methods, technologies and generation of information to promote the sustainability of forests, including by favouring mixed forests and strengthening forest biodiversity, inter alia through increasing the amount of dead wood in the site.

Page 4 of the application instructions (item (iv) of the evidence list) describes the objective of the eligible projects. The description is fully aligned with the description of the measure in the Council Implementing Decision.

In the forests where continuous forest management methods are applied, which implies that there are no clear cuts, there shall be no new or remedial ditching.

The ban on new or remedial ditching is not explicitly included in the terms of reference nor in the project-specific checklist. Whilst this constitutes a minimal substantive deviation from the requirement of the Council Implementing Decision, the document providing questions and answers for applicants (item (v) of the evidence list), where the ban on new or remedial ditching is expressed, complements the terms of reference and the ban has implicitly also been part of the assessment criteria through the checklist that takes into account all the requirements of the Council Implementing Decision. Although the ban on new or remedial ditching is not explicitly included in the terms of reference, the Finnish authorities have ensured, through the selection process, that no projects conflicting with this requirement were funded. As of this, this minimal deviation does not change the nature of the measure and does not affect the progress towards achieving the investment that the milestone represents. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled.

Only projects that support climate adaptation and mitigation shall be eligible under this measure.

Page 5 of the application instructions (item (iv) of the evidence list) states that only projects supporting climate adaptation and mitigation shall be eligible for funding.

Furthermore, in line with the description of the measure, **this measure focuses on the development of climate-sustainable land use methods. Finland shall finance initiatives that enable the forestry sector to use better targeted and more diverse logging and farming methods, in which soil, natural values and water protection shall be taken into account more strongly than at present ("precision forestry").**

The description of projects to be financed in page 4 of the applicant instructions (item (iv) of the evidence list) explicitly refers to initiatives that enable the forestry sector to use better targeted and more diverse logging and farming methods, in which soil, natural values and water protection are taken into account more strongly than at present.

Finally, in line with the description of the measure, **eligibility/selection criteria shall ensure that all projects contribute to the climate change objectives linked to the intervention field 050 that has a 40% climate coefficient in accordance with Annex VI to Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility.**

The eligibility criteria for successful projects mention the intervention field and the related climate coefficient, as required under the Council Implementing Decision, in page 5 of the copy of the application instructions (item (iv) of the evidence list).

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 71	Related Measure: (71) P2C2R2 - Enhancing the effectiveness and transparency of RRP reforms and investments by developing information systems, administration, and audit		
Name of the Milestone: Entry into force of the law on the implementation of the RRP			
Qualitative Indicator: Provision in the Law on the implementation of the RRP indicating its entry into force			Time: Q4 2021
Context: <p>The measure aims to answer to the specific needs of the Finnish recovery and resilience plan in terms of coordination, management, control, reporting and audit, the roles and responsibilities of the relevant Finnish authorities shall be enshrined in a new legal instrument. This shall include inter alia the setting up of the necessary administrative capacities and the creation of an IT repository system. The reform has a final expected date of implementation by 31 December 2021.</p> <p>Milestone 71 requires establishing the legal mandates for coordination, monitoring, control, and audit of the Finnish recovery and resilience plan. These mandates ensure that procedures of data collection and reliability, management declarations, audit summaries, and payment requests are in place. The principles underlying data collection and storage on beneficiaries, contractors, subcontractors, and beneficial owners are in place, in accordance with Article 22 of the RRF Regulation.</p>			
Evidence provided: <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none">i) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;ii) Copy of publication of the Law on the implementation of the RRP in the Statute Book of Finland; (Annex I) (<i>Laki Euroopan unionin elpymis- ja palautumistukivälineen hallinnoinnista, valvonnasta ja tarkastuksesta, 537/2022, 'RRP law'</i>) https://www.finlex.fi/fi/laki/alkup/2022/20220537 <p>As further evidence, the Finnish authorities also provided:</p> <ul style="list-style-type: none">iii) Links to the copies of document(s) mentioned in the summary document.<ul style="list-style-type: none">a. Copy of the publication of the Decree of the Ministry of Finance on the management declaration of the line ministries and implementing authorities in the Statute Book of Finland (Annex II) https://www.finlex.fi/fi/laki/alkup/2022/20220868b. Copy of the publication of the Decree of the Ministry of Finance on management and control descriptions in the Statute Book of Finland (Annex III) https://www.finlex.fi/fi/laki/alkup/2022/20220969c. Copy of the Rules of Procedure of the Ministry of Finance (Annex V) https://www.finlex.fi/fi/laki/alkup/2023/20230359iv) Copy of the agreement between the Åland Islands and Ministry of Finance’s Financial Controllers Function on the audits concerning Åland Islands’ RRP measures (Annex IV)v) Copy of the order of State Treasury on the reporting of information related to RRF measures (Annex VI) https://www.valtiokonttori.fi/maaraykset-ja-ohjeet/elpymis-ja-			

Analysis:

The justification and substantiating evidence provided by the Finnish authorities covers all constitutive elements of the milestone.

Entry into force of the Law on the implementation of the RRP. The Law shall establish the legal mandates for the bodies involved in the coordination, monitoring, control and audit of the implementation of the Finnish recovery and resilience plan.

Furthermore, in line with the description of the measure, **to answer to the specific needs of the Finnish recovery and resilience plan in terms of coordination, management, control, reporting and audit, the roles and responsibilities of the relevant Finnish authorities shall be enshrined in a new legal instrument.**

1. **The Law on the implementation of the RRP** entered into force on 4 July 2022 and was published in the Statute Book of Finland on 5 July 2022. (*Laki Euroopan unionin elpymis- ja palautumistukivälineen hallinnoinnista, valvonnasta ja tarkastuksesta, 537/2022, 'RRP law'*). (<https://www.finlex.fi/fi/laki/alkup/2022/20220537>)
2. **Chapter II of the Law on the implementation of the RRP** regulates the relations of the entities involved in the implementation of the Finnish RRP.
3. **Article 4 establishes the Ministry of Finance**, as the responsible authority for overall coordination of the RRP implementation.
4. **Article 5 establishes the Financial Controller Function of the Ministry of Finance** as the independent, central audit body of the RRF funds, including the preparation of the summary of audits for the payment request. The Financial Controller Function and the Åland Audit have agreed that the Åland Audit, as an independent auditor, carries out the controls and audits in Åland relating to the implementation of the Finnish Recovery and Resilience Facility plan.
5. **Article 6 defines the responsibilities of implementing bodies of the RRP.** Implementing bodies are responsible for the management and control relating to the funds that they use or grant. They have to collect following information and transfer them to State Treasury:
 - a. Information on granting, payment, monitoring, audits, and repayment
 - b. Achievement of milestones and targets
 - c. Do no significant harm – assessment
 - d. Information referred to in Art 22(2)(d) of the RRF Regulation
 - e. Data relating to the common indicators.
6. **Article 7 regulates the position of the State Treasury** who performs controls and verifies the implementation and the use of RRF funds. State Treasury has the overall responsibility for central IT system and acts as a data controller of the IT system. Its task is to guide the ministries and implementing bodies in the management and control of RRF funds.
7. **Article 8 defines that one of the responsibilities of the Ministries** is to ensure that the RRP is properly implemented by the implementing authorities in their administrative branch. Their responsibility is to give the Ministry of Finance a management declaration of the funds that were used or granted in their sector.
8. **Article 9 on the Protection of Financial Interests of the Union** sets the obligation for all authorities referred to in Chapter II.
9. **Chapter III. regulates the monitoring and control rules of grants.**

10. **Article 13 and 14 establishes** the rules of access and disclosure, the right to information and right of inspection of the institutions, bodies, offices, and agencies of the European Union.

11. **Chapter IV** defines the audit by national authorities and the competences of auditors.

The **Law shall at least** set out the roles and responsibilities of those bodies ensuring:

a. the collection and reliability of data linked to and monitoring of the achievement of milestones and targets;

The implementing authorities are responsible for the collection of the data linked to the achievement of milestones and targets as well as ensuring the completeness and accuracy of the data. The data on the achievement and of milestones and targets is collected in the centralised national IT system maintained by the State Treasury. The State Treasury is responsible for ensuring that the implementing authorities are providing the required information to the IT system. **(Articles 6, 7, 12 of RRF law)**

b. that procedures are in place for the drawing up of management declarations, audit summaries and payment requests;

The RRP law establishes the legal mandates for bodies involved in the preparation of payment request as well as summary of audits and management declarations attached to it. As per Article 4, paragraph 1 of the RRP law the coordinating body within the Ministry of Finance (Secretariat for EU Affairs) is responsible for preparing payment requests, ensuring accuracy of information, signing management declarations, and submitting them to the Commission. The Government Financial Controller's Function will provide the Ministry of Finance with a summary of audits, including identified weaknesses, as per Article 22(2)(c) of the RRF Regulation. The RRP law also sets out the process for audit trail based on sub-declarations by implementing bodies. Rules of procedure of Ministry of Finance further stipulates the processes and responsible units. Decree on the management declarations of ministries and implementing authorities gives guidance on the content of the sub-declarations. **(Articles 3, 4, 5, 6, 11 of RRF law)**

c. that the necessary principles underlying the collection and storing of data on beneficiaries, contractors, subcontractors, and beneficial owners in accordance with Article 22 of Regulation (EU) 2021/241 establishing the Recovery and Resilience Facility are in place.

The implementing authorities are responsible for the collection of data in accordance with Article 22 of the RRF Regulation. The data is collected into the national IT system managed by the State Treasury. Article 12 of the RRP law sets out the responsibilities of the implementing authorities for data collection. Paragraph 1 determines that the implementing authority shall store the information referred to in Article 22 (2)(d)(i) to (iv) of the RRF Regulation in its information system and transmit it to the State Treasury for the purpose of centralised national monitoring and control of the implementation of the RRP. According to Article 7(1)(1), the State Treasury shall maintain the national IT system. Pursuant to Article 7(1)(3), the State Treasury certifies the completeness of the information provided by the implementing authorities. Implementing authorities shall report data on beneficiaries, contractors, subcontractors, beneficial owners, public procurement, grant decision, and "Do No Significant Harm (DNSH)"-assessment related to RRF measures on a monthly basis. **(Articles 7, 12 of RRF law).**

The law shall enter into force before the submission of the first payment request under the recovery and resilience plan.

In line with the description of the milestone, the Law on the implementation of the RRP entered into force before the submission of the first payment request under the recovery and resilience plan on 4 July 2022 and was published in the Statute Book of Finland on 5 July 2022. (*Laki Euroopan unionin elpymis- ja palautumistukivälineen hallinnoinnista, valvonnasta ja tarkastuksesta, 537/2022, 'RRP law'*). (<https://www.finlex.fi/fi/laki/alkup/2022/20220537>)

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 72	Related Measure: (72) P2C2R2 - Enhancing the effectiveness and transparency of RRP reforms and investments by developing information systems, administration and audit	
Name of the Milestone: Repository system for Audit and Controls: information for monitoring implementation of RRF		
Qualitative Indicator: Audit report prepared by the audit function confirming repository system functionalities		Time: Q4 2021
Context: The objective of this measure is to enhance the effectiveness and transparency of RRP reforms and investments by developing information systems, administration, and audit. To answer to the specific needs of the Finnish recovery and resilience plan in terms of coordination, management, control, reporting and audit, the roles and responsibilities of the relevant Finnish authorities shall be enshrined in a new legal instrument. The measure aims to ensure the functioning of the management and control system. This shall include inter alia the setting up of the necessary administrative capacities and the creation of an IT repository system. Milestone 72 requires the establishment of a repository system for recording and storing all relevant data related to the implementation: the achievement of milestones and targets, data required by Article 22(2)(d)(i) to (iii) of the RRF Regulation. The reform has a final expected date of implementation by 31 December 2021.		
Evidence Provided: In line with the verification mechanisms set out in the Operational Arrangements, the following evidence was provided: <ul style="list-style-type: none">i) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;ii) Copy of the audit report for RRP-IT system “Grant domain” signed by the Government Financial Controller's Function (Audit body) on 23 March 2023 (<i>Annex I</i>);iii) Copy of the audit report for the Finnish Government portfolio management system “Hankesalkku” signed by the Government Financial Controller's Function (Audit body) on 23 March 2023 (RRP specific parts) (<i>Annex II</i>). As further evidence, the Finnish authorities also provided: <ul style="list-style-type: none">iv) An order of 14 July 2022 issued by the State Treasury of Finland to collect and report the already existing information required by Article 22(2)(d) (i) to (iii) of the RRF Regulation after the adoption of national RRP legislation (<i>Annex III</i>);v) An order of 2 December 2022 issued by the State Treasury of Finland to collect and report continuously the information required by Article 22(2)(d) (i) to (iii) of the RRF Regulation(<i>Annex IV</i>);vi) A request sent by the State Treasury of Finland to all granting authorities to confirm that they are collecting and reporting the information required by Article 22(2)(d) (i) to (iii) of the RRF Regulation (<i>Annex V</i>);vii) National RRP legislation "The law on the management, control and audit of the European Union Recovery and Resilience Facility" (<i>Annex VI</i>) and link to the Statute Book of Finland;viii) The short version history document of the RRP-IT system (<i>Annex VII</i>);		

- ix) Summary of the responses given by the granting authorities to a request sent by the State Treasury of Finland mentioned in the Annex V (*Annex VIII*);
- x) Data extracted from the repository system as of 13 September 2023;
- xi) Updated data extracted from the repository system as of 23 November 2023.

Analysis:

The justification and substantiating evidence provided by the Finnish authorities covers all constitutive elements of the milestone.

A repository system for monitoring the implementation of the recovery and resilience facility shall be in place and operational before the submission of the first payment request.

The repository system of the implementation of the Finnish RRP consist of two separate IT-systems:

RRP IT-system “Grant domain”: all measures that require funding are reported in this system. The final audit report in the Annex I states in the final conclusions that the RRP IT system is functional and operational in terms of the requirements and the first payment request can be made. This is mentioned in *Annex II* in the chapter 5.2.

Finnish government portfolio management IT-system (“Hankesalkku”): all measures that are purely investments carried out by the granting authorities themselves are reported on this IT system. The information from the two different IT-systems is merged to provide overall reporting services using Power BI tools. The final conclusions of the audit report in the *Annex II* state that the “Hankesalkku” IT system is functional and operational in terms of the requirements and the first payment request can be made. This is mentioned in the *Annex II* in the chapter 5.2.

The final audit reports were signed on 23 March 2023 by the Audit body – the Government Financial Controller's Function under the Ministry of Finance - performing the audits and are including the names of the lead and associated auditors.

The system shall be based on existing systems and include, as a minimum, the following functionalities:

a. collection of data and monitoring of the achievement of milestones and targets;

The collection of data and monitoring of the achievements of the milestones and targets is performed in both systems (“Grant domain” and “Hankesalkku”). Since the adoption of the national RRP legislation (4 July 2022) the implementing bodies are obliged to report progress on a monthly basis.

The evidence provided by the Finnish authorities in the audit reports (*Annex I and II*) in chapter 5.2, states that the collection of data of the achievements of the milestones and targets is performed in the repository system (“Grant domain” and “Hankesalkku”). The implementing bodies collect, store data in their information system and report them to the State Treasury through the monitoring reports on a regular basis, which are then stored in the repository system for the supervision of the RRP implementation.

b. collect, store and ensure access to the data required by Article 22(2)(d) (i) to (iii) of the RRF Regulation

The collection of data required by Article 22(2)(d) (i) to (iii) of the RRF Regulation is performed in the IT-systems (“Grant domain” & “Hankesalkku”). Since the adoption of the national RRP legislation (4 July 2022) the continuous reporting of this information has been carried out using the IT systems. The fulfilment of this requirement is mentioned in both audit reports – *Annex I* in page 5/24 and in the *Annex II* in page 5/18.

In terms of weaknesses of the system identified during the audit and the corrective actions recommended to address them, the audit carried out by the Audit body initially revealed some weaknesses (e.g. missing data on beneficial owners and final recipients; missing data on contractor and subcontractor; Audit body used the system in operator mode; therefore the data could be unintentionally erased/edited).

In response to the audit findings, the auditee has taken corrective actions and provided several developments of the repository system. In the latest version of the application, most of the developments and corrective actions have already been implemented.

The Audit body concluded that the system works technically, however some improvements were needed, that the repository system has been established and is capable of monitoring the implementation of the RRP. It was concluded that the financial interests of the Union are not jeopardised by minor technical deficiencies of the system.

The functioning of the repository system was verified by the Commission by requesting data on the RRF measures as well as assessing the repository system. The review carried out by the Commission confirmed the functionality and operability of the repository with minor observations. In order to ensure continuous compliance with the milestone and its obligations under the Financing Agreement, as attested through the summary document justifying how the milestone was satisfactorily fulfilled, Finland has committed to continuing to develop its system for data collection and monitoring in its repository system so that:

- Quality control procedure is put in place by the coordinating body, in order to identify any missing or unreliable data required by Article 22(2)(d)(i) to (iii) of the RRF Regulation. This shall involve automatic checks built-in in the repository system and random manual checks of the selected data.
- Guidance on collection and storage of data for the implementing bodies is adopted and disseminated in order to ensure consistent collection and reporting of data for the audit and control purposes.
- Regular trainings to the staff of the implementing bodies are introduced.

Finland has committed to complete these improvements before submission of the next payment request.

Commission Preliminary Assessment: Satisfactory fulfilled

Number: 91	Related Measure: (91) P3C2R1: Reform of continuous learning		
Name of the Milestone: Entry into force of the Act on the Service Centre for Continuous Learning and Employment			
Qualitative Indicator: Provision in the Act on the Service Centre for Continuous Learning and Employment indicating its entry into force			Time: Q4 2021
Context: <p>The objective of this reform is to improve employment opportunities of working-age people by developing their skills and competences. The reform aims at increasing the matching between the provision of educational courses and the labour market’s needs.</p> <p>Milestone 91 concerns the entry into force of the legal act for the creation of a Service Centre for Continuous Learning and Employment.</p> <p>Milestone 91 is the first step of the implementation of the reform, and it will be followed by milestone 92 regarding the forecasting system for labour and competence needs as well as milestone 93 which requires the publication of a call for applications to provide training for digital and green skills. Target 94 will follow milestone 93, related to the number of participants in the mentioned trainings. Finally, target 95 looks at the number of career professionals that have participated in trainings to increase their level of expertise. The reform has a final expected date for implementation by 31 December 2024.</p>			
Evidence provided: <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none">i) Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.ii) Copy of Act 682/2021 on the Service Centre for Continuous Learning and Employment, published on 1 July 2021 in the Statute Book of Finland and entered into force on 1 September 2021. <p>The authorities also provided:</p> <ul style="list-style-type: none">iii) Copy of Stakeholder Study on the Parliamentary Reform of Continuous Learning from 22 February 2023, as well as the link to the website of the Ministry of Education and Culture where it is published: https://api.hankeikkuna.fi/asiakirjat/83d58d9a-95e5-425b-9b21-8328982e883b/8e3d989a-6968-45e2-a7a5-6e98e852c2ee/RAPORTTI_20230222112110.pdf.			
Analysis: <p>The justification and substantiating evidence provided by the Finnish authorities covers all constitutive elements of the milestone.</p>			

Entry into force of the Act on the Finnish Service Centre for Continuous Learning and Employment

Act 682/2021 on the Service Centre for Continuous Learning and Employment (see item (ii) of the evidence list) was published in the Statute Book of Finland on 1 July 2021. Article 18 of the Act indicates it entered into force on 1 September 2021.

The Act shall contain at least the following information: (i) the organisation and structure of the service centre [...]

The following Articles of Act 682/2021 on the Service Centre for Continuous Learning and Employment (item (ii) of the evidence list) provide evidence of the organisation and structure of the Service Centre:

- Article 1, subparagraph 1 defines the competences of the Service Centre;
- Article 3, subparagraph 1 sets out the direction of the Service Centre, establishing that a Director will manage the activities of the centre and be appointed by the Government for a fixed term of five years;
- Article 3 subparagraph 2 defines the competences of the Director;
- Article 4 describes the appointment, composition and decision-making powers of the Continuous Learning and Employment Council. The Council is linked to and steers the activities of the Service Centre, it is composed of Members of the Ministry of Education and Culture, the Ministry of Economic Affairs and Employment as well as representatives of civil society;
- Article 5 further defines the role and competences of the Council for Continuous Learning and Employment, in charge of the general planning and strategic direction of the Service Centre. This is reflected in the Programme for the development of the service centre's activities, referred to in Article 6. The Council participates in deciding on yearly priorities through the annual work programme of the Service Centre;
- Article 6 refers to the "Programme for the development of the service centre's activities" to be subsequently approved by the Ministry of Education and Culture and the Ministry of Economic Affairs and Employment;
- Article 7 establishes that the Service Centre cooperates with the National Board of Education and the Centres for Economic Development, Transport and the Environment, which are regional actors of the employment and economic development administration.

The Act shall contain at least the following information: [...] (ii) the mission and objectives; [...]

The following Articles of Act 682/2021 on the Service Centre for Continuous Learning and Employment (item (ii) on the evidence list) provide evidence of the mission and objectives of the Service Centre:

Article 1, "*Sector and guidance*", paragraph 1 describes the Service Centre for Continuous Learning and Employment as an entity promoting the development of the competence of the working-age population and the availability of skilled labour.

Article 2, "*Tasks of the Service Centre*", paragraph 1, points (i)-(iv) describe the objective and tasks of the Service Centre for Continuous Learning and Employment as follows: "

- (1) to develop and coordinate information, advisory and guidance services related to its field of activity;
- (2) to analyse anticipation information on competence and labour needs;

- (3) to fund education and other skills services aimed especially to the employed and the inactive complementing other publicly supported education and training provision;
- (4) to support and promote the effectiveness of regional and other cooperation networks.”

The Act shall contain at least the following information: [...] (iii) funding of education and skills services.

The following Chapters and Articles of Act 682/2021 on the Service Centre for Continuous Learning and Employment (item (ii) on the evidence list) provide evidence of the funding of education and skills services:

- Chapter 2 of Act 682/2021 on the Service Centre for Continuous Learning and Employment, *“Financing of training and skills services containing”* contains Articles 8 and 9 and sets out the funding of education and skills services. Article 8 *“Granting of government transfers”* introduces the granting of government transfers, listing the conditions (1) to (7) in which the Service Centre may offer a government grant to education and skills services;
- Article 9 *“Procurement of training and skills services”* lays out that the Service Centre may acquire training and other skills services through public procurement; The same article establishes in its second paragraph that *“The quality requirements related to the subject-matter of the procurement shall in particular take into account the quality, resourcing and monitoring of the effectiveness of the training or skills service.”*
- Chapter 3, *Provisions on the organisation of training financed by the Service Centre*, contains Articles 10 to 17, setting out the provisions under which the organisation of training and development of skills are funded by the Service Centre.

The aim of the establishment of the service centre is to reform the service system so that the development of the skills of the working-age population is more closely connected to the needs of working life and to the development and renewal of regional industries. The service centre for continuous learning and employment shall be designed to promote the development of skills among the working-age population and the availability of skilled labour.

The objectives mentioned in this requirement are reflected in Article 1 paragraph 1 of Act 682/2021, explaining the purpose of the Service Centre as follows:

“The Service Centre for Continuous Learning and Employment promotes the skills development of the working age population and the availability of a skilled workforce.”

The tasks of the Service Centre, described in Article 2, address the point of the analysis of skills and labour needs and the cooperation with regional and other cooperation networks:

“The tasks of the Service Centre shall be related to its field of activity:

1. *development and coordination of information, advice and guidance services;*
2. *analysis of skills and labour needs;*
3. *the financing of training and other skills services, in particular for employed and inactive people, and in addition to other publicly supported training offers;*
4. *supporting and promoting the effectiveness of regional and other cooperation networks.”*

Article 7 of Act 682/2021 reinforces the mandate of the Service Centre of cooperation with regional entities establishing in its title and text the *“cooperation with the National Board of Education and the Regional Actors of the Employment and Economic Development Administration”*.

The aim of the establishment of the Service is also reflected in the government proposal that contains the background and objectives of Act 682/2021. The preparatory legislative work plays a significant role in interpreting legislation by offering insights into the legislator's intentions.

Chapter 2 of the government proposal contains an assessment of the current situation of continuous learning in Finland. It looks at the different actors in the system, their areas of competences, their funding and the evolving situation regarding the needs and demands for new skills, in particular those gaps that the Service Centre might cover.

Chapter 3 of the government proposal is about the objectives of the Service Centre, reflecting in its first paragraph its alignment with the measure by stating the following: *“The aim of the proposal is to reform the service system in such a way that the development of the skills of the working-age population is more closely linked to the needs of the world of work and the development and renewal of the livelihoods and vitality of the regions.”*

Chapter 4 of the government proposal summarises the establishment of the Service Centre, laying out its design to target working age population. Another key element of the work carried out would be the geographical aspect, where the government proposal also mentions that one of the aims of the Service Centre is to increase cooperation and skills and employment at national and regional level. The focus of the Service Centre regarding training and skills is also exemplified in chapter 5 of the government proposal, which contains a description of the tasks of the Service Centre:

“Training and skills services would be directed towards a proactive response to structural change and could be targeted by industry, region and target group. The knowledge services funded by the Service Centre could, for example, take the form of clusters linked to the transformation of the industry in a given region, which would facilitate the ability of those affected by the change to pursue a stable career.”

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 96	Related Measure: (96) P3C2I1 - Digitalisation programme for continuous learning	
Name of the Milestone: Completion of the IT architecture for digital continuous learning services		
Qualitative Indicator: IT architecture is completed and operational		Time: Q4 2021
Context: <p>The objective of this investment is to advance in the digitalisation of the education, training and skills development system. By carrying out an extensive digitalisation programme, it aims to develop digital services and information resources that support continuous learning.</p> <p>Milestone 96 concerns the development of an IT architecture for digital continuous learning services. This will set out the framework for planning resource allocation and streamlining current practices in the provision of services.</p> <p>Milestone 96 is the first step of the implementation of the investment and it will be followed by target 97 related to the development and implementation of the digital services listed within the IT architecture. The investment has a final expected date for implementation by December 2025.</p>		
Evidence provided: <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none">i) Summary document justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.ii) IT Architecture Report for Digital Continuous Learning endorsed by the Steering Group of the digitalisation programme for continuous learning on 20 January 2023.iii) Formal financial decision by the Ministry of Education and Culture for the development of the following modules: Decision OKM/5/521/2022 - Service development of the set of digital services for continuous learning, published here: https://www.oph.fi/en <p>The authorities also provided:</p> <ul style="list-style-type: none">iv) Minutes of the meeting of the Steering Group on the digitalisation programme for continuous learning held on 6 February 2023.		
Analysis: <p>The justification and substantiating evidence provided by the Finnish authorities covers all constitutive elements of the milestone.</p> <p>An IT architecture for digital continuous learning services shall be developed and fully operational. Furthermore, in line with the description of the measure, the measure consists of two main elements: (i) creating a digital service package for continuous learning that covers the entire education system (excluding early childhood education and care) and across administrative boundaries; and (ii) increasing the digitalisation and flexible learning in higher education institutions.</p>		

The IT Architecture Report (item (ii) on the evidence list) has been endorsed by the programme's steering group as reflected on page 2 (decision item number 5) of the minutes of the meeting of the Steering Group on the digitalisation programme for continuous learning held on 6 February 2023 (item (iii) of the evidence list).

As reflected on page 8 of the IT Architecture Report (item (ii) of the evidence list), the IT architecture for digital continuous learning was developed by the Ministry of Education and Culture, the Ministry of Employment and Economy, the Digivisio cooperation between universities, the KEHA Centre, the National Board of Education and the Service Centre for Learning and Employment, with work started in spring 2021 and finalised in December 2021.

Section 1.3, page 8, of the IT Architecture Report provides for its purpose, which is to serve as a guiding document for the work of the Digitalisation Programme for Continuous Learning, and forms the basis on which the implementation of services is carried out. The programme is structured to cover two projects:

- the Continuous Learning Digital Service across the whole education system and across administrative boundaries;
- the digital transformation and flexible learning of higher education across all higher education institutes, implemented by the Digivisio 2030 project (DV).

Following milestone 96, which covers the planning phase of the reform, milestone 97 concerns the development and implementation of the actions foreseen.

The following formal financial decisions (item iii of the evidence list) constitute evidence that the IT architecture for the implementation of digitalisation programme for continuous learning is fully operational:

- OKM/5/521/2022 - Development of the training offer of the digital Continuous Learning Service 396 000 (28 April 2022) and EUR 479 000 (30 December 2022) for Finnish National Agency for Education;

The education and training provision service (with code JOD07 in the IT Architecture Report) is described in Report on pages 40-41 (description of the service and diagram 18) and in the diagram on page 28. The financial allocation decision (item iii of the evidence list) grants funding for the further development of the education and training provision service (JOD07), showing that services foreseen under the IT Architecture Report are being implemented.

The IT architecture shall set the framework for planning resource allocation and streamlining current practices in the provision of services, so as to create customer-oriented digital services for continuous learning. To this end, it shall take into account all necessary aspects of IT development, including business capabilities, components, applications, user groups, data objects.

The IT Architecture Report (item (ii) on the evidence list) set out in its introductory chapters 1.1 and 1.2, pages 4 and 5, the strategic vision of the report, the objectives and the key aspects of implementation, such as the implementing partners and the sub-projects that will materialise the planning. The Report sets out a list of services to be developed, creating a framework to guide financial decisions, as referenced above, thus allowing for planning resource allocation. The streamlining of current practices in the provision of services is reflected in the identified services to be developed, for instance by digitalising the offer of training provision in service JOD07 referenced above.

As evidenced by the IT Architecture Report (item (ii) on the evidence list), the IT architecture took into account the necessary aspects of IT development to create customer-oriented digital services for continuous learning, including:

- i) business capabilities (paragraph 2.5, pages 20–22)
- ii) components (paragraph 2.7, pages 26–34)
- iii) applications (paragraph 2.9, pages 36–57)
- iv) user groups (paragraph 2.6, pages 23–25)
- v) data objects (paragraph 2.8, pages 34–35)

The IT architecture is the basis for updating existing digital services and developing new digital services and shall include the list of services to be developed.

Page 59 (table 11) of the IT Architecture Report (evidence ii) contains the list of services to be developed and, thus, serves as a basis for updating existing digital services and developing new digital services.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 103	Related Measure: (103) P3C3I2 – RDI, research infrastructure & piloting – RDI funding package supporting the green transition – accelerating key sectors & strengthening competence (Academy of Finland)	
Name of the Milestone: Publication by the Academy of Finland of a first call for applications for research projects aiming to increase competences in key sectors		
Qualitative Indicator: Publication of the first call for applications by the Academy of Finland		Time: Q4 2021
Context: <p>Milestone 103 is part of the investment P3C3I2, whose objective is to promote RDI activities supporting the green transition in order to promote use and sharing of know-how and improve the quality and effectiveness of partnerships and ecosystems. The measure consists of interventions to strengthen the existing research clusters, increase the level of expertise, including outside the existing research clusters, and to support the renewal of business activities. The investments in RDI of key sectors and technologies will also enhance partnerships and ecosystems of RDI actors. The measure will provide support to research organisations, such as higher education institutions or research institutes.</p> <p>Milestone 103 requires the Academy of Finland to launch the first call of applications for research funding, with a focus on research targeted at low-carbon economy and climate change adaption and resilience.</p> <p>The milestone is followed by two targets: target 104, which envisages that at least 25 research grants are awarded and completed by 30 June 2023; and target 105, which envisages that at least 90 percent of these approved projects must be completed by 31 December 2025, which is the final expected date for implementation of the investment.</p>		
Evidence provided: <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none">i) Summary Document duly justifying how the milestone (including all the constitutive elements) are satisfactory fulfilled).ii) Copy of the call for applications (in English) for Special funding for research on key areas of green and digital transition 2021, and the link to its publication:iii) Copy of the call for applications (in Finnish) and the link to its publication:iv) Copy of the terms of reference (application instructions) including technical specifications and the eligibility criteria of the call.		
Analysis: <p>The justification and substantiating evidence provided by the Finnish authorities covers all constitutive elements of the milestone.</p> <p>Academy of Finland shall launch a first call for applications for research funding focusing on the key sectors and technologies of the green transition in order to promote use and sharing of know-how and to improve the quality and effectiveness of partnerships and ecosystems.</p>		

Furthermore, in line with the measure description, **the measure consists of interventions to strengthen the existing research clusters, increase the level of expertise, including outside the existing research clusters, and to support the renewal of business activities. The investments in RDI of key sectors and technologies shall also enhance partnerships and ecosystems of RDI actors. The measure shall provide support to research organizations, such as higher education institutions or research institutes.**

The Academy of Finland launched the first call for applications on 11 August 2021. The call remained open until 8 September 2021, as evidenced on page 1 of the call for applications (document (ii) in the evidence list).

Furthermore, page 1 of the call for applications (document (ii) of the evidence list) specifies that the call provides funding focusing on the key sectors and technologies of the green transition: “funding for research that promotes solutions related to carbon neutrality and adaptation to climate change as well as related digital technologies.” Furthermore, the research funding provided by the call promotes the use and sharing of know-how and improves the quality and effectiveness of partnerships and ecosystems: “The goal is to strengthen existing competence clusters (such as the Finnish Flagship Programme: <https://www.aka.fi/en/research-funding/programmes-and-other-funding-schemes/flagship-programme/>) in this thematic area but also to promote competence development outside the clusters.” According to the call instructions, competence clusters are characterised by strong research expertise, generation of impact and active collaborations with partners utilising research outputs and with other actors. This in turn supports the renewal of business activities.

The call for applications (document (ii) of the evidence list) describes how the eligibility criteria also include the strengthening and enhancing of research clusters, partnerships, ecosystems and/or RDI actors, and the increase of the level of expertise, including outside the existing research clusters. This is substantiated, for example, on page 2 of the call for applications under the section “Who can apply?”, as follows: “The funding can be applied for by multidisciplinary consortia of two or more research teams, where the consortium parties bring expertise in both green and digital transition. The applicant consortium must collaborate with different actors and end-users of research results. The consortium parties may be based at one or more research organisations. A consortium application is an application built around a joint research plan, where each party to the consortium applies for funding.” Further evidence is also provided in the same document on page 9 (sub-heading “Review Criteria”) and page 10 (sub-heading “Funding decisions”). In the same document, under the sub-heading “What is required from the site of research?” the call referred to: “We require that the site of research (i.e. the applicant’s host organisation, e.g. a university, research institute or other research organisation) provides the research project with all necessary facilities.” (item (ii) page 4).

Under the section “Research plan” (document (ii), page 7), there is a link to the guidelines to the structure of the project’s research plan. Following this link and going to section 5 “Societal effects and impact”, the broader impact of research can be found where under section “The complexity of impact” the goal of “boosting prosperity by providing solutions for streamlining business operations” can be regarded as related to the renewal of business activities. The call encourages the applicants to approach this topic broadly (document (ii), page 2).

The eligibility/selection criteria shall require that research is targeted at the low-carbon economy and climate change adaptation and resilience according to intervention field 022 in Annex VI of the RRF Regulation.

The eligibility criteria require that research is targeted at the low-carbon economy and climate change adaptation and resilience according to intervention field 022 in Annex VI of the RRF Regulation as stated on page 1, paragraph 1, of the call for applications (document (ii) in the evidence list): “The present call will provide funding for research that promotes solutions related to carbon neutrality and adaptation to climate change as well as related digital technologies”.

The scheme shall be cutting across all branches of science and sectors including hydrogen economy, high-value bioproducts and emission-free energy systems and competences in data analysis and social sciences.

Furthermore, in line with the measure description, **the eligibility/selection criteria shall require that research is targeted at the low-carbon economy and climate change adaptation and resilience. The scheme shall be cutting across all branches of science and sectors including hydrogen economy, high-value bioproducts and emission-free energy systems and competences in data analysis and social sciences.**

The scheme cuts across all branches of science and also includes the strengthening and enhancing of research clusters, partnerships, ecosystems and/or RDI actors (document (ii) in the evidence list, page 1 (first paragraph), page 2 (second paragraph), page 9 (sub-heading “Review Criteria”), and page 11 (under the first bullet point of the section concerning the Frequently Asked Questions)). The call did not mention these areas specifically with the intention to not restrict applications to these specific areas only, as it aimed at encouraging a broad range of applications that promote the green and digital transition, including in relation to hydrogen economy, high-value bioproducts and emission-free energy systems and competences in data analysis and social sciences. The call for applications calls for research that promotes solutions related to carbon neutrality and adaptation to climate change as well as related digital technologies, therefore using a broader terminology which covers the same objective.

The eligibility/selection criteria of the call requires that the research is targeted at “promoting solutions related to carbon neutrality and adaptation to climate change as well as related digital technologies, strengthening competence clusters in the thematic area and promoting competence development outside the clusters” (item (ii), page 9), which is in line with the measure description. While the call includes in the selection criteria only an explicit reference to ‘climate change adaptation’ (document (ii) in the evidence list), it is understood that adaptation and resilience are both included in the reference to ‘climate change adaptation’. The Finnish authorities have explained that the Academy of Finland makes use of the “International Panel on Climate Change (IPCC)” definition of climate change adaptation, as described on the website of IPCC (<https://archive.ipcc.ch/ipccreports/tar/wg2/index.php?idp=643>). This definition includes aspects of resilience as follows: “Adaptive capacity is the potential or ability of a system, region, or community to adapt to the effects or impacts of climate change. Enhancement of adaptive capacity represents a practical means of coping with changes and uncertainties in climate, including variability and extremes. In this way, enhancement of adaptive capacity reduces vulnerabilities and promotes sustainable development”. Therefore, the reference to climate change adaptation is being regarded as encompassing both climate change adaptation and resilience.

The eligibility criteria shall also ensure that the selected projects comply with the ‘Do no significant harm’ Technical Guidance (2021/C58/01) through the use of an exclusion list and the requirement of compliance with the relevant EU and national environment legislation.

This requirement concerns only the terms of reference for 'upcoming calls', therefore, calls launched after the adoption of the Council implementing decision. The Academy of Finland's first call for applications for research projects aiming to increase competences in key sectors was launched prior to the Council Implementing Decision adoption on 29 October 2021, and its terms of reference are therefore not covered by the requirement in the measure description (see page 1 of item (ii)). The description of the measure in the Council Implementing Body clarifies the requirement for eligibility criteria to contain an exclusion list and the requirement of compliance with the relevant EU and national environmental legislation in the terms of reference refers to *upcoming calls*. In order to ensure compliance with the 'Do No Significant Harm' principle of all projects selected under this call; the Academy of Finland has informed the applicants of the call that the eligibility criteria listed in the call (item (ii) of the evidence list, page 2), which includes the relevant provisions regarding the 'Do No Significant Harm' principle including the compliance with relevant EU and national environmental legislation, are binding on the grantees and the project has to comply with the supplementing criteria throughout the project's lifecycle.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 115	Related Measure: (115) P3C3I6 - RDI, research infrastructure and piloting - Promoting innovation and research infrastructure – National research infrastructures		
Name of the Milestone: Publication of a call for applications for the renewal and development of national research infrastructures			
Qualitative Indicator: Publication of the call for applications by the Academy of Finland			Time: Q2 2021
Context: <p>Milestone 115 is part of investment P3C3I6, whose objective is to finance the renewal and development of national research infrastructures with a focus on the green and digital transition, via the Academy of Finland.</p> <p>Milestone 115 requires the Academy of Finland to launch a call for applications for national research infrastructures. The eligibility criteria should ensure that the selected projects comply with the ‘Do no significant harm’ Technical Guidance (2021/C58/01) through the use of an exclusion list and the requirement of compliance with the relevant EU and national environmental legislation. Projects promoting the use of fossil fuels will not be funded. A project proposed by a company covered by the EU Emissions Trading System (ETS) may only be financed if it significantly reduces greenhouse gas emissions. Selection criteria will include the impact of the projects on sustainable development, green transition, and digitalisation. In the selection of projects, it will also be ensured that at least EUR 8 million will be allocated in accordance with the intervention field 009bis (Investment in digital-related R&I activities) in Annex VII to the RRF Regulation.</p> <p>Milestone 115 is the first step of implementation of the investment, and it will be followed by targets 116 and 117, related to the award of grants for the renewal and development of national research infrastructures and the share of completed national research infrastructure projects respectively. The investment has a final expected date for implementation by 31 December 2025.</p>			
Evidence provided: <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none">i) Summary Document duly justifying how the milestone (including all the constitutive elements) are satisfactory fulfilled.ii) Copy of the publication of the call for applications (in English) as well as the link to the call: https://www.aka.fi/en/research-funding/apply-for-funding/calls-for-applications/apply-now2/firi-2021-roadmap-call-research-infrastructures-on-20212024-roadmap-and-finlands-international-ri-memberships/ (FIRI 2021 call: <i>Research infrastructures on 2021–2024 roadmap and Finland’s international RI memberships</i>)iii) Copy of the terms of reference (applications instructions), in English, including the technical specifications and the eligibility criteria of the call. (FIRI 2021 call: <i>Research infrastructures on 2021–2024 roadmap and Finland’s international RI memberships</i>)iv) Copy of the terms of reference (application instructions), in Finnish, including the technical specifications and the eligibility criteria of the call			

(FIRI 2021: Tiekartan ulkopuoliset tutkimusinfrastruktuurit (FIRI2021 Tiekartan ulkopuoliset) - haku)

- v) Minutes of the meeting of 17 December 2021 of the Research Infrastructure Committee on the funding decisions
(Annex IV copy of minutes of the research.ucture-committee-pr1-353badc19c231.pdf)

The authorities also provided:

- vi) Addendum of 28 April 2021 to the text of the call for applications and separate report on “Do No Significant Harm (DNSH)” compliance.
(Annex-v- Appendum-to-the-call-text-request-se.o-the-applicants-pr1-653badbd95a54.pdf)
- vii) Copy of the Strategy for National Research Infrastructures in Finland 2020–2030 and link to where it can be accessed online: https://www.aka.fi/globalassets/1-tutkimusrahoitus/4-ohjelmat-ja-muut-rahoitusmuodot/4-tutkimusinfrastruktuurit/aka_tik_strategia_2019_en_digi_a.pdf.
(Strategy for the National Research Infrastructures in Finland 2020-2030)
- viii) The preparatory material for the decision meeting of the Research Infrastructure Committee (in Finnish) *(FIRI2021-haku päätösvalmistelu)*.
- ix) The review form that guided the project evaluation of the external evaluation panel.
(Application review form: The FIRI 2021 call for research infrastructures on the 2021–2024 roadmap and Finland’s memberships in international research infrastructures (FIRI2021 Roadmap and international memberships)).

Analysis:

The justification and substantiating evidence provided by the Finnish authorities covers all constitutive elements of the milestone.

Academy of Finland shall launch a call for applications for national research infrastructures.

The copy of the call for applications for national research infrastructures (item (ii) of the evidence list, page 1), provides evidence that the call for applications was launched by the Academy of Finland and open for applications from 1 April 2021 until 19 May 2021.

The eligibility criteria shall ensure that the selected projects comply with the ‘Do no significant harm’ Technical Guidance (2021/C58/01) through the use of an exclusion list and the requirement of compliance with the relevant EU and national environmental legislation.

This requirement of the milestone description needs to be read in conjunction with the requirements stemming from the description of the measures under component P3C3 of the Finnish RRP. The requirements related to “Do No Significant Harm (DNSH)” eligibility criteria are intended for upcoming calls for proposals, that is, calls for proposals launched after the adoption of the Council Implementing Decision which occurred on 25 October 2021. As the present call was launched on 1 April 2021, that is before 25 October 2021, the requirement is not applicable to this call.

The call text (item (ii) of the evidence list, page 1) was supplemented regarding “Do no Significant Harm (DNSH)” Technical Guidance (2021/C58/01) compliance on 28 April 2021, via an addendum to the call instructions, where it is stated that the projects must respect the DNSH principle and that a separate report regarding compliance with this principle will be requested from the successful applicants. Evidence was provided indicating that applicants were informed regarding the DNSH principle and

projects' compliance with it via emails sent out by the Academy of Finland (document (iv) of the evidence list, pages 1-13).

Projects promoting the use of fossil fuels shall not be funded. A project proposed by a company covered by the EU Emissions Trading System (ETS) may only be financed if it significantly reduces greenhouse gas emissions.

Projects which promote the use of fossil fuels were not considered eligible to be funded under the call (item (v) of the evidence list, page 7, second paragraph): "No projects promoting the use of fossil fuels shall be financed. The beneficiaries of the funding are not companies subject to the Emissions Trading System (ETS)."

A project proposed by a company covered by the EU Emissions Trading System (ETS) could only be financed if it significantly reduces greenhouse gas emissions, a case which could not be found in the copy of the research committee on funding minutes. The ultimatum of "No projects promoting the use of fossil fuels shall be financed. The beneficiaries of the funding are not companies subject to Emissions Trading System (ETS)," was repeated for each decision (document (v) of the evidence list, page 7, 18, 22, 28, 36, 41, 44, 50, 54, 58, and 62, second paragraph).

Selection criteria shall include the impact of the projects on sustainable development, green transition, and digitalisation.

The Council Implementing Decision required the selection criteria to include the impact of the projects on sustainable development, green transition, and digitalisation. While the call does not reference this requirement in the selection criteria reference is made in other relevant documents, which prove compliance with the requirement. For example, the preparatory material for the decision meeting (item (viii) of the evidence list, slide 8) verified that the promotion of the green and digital transition has been considered when selecting projects: "In addition to the overall rating, the panel has evaluated the performance of the research infrastructure in the dual transition context (rating scale 1-6).", with specific evaluation questions related to the digital and green transition mentioned in the evidence. Furthermore, the review form that guided the evaluation of the external evaluation panel (item (ix) of the evidence list, pages 5 & 6) covered assessment parts related to the impact of the projects on sustainable development and green transition. Regarding the sustainable development, the text of the call for applications (item (ii) of the evidence list, page 2, under the header: National research infrastructure) states that: "A national research infrastructure must also consider sustainable development in all its operations. The funding base for a national research infrastructure must be sustainable and cannot rely too heavily on competitive funding from the Academy of Finland." Whilst this constitutes a minimal substantive deviation from the requirement of the Council Implementing Decision, this minimal deviation does not change the nature of the measure and does not affect the progress towards achieving the investment that the milestone 115 represents due to the projects' actual impact on sustainable development, green transition, and digitalisation demonstrated by the above documents. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled.

In the selection of projects, it shall also be ensured that at least EUR 8 000 000 shall be allocated in accordance with the intervention field 009bis (Investment in digital-related R&I activities) in Annex VII to the RRF Regulation.

In the selection of projects (item (v) of the evidence list, page 7 (repeated on pages 18, 22, 28, 36, 41, 44, 50, 54, 58, and 62), second paragraph), the Academy of Finland ensured that at least EUR 8 000 000

was allocated in accordance with the intervention field 009bis (Investment in digital-related R&I activities) in Annex VII to the RRF Regulation: “The selection of projects ensures that at least EUR 8 000 000 is allocated to intervention field 009a (Investment in digital-research and innovation) of Annex VII to the RRF Regulation.”

Furthermore, in line with the description of the measure, **the measure consists in providing financial support for the construction of national research infrastructures, such as for the acquisition of equipment and systems, the creation or updating of services.**

In the copy of the call for applications (item (ii) on the evidence list, page 1) evidence is provided that the funding was intended “to cover investment costs in the construction phase of the research infrastructure, such as the acquisition of equipment and systems and the formation of services. The funding may also be applied for to significantly upgrade an existing research infrastructure.” On page 4 of the same document under the sub-heading “Funding to be applied for and funding period” (item (ii), this is supplemented with: “The funding is intended for the construction or significant upgrading of the research infrastructure, such as the acquisition of equipment and systems and the formation of services. The acquisitions must be incorporated into an existing or upcoming national or international research infrastructure that is open to use by the scientific community.”

In addition, in line with the description of the measure, **at least 40 % of the value of the investment shall be allocated to RDI activities related to digitalisation.**

In the copy of the Research Infrastructures Committee Meeting (item (v) on the evidence list, page 7, second paragraph) states: “The selection criteria for projects submitted for funding with an additional EUR 20 million under the EU Recovery and Resilience Facility (RRF) include their contribution to sustainable development, the green and digital transitions. When selecting projects, it has been ensured that at least EUR 8 000 000 will be allocated to intervention field 009a (Investment in digital research and innovation) of Annex VII to the RRF Regulation.” The EUR 8 000 000 correspond to 40% of the additional EUR 20 000 000 under the EU Recovery and Resilience Facility, and therefore in line with the measure description.

In line with the description of the measure, **the measure shall also support the revision of the Academy of Finland’s research infrastructure grant criteria in accordance with the objectives of the National Research Infrastructure Strategy, with an emphasis on the green transition and digitalisation.**

In line with the measure description, the call for applications (item (ii) on the evidence list, page 2, second paragraph) states that: “The call is aimed at advancing the strategic objectives outlined in the Strategy for National Research Infrastructures in Finland 2020-2030”. This is achieved by setting in the call text criteria for funding the acquisition, establishment, strengthening and upgrading of nationally significant research infrastructures that promote scientific research (item (ii) on the evidence list, page 1). Moreover, the call for applications states (page 2, first paragraph) that the objective of the call is to promote the quality, renewal and competitiveness of research, to strengthen the versatile impact of research environments and to increase national and international cooperation, all of which are among the strategic objectives laid down in the Strategy for National Research Infrastructures in Finland 2020-2030 (item (vii) on the evidence list, page 1).

The call for applications also puts an emphasis on the green transition and digitalisation aspects of the applications. The supplemented text for the call for applications (item (ii) on the evidence list, page 1, Blog post: [FIRI calls in spring 2021 also promote digitalisation of research infrastructures and the green transition](#)) states that: “In March 2021, the Finnish Government published [a Preliminary Recovery and](#)

[Resilience Plan](#) (in Finnish). Its objectives to promote the green transition and digitalisation also fit together well with the Strategy for National Research Infrastructures”.

The Council Implementing Decision required the selection criteria to include, among other things, the impact of the projects on green transition and digitalisation. While the call does not reference this requirement in the selection criteria, however, reference to such impact is made in other relevant documents. For example, the preparatory material for the decision meeting (item (viii) of the evidence list, slide 8) verified that the promotion of the green and digital transition has been considered when selecting projects: “In addition to the overall rating, the panel has evaluated the performance of the research infrastructure in the dual transition context (rating scale 1-6).”, with specific evaluation questions related to the digital and green transition mentioned in the evidence. Furthermore, the review form that guided the evaluation of the external evaluation panel (item (ix) of the evidence list, pages 5 & 6) covered assessment parts related to the impact of the projects on the green transition.

Finally, in line with the description of the measure, the investment shall help to strengthen the openness and interoperability of the research infrastructures of various actors (universities, universities of applied sciences, research institutes, companies and other RDI actors).

The services and data produced by the funded research infrastructure must be openly available, thus the call strengthened the openness and interoperability of the research infrastructures of various actors. This is evidenced by the call’s text, which states: “The project must add value to the research infrastructure’s access policy, service range, and/or user base” (item (ii) on the evidence list, page 3, Under the Heading: Services and users) and “The research infrastructure must offer feasible guidelines, practices and incentives/demands for researchers in order to support open access to research data. Also, the research infrastructure must take into account the necessary changes brought about by the growth in digitalisation and data intensity.” (item (ii) on the evidence list, page 3, Under the Heading: Digital platforms, and data).

The call for applications (item (ii) on the evidence list, page 3, Who can apply?) states that “The applicant is a research organization. The research organization selects the person who will be responsible for submitting the application.” This is further elaborated in the Application guidelines: Commitment by site of research in the second paragraph, where it is stated that “The site of research is the applicant’s background organisation (e.g., university, research institute, or research organisation)”.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 127	Related Measure: (127) P3C4I3 – Strengthening competitiveness and boosting growth in crisis-impacted sectors – Support for the renewal of the cultural and creative sectors	
Name of the Milestone: Publication of two calls for applications for projects supporting the renewal of cultural and creative sectors, respectively for development aid and pilot aid		
Qualitative Indicator: Publication of a first call for applications for development aid and a first call for applications for pilot aid		Time: Q4 2021
Context: <p>Milestone 127 is part of the investment P3C4I3, which has the objective to support the growth of the cultural and creative sectors. Three-fourths of the allocated funds will be targeted towards companies and organisations in the cultural and creative sectors, while the remaining part will be used as development and pilot funding to support innovation and new cooperation in companies in the creative sector.</p> <p>Milestone 127 requires two calls for applications with the aim to revitalise, grow, and internationalise the creative industries with an emphasis on digital transformation and innovation, to be launched by Business Finland and the Ministry of Education and Culture.</p> <p>Milestone 127 is the first step of the implementation of investment P3C4I3 and will be followed by two targets: target 128, which requires to notify the grants awards to at least 145 projects, and target 129, which requires the completion of 90 percent of the projects supported. The investment has a final expected date for implementation by 31 December 2025.</p>		
Evidence provided: <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none">i) Summary Document duly justifying how the milestone (including all the constitutive elements) are satisfactorily fulfilled.ii) Link to the publication of the first call for applications opened by Business Finland https://www.businessfinland.fi/ajankohtaista/haut/2021/luovien-alojen-uudistuminen-ja-kansainvalinen-kasvu-innovaatorahoitushaku, published on 15 September 2021 and open until 31 October 2021.iii) Copy of the terms of reference (applications instructions) published by Business Finland on 15 September 2021.iv) Copy of the second call for applications, including application instructions, published on 29 September 2021 and open until 28 October 2021. <p>The authorities also provided:</p> <ul style="list-style-type: none">v) Link to the publication of the Sustainable Growth Program for Finland (RRF) published by Business Finland https://www.businessfinland.fi/kampanjasivut/suomen-kestavan-kasvun-ohjelma.vi) Copy of Business Finland’s internal decision-making manual.vii) Copy of the “Do No Significant Harm (DNSH)” Administrative Certificates published by the Ministry of Education and Culture.		

- viii) Copy of the Roadmap for the Creative Economy 2020, published by the Ministry of Employment and Economy.
- ix) Extracts from the State Budget proposals 2021, 2022, 2023, and 2024 and the Parliament's position.
- x) Copy of the Funding Decision, published by Business Finland on 23 December 2021.

Analysis:

The justification and substantiating evidence provided by the Finnish authorities covers all constitutive elements of the milestone.

The first two calls for applications (one by Business Finland and one by Ministry of Education and Culture) shall be launched with the aim to revitalise, grow, and internationalise the creative industries, with emphasis on the digital transformation and innovation.

The two calls for applications were launched, as evidenced by the copy of the Business Finland call (item (ii) in the evidence list) and the copy of the call of the Ministry of Education and Culture (item (iv) in the evidence list). The call of Business Finland was launched on 15 September 2021 and remained open until 31 October 2021. The call of the Ministry of Education and Culture was launched on 29 September 2021 and remained open until 28 October 2021.

Page 1 of the call instructions related to the Business Finland call (item (iii) in the evidence list), states the objective of the call: "Funding for creative sector development projects aims at the renewal, growth, and internationalisation of creative and event enterprises, as well as the recovery of these industries. The key criteria for development projects are their innovativeness (at least national value), the development and renewal of business practices." (...) "Potential ecosystem impacts to stimulate the growth and internationalisation of the creative economy and event actors will also be taken into account." In addition, "Development projects in the field of audio-visual services may relate, for example, to the following topics: new earnings models and value chains opportunities created by digitalisation and data sustainable production models with competitive advantage cross-sectoral cooperation models."

Page 1 of the said call of the Ministry of Education and Culture (item (iv) in the evidence list) states the objective of the call: "Structural support for the cultural and creative sectors contributes to the modernisation and digitalisation of services, production, and business models in the cultural and creative sectors. In line with Finland's Sustainable Growth Programme, the objective of structural support is to contribute to the creation of jobs in the creative sectors and to a significant increase in their contribution to the current 3.5 % of GDP by 2026. The projects supported will contribute to the achievement of the objectives of the Creative Economy Roadmap."

The eligibility/selection criteria shall ensure that the intervention focuses on promoting elements directly linked to the digitalisation of business (according to intervention field 015 in Annex VII to the RRF Regulation).

Page 1, paragraph 2, of the call issued by Business Finland (as per item (ii) in the evidence list), which includes the selection criteria, states that "The key criteria for development projects are the innovativeness of the projects (novelty value at least nationally), the development and renewal of companies' operating methods. Projects to be funded are required to promote the digital transformation of the company or its business.", which is in line with the intervention field 015 in Annex VII to the RRF Regulation.

Page 1, sub-heading “Where and for whom is the grant intended?”, of the call issued by the Ministry for Education and Culture (item (iv) in the evidence list) states that: “Structural support for the cultural and creative sectors (grant) is intended to develop innovative services, production, and business models. Companies and bodies with legal capacity (including associations, foundations, and cooperatives) active in the arts and culture sectors, as well as municipalities and associations of municipalities can apply for the grant.” The call issued by the Ministry of Education and Culture continues, on page 3 under the sub-heading “Objective of the grant” (item (iv) in the evidence list), with “Structural aid also aims at strengthening internationalisation and promoting the digital transition of cultural and creative ecosystems. Structural support supports actions that contribute to the digital transformation of business.” This is further substantiated under sub-heading “Criteria for the content of project (themes 1-3)” where the fifth point states that the “impact of project outputs on the development of the digital transformation of the business” will be taken into account (item (iv), page 4).

The eligibility criteria shall also ensure that projects comply with the ‘Do no significant harm’ Technical Guidance (2021/C58/01) through the use of an exclusion list and the requirement of compliance with the relevant EU and national environmental legislation.

The Council Implementing Decision required that the eligibility criteria shall also ensure that projects comply with the ‘Do no significant harm’ Technical Guidance (2021/C58/01) through the use of an exclusion list. However, the exclusion list referred to in the Council Implementing Decision is missing from the applicant instructions and from the eligibility criteria.

Whilst this constitutes a minimal substantive deviation from the requirement of the Council Implementing Decision, the evaluation and selection of projects has been done by Business Finland’s experts who used an internal manual for the evaluation. The manual contains all the required eligibility criteria, and its compliance is mandatory in funding decisions. The evidence of the mandatory selection criteria, including but not limited to the “Do No Significant Harm (DNSH)” assessment, through the use of an exclusion list and the requirement of compliance with the relevant EU and national environment legislation, are found in the internal manual of Business Finland, as per item (vi) on page 3 (first paragraph), page 4 (second paragraph), and page 7 (paragraph 3.1). Paragraph 3.1. on page 7 of the internal decision-making manual states that: “Due to the environmental objectives, certain content or applications are not eligible for funding. Prohibited conduct shall include: i) activities related to fossil fuels, including refining and downstream use, ii) activities covered by the EU ETS resulting in the estimated greenhouse gas emissions exceeding the applicable benchmark, iii) operations related to landfills, incinerators, and mechanical biological treatment plants, iv) actions where long-term disposal of waste may cause harm to the environment.” Furthermore, on page 1, chapter entitled “Project funded by the European Union”, of Business Finland’s Funding Decision (item (x) in the evidence list) provides evidence of the requirement to follow and meet the eligibility criteria, as listed in the Questions and Answers section: “Throughout its lifecycle, the project must meet the “Do No Significant Harm (DNSH)” requirements, and any environmental and digital criteria set out in the funding application. The financing decision has been taken pursuant to Regulation (EU) 2021/241 establishing the Recovery and Resilience Facility.”

In the section addressing Frequently Asked Questions concerning the Recovery and Resilience Facility, in item (v) in the evidence list, under the bullet points concerning (i) “DNSH requirements”, (ii) “Interpretation of DNSH criteria when applying for R&D funding”, and (iii) “What is beneficiary information and why is it needed when processing RRF applications?”, Business Finland stated the

DNSH requirements, and more information could be found by the applicant regarding the DNSH Technical Guidance (2021/C58/01).

In addition, the evidence of this element can be found on page 3 (second paragraph) of Business Finland's call instructions (item (iii) in the evidence list): "Each project financed under the Finnish Sustainable Growth Programme must meet the DNSH criteria. The Recovery and Resilience Facility (RRF) requires that no measures should cause significant harm to the environment."

With respect to the call issued by the Ministry of Education and Culture, page 2 of item (iv) in the evidence list clarifies that: "No grant will be awarded to projects which do not respect the DNSH principle. In line with the DNSH principle, a project must not include operations that cause significant harm to any of the six environmental objectives defined in the EU Taxonomy Regulation. (...) Compliance with and commitment to the DNSH principle should be described in the application (separate annex). In addition, after the closing date for applications, the Ministry of Education and Culture may require the applicant to submit a specific report on compliance with the DNSH principle to support the decision-making process."

The call was published prior to the Council Implementing Decision adoption on 29 October 2021. At that time, the call for applications did not include an explicit reference to the use of an exclusion list.

The Ministry of Education and Culture approved 20 projects for funding under the first call for applications. A DNSH assessment has been carried out for these projects in accordance with the Commission Technical Guidance on DNSH (2021/C58/01). The Ministry has provided an assessment for each selected project (item (vii) in the evidence list), confirming that all projects do not include activities included in the exclusion list, and that they comply with EU and national environmental legislation. As of this, the fact that the exclusion is missing from the application instructions constitutes a minimal substantive deviation from the requirement of the CID, but this minimal deviation does not change the nature of the measure and does not affect the progress towards achieving the investment that the milestone represents, given that the selection process took into account the exclusion list provided in other documentation as explained above. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled.

Furthermore, in line with the description of the measure, **most of the financial support (75% of the allocated funds) shall target companies and organisations in the cultural and creative sectors for developing innovative service, production, and operating models and for strengthening the international competitiveness of the sectors and entities concerned. The rest (25%) of the allocated funds shall be used as developments and pilot funding to support innovation and new cooperation in companies in the creative economy.**

The evidence of the budgetary allocation requirement (75%/25%) can be found in item (ix) of the evidence list, namely the extracts from State Budgets Proposal for 2021, 2022, 2023, and 2024 and the Parliament's Position. In the state budget the RRF appropriations of the Ministry of Education and Culture and Business Finland for the creative sector have been divided into three different items: (Ministry of Education and Culture 29.80.50, Business Finland 32.20.40 (grants for projects) and 32.01.05 (other development funding to support innovation and new cooperation) by year (2021, 2022, 2023, 2024). Item (ix) contains extracts from the appropriations for the measure in the state budget for 2021-2024. Most of the financial support (75% of the allocated funds) targets companies and organisations in the cultural and creative sectors for developing innovative service, production and operating models, as well as for strengthening the international competitiveness of the sectors and entities concerned. This allocation is granted by the Ministry of Education and

Culture and amounts to EUR 30 million (item (ix) pages 1-5 2021: 4 000 000, 2022: 14 000 000, 2023: 9 000 000, 2024: 3 000 000). The remaining EUR 10 million (25% of the allocated funds) are to be used as development and pilot funding to support innovation and new cooperation in companies in the creative economy, and which will be granted by Business Finland (item (ix) pages 7-24, 2021: 1 700 000 & 400 000, 2022: 3 500 000 & 580 000, 2023: 3 620 000 & 260 000). be used as development and pilot funding to support innovation and new cooperation in companies in the creative economy, and which will be granted by Business Finland.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 133	Related Measure: (133) P4C1R1 – Preparation of the social welfare and health care reform in support of implementing the care guarantee	
Name of the Milestone: Entry into force of the initial legal framework establishing welfare areas and reforming the social and health care and rescue services		
Qualitative Indicator: Provisions in the legislative acts indicating their entry into force		Time: Q3 2021
Context: <p>Milestone 133 is part of reform P4C1R1, whose objective is to improve the accessibility of health and social services by promoting the implementation of the care guarantee.</p> <p>Milestone 133 requires the entry into force of the first set of legislative acts setting out the establishment of welfare areas and the reform of the social, healthcare and rescue services. The legislation is expected to cover three points:</p> <ul style="list-style-type: none">• Establishing 22 welfare areas, entrusted with the health, social and rescue services duties that were before the responsibility of municipalities and joint municipal authorities;• Transferring the legal responsibility for organising healthcare, social welfare and rescue services and other services and duties in the remit of the welfare areas; and• Organising rescue services within the welfare areas as a separate sector working in parallel with the healthcare and social welfare sector. <p>Milestone 133 is the first step of the implementation of the broad reform and it will be followed by milestones 134 and 135, related to the second set of legislative acts completing the establishment of welfare areas and the reform of the social, healthcare and rescue services (milestone 134), and the operationalisation of the 22 welfare areas (milestone 135). The reform has a final expected date for implementation by 30 June 2023.</p>		
Evidence provided: <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence is provided:</p> <ul style="list-style-type: none">i) Summary document duly justifying how the milestone was satisfactorily fulfilled;ii) Copy of the publication of the first set of legislative acts setting out the establishment of welfare areas and the reform of the social, healthcare and rescue services, in the Statute Book of Finland:<ul style="list-style-type: none">a. Copy of the Act on the Implementation of the Reform concerning Healthcare, Social Welfare and Rescue Services and the Implementation of Related Legislation (616/2021) (<i>Laki sosiaali- ja terveydenhuolto- ja pelastustoimea koskevan uudistuksen toimeenpanosta ja sitä koskevan lainsäädännön voimaanpanosta</i>) and a link to where it is published in the Statute Book of Finland https://www.finlex.fi/fi/laki/ajantasa/2021/20210616;b. Copy of the Act on Welfare Areas (611/2021) (<i>Laki hyvinvointialueesta</i>) and a link to where it is published in the Statute Book of Finland https://www.finlex.fi/fi/laki/ajantasa/2021/20210611;		

- c. Copy of the Act on Organising Healthcare and Social Welfare (612/2021) (*Laki sosiaali- ja terveydenhuollon järjestämisestä*), and a link to where it is published in the Statute Book of Finland <https://www.finlex.fi/fi/laki/ajantasa/2021/20210612>;
- d. Copy of the Act on Organising Rescue Services (613/2021) (*Laki pelastustoimen järjestämisestä*), and a link to where it is published in the Statute book of Finland <https://www.finlex.fi/fi/laki/ajantasa/2021/20210613>;
- e. Copy of the Act on Organising Healthcare and Social Welfare in Uusimaa (615/2021) (*Laki sosiaali- ja terveydenhuollon sekä pelastustoimen järjestämisestä Uudellamaalla*), and a link to where it is published in the Statute Book of Finland <https://www.finlex.fi/fi/laki/ajantasa/2021/20210615>.

The authorities also provided:

- iii) A copy of the Government proposal to the Parliament on legislation concerning the establishment of welfare areas and the reform of the organisation of social welfare, health care and rescue services (HE 241/2020) (*Hallituksen esitys eduskunnalle hyvinvointialueiden perustamista ja sosiaali- ja terveydenhuollon sekä pelastustoimen järjestämisen uudistusta koskevaksi lainsäädännöksi sekä Euroopan paikallisen itsehallinnon peruskirjan 12 ja 13 artiklan mukaisen ilmoituksen antamiseksi*), and a link to where it is published in the electronic FINLEX database <https://finlex.fi/fi/esitykset/he/2020/20200241>.

Analysis:

The Commission considers that there is a clerical error in the text of the Council Implementing Decision as regards the description of the milestone and the measure and has undertaken the assessment on a revised basis. In such descriptions, it is stated that 22 welfare areas shall be established. However, the RRP submitted by Finland, on page 274 (Finnish version), describes the total number of municipalities in Finland in the beginning of year 2020, responsible for organizing public social and health care. A significant structural reform in Finland, as described in that RRP, would transfer the responsibility for organizing public social and health care from these municipalities to 21 welfare areas. As an exception, in the region of Uusimaa, the responsibility for organizing social and health care would concentrate on the City of Helsinki, and as far as special care is concerned, on the HUS corporation. The responsibility for organizing rescue services would also be transferred to the welfare areas. Consequently, reference to 22 welfare areas is a clerical error in the Council Implementing Decision, and the establishment of 21 welfare areas is the figure that is considered relevant for the fulfilment of this milestone. Against this background, the justification and substantiating evidence provided by the Finnish authorities cover all constitutive elements of the milestone.

Entry into force of the first set of legislative acts setting out the establishment of welfare areas and the reform of the social, healthcare and rescue services [...] Furthermore, in line with the description of the measure, **the Act on the Implementation of the Reform of Health, Social and Rescue Services and on the Entry into Force of Related Legislation is expected to have entered into force on 1 July 2021.**

The first set of legislative acts setting out the establishment of welfare areas and the reform of the social, healthcare and rescue services as listed in the Council Implementing Decision, are identified in the list of evidence items (ii)a) – (ii)e) as follows:

- a) Also, in line with the description of the measure, the Act on the Implementation of the Reform concerning Healthcare, Social welfare and Rescue Services and implementation of

related legislation (616/2021) entered into force on 1 July 2021. As an exception, Section 2 of the Act lists four acts to be repealed, which entered into force on 1 January 2023. Entry into force is specified in Section 69 of the Act. The four acts to be repealed are: i) Public Health Act (66/1972), ii) Act on Specialised Medical Care (1062/1989), with the exceptions of the sections 28 and 29 of the Act, iii) Act on Planning and Government Transfers for Social Welfare and Healthcare (733/1992), and iv) Act on State Subsidies for Regional Rescue Services (1122/2003).

- b) Act on welfare areas (611/2021) entered into force on 1 July 2021, as specified in Section 1 of Act 616/2021.
- c) Act on Organising Healthcare and Social Welfare (612/2021) entered into force on 1 January 2023, with the exception of the chapters and sections listed under Section 1 of Act 616/2021. Those chapters and sections entered into force on earlier dates, as specified within the same section.
- d) Act on Organising Rescue Services (613/2021) entered into force on 1 January 2023, with the exception of the sections listed under Section 1 of Act 616/2021. Those sections entered into force on earlier dates, specified in the same section.
- e) Act on Organising Healthcare and Social Welfare in Uusimaa (615/2021) entered into force on 1 January 2023, as specified in Section 1 of Act 616/2021.

[...] Establishing 22 welfare areas, entrusted with the health, social and rescue services duties that were before the responsibility of municipalities and joint municipal authorities.

In addition, the description of the measure specifies that **the reform consists in adopting a number of legislative acts to reform the social welfare and health care system in Finland, based on which 22 regional welfare areas shall be established. The welfare areas shall be responsible for the delivery of social, healthcare and rescue services.**

Item (ii)a) on the list of evidence - the Act on the Implementation of the Reform Concerning Healthcare, Social Welfare and Rescue Services and the Implementation of Related Legislation (616/2021) - provides the following clauses:

- Section 5 of the Act establishes welfare areas as legal persons on 1 July 2021;
- Section 7 lists 17 welfare areas, and in addition 4 welfare areas in Uusimaa, totaling 21 welfare areas.
- Section 4 includes provisions on the transfer of the responsibility for organising social and health services from the municipalities to the welfare areas.

Item (iii) on the list of evidence, the Government proposal to the Parliament on Legislation Concerning the Establishment of Welfare Areas and the Reform of the Organisation of Social Welfare, Healthcare and Rescue Services (HE 241/2020) – provides in Chapter 7.5.1 a detailed explanation of the organisation of social and health services in Uusimaa, and the special arrangement concerning the City of Helsinki, which is responsible for organising social, health and rescue services in Helsinki, as cited in Chapter 7.5.1 Paragraph 2.

The preparatory legislative work plays a significant role in interpreting legislation by offering insights into the legislator's intentions.

Item (ii)e) on the list of evidence - the Act on Organising Healthcare and Social Welfare in Uusimaa (615/2021) - specifies under the Sections 3 and 4 that the welfare areas in Uusimaa, the City of

Helsinki and the HUS-corporation organise the social and health services in Uusimaa. Section 2, Paragraphs 2 and 3 further elaborate the applicable legislation covering the arrangements for Helsinki.

Item (ii)d) on the list of evidence - the Act on Organising Rescue services (613/2021) – in Section 4 includes provisions for the responsibility of welfare areas in organising the rescue services, which is transferred to them from the municipal level on 1 January 2023 in accordance with the Act 616/2021 section 4 paragraph 2.

[...] Transferring the legal responsibility for organising healthcare, social welfare and rescue services and other services and duties in the remit of the welfare areas. In addition, the description of the measure specifies that the welfare areas **shall be operational by 1 January 2023**.

Section 4 of item (ii)a) on the list of evidence - the Act on the Implementation of the Reform concerning Healthcare, Social Welfare and Rescue Services and the Implementation of Related Legislation (616/2021) - transfers the responsibilities for social, health, and rescue services as mandated by the Act 612/2021, from municipalities to the welfare areas on 1 January 2023. The arrangements for the transfer are further elaborated under Chapter 2 - Establishment of the welfare areas and transitory administration, Chapter 3 - Human Resources, Chapter 4 - Assets, Chapter 5 - Establishment of the HUS-corporation, Chapter 6 - tax implications, and Chapter 7 - other provisions.

Item (ii)b) on the list of evidence - the Act on Welfare Areas (611/2021) lays down supplementary provisions on the organisation of the administration and financial matters for the welfare areas. Chapter 2 defines the tasks and the responsibilities of the welfare areas and Chapter 3 the relationship between the welfare areas and the state and the municipalities. Part II of the Act covers the regional councils and the participation of the people living in welfare areas. Part III details the management and administration structures and arrangements for the welfare areas. Part IV includes provisions related to human resources and staff representation.

Item (ii)c) on the list of evidence - the Act on Organising Healthcare and Social Welfare (612/2021) - is applied for organising, developing, steering and monitoring of the social and health care, which is under the responsibility of the welfare areas.

Sections 3 and 4 of item (ii)e) on the list of evidence - the Act on Organising Healthcare and Social Welfare in Uusimaa (615/2021) - lay down provisions on the responsibility for organising healthcare and social welfare in Uusimaa (the four welfare areas in Uusimaa, the HUS corporation and the City of Helsinki).

[...] Organising rescue services within the welfare areas as a separate sector working in parallel with the healthcare and social welfare sector.

Dedicated legislation, item (ii)d) on the list of evidence - the Act on Organising Rescue Services (613/2021) - is applied for organising, developing, steering and monitoring the rescue services, which are under the responsibility of the welfare areas (Chapters 2-4). According to Section 1 Paragraph 3, the law is also applied for the City of Helsinki.

Section 2 of item (ii)b) on the list of evidence - the Act on Welfare Areas (611/2021) - defines welfare areas as bodies governed by public law, with a regional autonomy to the extent stipulated by the Act. Section 95 of the Act defines the content of the administrative code applicable for the welfare area. This administrative code leaves flexibility for the welfare areas decide the exact format of organising the services within the welfare area. Chapter 5.1.2 of the Government Proposal HE 241/2020 assesses

the different options for organising the rescue services. On page 443 the Proposal concludes that the rescue service is not part of social and health care, but a separate and parallel service to the social and health care function within the welfare area.

Furthermore, in line with the description of the measure, **this reform shall support the following activities:**

- **implement the care guarantee and strengthen the delivery of services**

The description of the measure also defines that, **as part of the preparation of the social and healthcare reform, the objective of this measure is to improve the accessibility of health and social services by promoting the implementation of the care guarantee.**

Item (iii) on the list of evidence - the Government proposal to the Parliament on Legislation concerning the Establishment of Welfare Areas and the Reform of the Organisation of Social Welfare, Healthcare and Rescue Services (HE 241/2020) provides for example the following reasoning:

- Chapter 4.2.4.4.3.2 describes the problems of the previous delivery system and how the establishment of the welfare areas would strengthen the delivery of services;
- Chapter 4.2.5.1 describes the aims for enhancing productivity;
- Chapter 6.1.2 describes that the care guarantee for primary health care will be implemented as part of the productivity package. The same chapter observes that the Ministerial working group on Health and Social services has outlined that an incentive system will be created for the welfare areas to implement the care guarantee.

Implementation of the care guarantee is covered by a separate investment P4C1I1, with an expected completion date by 31 December 2025.

- **strengthen prevention and early identification of social and health care needs**

For example, Chapter 3 of item (iii) on the list of evidence - the Government proposal to the Parliament on Legislation concerning the Establishment of Welfare Areas and the Reform of the Organisation of Social Welfare, Healthcare and Rescue Services (HE 241/2020) - states that the aim of the reform is to shift focus of social and health care activities to primary and preventative work. The autonomy of the welfare areas aims to enable implementation of these activities in accordance with the needs of the residents in the area.

According to Chapter 4.2.4.4.2, structural social work would enable better preconditions at the level of the welfare area to produce client work-based information on the needs of the clients and to integrate this information into the broader societal picture and impact assessment. This would feed the welfare areas with better information about the regional social problems and allow development of structures and measures to address and prevent problems in cooperation with the municipalities. This would enable the welfare areas to support municipalities better in promoting welfare and health.

Strengthening prevention and early identification of health problems is covered by a separate investment P4C1I2, with an expected completion date by 31 December 2025.

- **strengthen the knowledge base and improve guidance to support the cost-effectiveness of social and health care digital solutions**

Chapter 4.2.4.4.2 of item (iii) on the list of evidence – the Government proposal to the Parliament on Legislation concerning the Establishment of Welfare Areas and the Reform of the Organisation of Social Welfare, Healthcare and Rescue Services (HE 241/2020) lays out that the support by the welfare areas to the municipalities would ensure the coherent implementation of the wellbeing and health related tasks in the municipalities. Especially the small municipalities would benefit from strengthening of the steering and support structures for promotion of wellbeing and health in the welfare area. The Finnish Institute for Health and Welfare would steer the collection of data for monitoring wellbeing and health from municipalities and welfare areas. The reform would provide opportunities for developing and improving the collection and use of monitoring information for the wellbeing and health of population. The Finnish Institute for Health and Welfare would monitor and assess differences between population groups and thus improve the data on wellbeing and health in different population groups and areas. Up-to-date and comparable data would improve preconditions for evidence-based steering of activities. This data would also enable the exploitation of data collected by rescue, social and health services and would thus support development of new and more effective forms of operation.

In Chapter 7.2, in the analysis for Section 24, Paragraph 7 of the Act, the government proposal (HE 241/2020) recognises that the importance of digital solutions in the context of availability of the services and cost effectiveness is increasing.

Item (ii)c) on the list of evidence - the Act on Organising Healthcare and Social Welfare (612/2021) – in Section 24 of the Act provides for annual negotiations between the Ministry of Health and Social Affairs and each welfare area. These negotiations cover the implementation of the social and health services under the responsibility of the welfare area. The negotiations serve the purpose of strategic steering in the context of country wide targets for social and health care. Topics covered include, for example, the forecasts for the needs for services, the equality, relevance and adequacy of the social and health services, productivity and cost effectiveness of the social and health services and management of social and health information.

Strengthening the knowledge base and evidence-based decision making to increase cost-effectiveness of social welfare and health care services is covered by a separate investment P4C1I3, with an expected completion date by 31 December 2025.

Introducing digital innovations for social welfare and health care services is covered by a separate investment P4C1I4, with an expected completion date by 31 December 2025.

Commission Preliminary Assessment: Satisfactorily fulfilled