

## **Translation from Finnish**

**Legally binding only in Finnish and Swedish**

**Ministry of Agriculture and Forestry, Finland**

## **Temporary Act on the Financing of Sustainable Forestry**

(34/2015; amendments up to 202/2017 included)

### **Chapter 1**

#### **General provisions**

#### **Section 1**

##### **Purpose**

The purpose of this Act is to promote economically, ecologically and socially sustainable management and use of forest. The purpose of the aids referred to in this Act is to:

- 1) increase the growth of forests;
- 2) maintain the road network for forestry purposes;
- 3) secure the biodiversity of forests; and
- 4) promote the adaptation of forests to climate change.

#### **Section 2**

##### **Scope of application and limitations concerning the targeting of financing**

Financing referred to in this Act shall be targeted, within the limits of the appropriation allocated annually in the Budget, only to forests that fall within the scope of application laid down in section 2 of the Forest Act (1093/1996) or private nature conservation areas under the Government Resolution where the operation to be financed is allowed under the protection regulations. However, in such a case financing shall not be targeted to environmental aid contracts concerning these nature conservation areas. Financing shall be awarded as a grant.

Financing referred to in this Act shall not be used for compensations payable on the grounds of a contract concerning temporary protection of land under section 25 of the Nature Conservation Act (1096/1996) or compensations on which separate provisions are laid down in section 53 or 55,

subsection 2 of the said Act or otherwise, or compensations based on corresponding provisions in force prior to the above provisions.

Financing referred to in this Act shall not be used for planning and reporting by a public authority or an organisation managing a public administration task.

In this Act *forest* means forest land, poorly productive forest land, unproductive land and other forestry land.

### **Section 3**

#### **Application of other provisions and the State aid authority**

The provisions of the Act on Discretionary Government Transfers (688/2001), except for section 13, subsections 3 and 4 of the said Act, shall also apply to the aid referred to in this Act.

The Finnish Forest Centre (*Forest Centre*) functions as the State aid authority as regards the aids laid down in this Act. As regards decisions concerning the recovery of aid granted by the Forest Centre and dissolving and terminating an environmental aid contract the Finnish Agency for Rural Affairs functions as the State aid authority.

Provisions on public procurement shall apply to procurement to be financed by means of aid referred to in this Act to the extent that the procurement operation falls within the scope of public procurement. If the reason why the provisions on public procurement do not apply to the procurement operation is that the value of the procurement operation is below the national threshold value and if the amount of the aid is based on eligible costs, the beneficiary shall see that a sufficient number of tenders are invited concerning the procurement operation relating to undertaking the work or measure for which the aid is granted. In such a case tenders need not be invited concerning the organisation of subcontracting or supervision and guidance of the work of a subcontractor if the orderer responsible for undertaking the work or measure for which aid is granted is the party that prepared the implementation plan. (227/2016)

### **Section 4**

#### **Beneficiaries**

Aid under this Act shall only be granted to a private landowner. For forest nature management projects aid may also be granted to a corporation or self-employed person if the aid promotes the management and use of forests of private landowners. (227/2016)

When applying this Act *a private landowner* means:

- 1) a natural person;
- 2) a holder of a right of tenancy, right of use under a will, right of possession of a surviving spouse, pension right or other similar right if the holder is a natural person;
- 3) corporation, coalition and estate of a deceased person where all the partners, members or parties are natural persons and where the main purpose of the corporation or coalition is to practice farming or forestry;
- 4) a foundation where the main part of the operations are composed of practising farming or forestry;
- 5) partners to a jointly owned forest and jointly owned area referred to in the Act on Jointly Owner Areas (758/1989) if at least half of the shares are owned by natural persons.

In addition to the provisions in subsection 2, natural persons who own a real estate together with a company are also considered as private landowners if the ownership share of the natural persons in the real estate is at least 50 per cent and if the main purpose of the company is to practice farming or forestry. Funds covered by the provisions in the Act on Common Funds (48/1999) or Act on Alternative Fund Managers (162/2014) shall not be considered as private landowners. (202/2017)

Further provisions are issued by Government Decree on what is to be considered as practising farming and forestry as the main purpose referred to in subsection 2 and 3 and when practising farming and forestry may be considered to constitute the main part of the operations of a foundation or company. (202/2017)

## **Section 5**

### **Certain requirements concerning beneficiaries**

Aid shall not be granted to a company that is an undertaking in difficulty referred to in the European Union Guidelines for State aid in the agricultural and forestry sectors and in rural areas 2014 to 2020 (2014/C 204/01). Aid shall also not be granted to a party subject to recovery

proceedings under a decision of the European Commission concerning aid that violates the law and is incompatible with the internal market.

Aid referred to in this Act shall not be used to compensate for costs for which the beneficiary could have taken out an insurance.

## **Section 6**

### **General conditions for granting the aid**

The works for which the aid is granted shall be appropriate both economically and in view of the preservation of the biological diversity of forests. To the extent possible the works shall be organised so that they can be undertaken in a way that is economically the most advantageous. The works shall be undertaken in accordance with the good professional practice in the forest sector.

Aid shall not be used for work or a measure which is a statutory obligation of the landowner. Aid may be used for environmental aid when this compensates the landowner for a share of economic loss or inconvenience that is greater than minimal referred to in section 11 of the Forest Act.

The work or a measure for which the aid is granted shall be in accordance with the provisions laid down elsewhere in the law. Aid shall not be used for work or a measure that is due to action that has been determined as illegal. The works shall not cause damage to the other environment that could reasonably have been avoided.

## **Section 7**

### **Other public aid**

A condition for the aid granted under this Act is that no public aid referred to in section 4, paragraph 2 of the Act on Discretionary Government Transfers or aid granted through the tax system or these aids combined has been granted for the work or measure to be financed.

Aid granted under this Act shall be recovered if after the payment of the aid it comes out that other public aid referred to in subsection 1 has been granted for the work or measure.

## **Section 8**

### **Own work, commissioned work and joint project**

Works referred to in this Act may be undertaken as own work or commissioned to be undertaken by an external party. Aid shall not be granted to a measure undertaken as landowner's own work if the amount of the aid is based on eligible costs. (227/2016)

If the landowner is a natural person, work undertaken by the landowner or his or her spouse or child living in the same household shall be considered as own work. If the landowner is a corporation, coalition or estate of a deceased person, work undertaken by a partner or members of or party to this corporation, coalition and estate of a deceased person shall be considered as own work. If it is a question of joint ownership referred to in section 4, subsection 3, work undertaken by the natural person or partner of the company concerned shall be considered as own work. If the landowner is a corporation or foundation, work undertaken by a person employed by the corporation or foundation except for work undertaken by a person employed by the joint forest shall be considered as own work. In addition, work done without remuneration shall always be considered as own work.

A joint project is a project that is implemented in the area of at least two real estates that do not belong to the same landowner if the landowner of each real estate is eligible for the aid referred to in this Act. A project implemented by one jointly owned forest is also considered as a joint project.

## **Section 9**

### **Implementation plan and notification of implementation**

An implementation plan approved by the Forest Centre is a condition for granting aid for remedial fertilisation, peatland forest management, forest road construction and forest nature management projects. A notification of implementation shall be given to the Forest Centre on the completion of these projects. In addition, a notification of implementation shall be given to the Forest Centre on implementing a measure concerning early tending of seedling stands and management of young stands. (227/2016)

The party who draws up the implementation plan and notification of implementation shall possess sufficient expertise as regards the type and scale of the measure for which the aid is granted.

The implementation plan and notification of implementation may be drawn up as own work referred to in section 8. Aid may be granted for drawing up the implementation plan if the document is drawn up otherwise than as own work.

Provisions on the requirements for the content of the implementation plan and notification of implementation are laid down by Decree of the Ministry of Agriculture and Forestry.

## **Section 10**

### **Amount of aid and targeting of the funds**

The amount of the aid may be differentiated by region on the grounds of the circumstances as regards forestry and administrative borders as well as whether it is a question of a project of one forest holding or a joint project. Aid is granted as a percentage share of the eligible costs or according to calculated grounds. If it is a question of joint ownership referred to in section 4, subsection 3, aid is granted up to the amount corresponding to the proportional ownership shares of natural persons.

Aid granted for one project per beneficiary shall not exceed EUR 200,000. However, the maximum amount of aid for a forest nature management project is EUR 400,000. Aid is not granted if in the case of joint ownership referred to in section 4, subsection 3 the proportional share of natural persons of the scale of the project to be financed does not fulfil the requirement concerning the minimum scale of the project. Aid shall not be granted for forest nature management if the amount to be granted per project would be less than EUR 1,000.

Environmental aid compensates a landowner for loss of income from wood production deducted by the share of economic loss or inconvenience that is greater than minimal referred to in section 11 of the Forest Act. Environmental aid is not granted if the amount to be granted per contract would be less than EUR 500. In the case of joint ownership referred to in section 4, subsection 3 of this Act, natural persons are not eligible for the aid if their proportional share of the environmental aid to be granted would be less than EUR 500.

Further provisions on the amount of aid, eligible costs, grounds for calculating environmental aid and other grounds for determining the aid are issued by Government Decree. The average stumpage price of a cubic metre of wood used in calculating the cutting value of forest is laid down by Decree of the Ministry of Agriculture and Forestry. (227/2016)

## **Chapter 2**

### **Ecological aid and aid promoting the growth of forest**

## **Section 11**

### **Early tending of seedling stands**

Aid may be granted for the clearing and thinning of a seedling stand and the removal and thinning of nurse crop. (227/2016)

A condition for granting the aid is that the site, which may be divided over several areas, fulfils the requirement concerning the minimum surface area, requirements concerning a seedling stand and requirements concerning the density, drain and average height of the growing stock after treatment, and that no immediate need for tending remains on the site after the treatment.

Further provisions on the minimum surface area of the site, requirements concerning a seedling stand and requirements concerning the density, drain and average height of the growing stock after treatment, verification of the early tending of seedling stand work undertaken and other aid conditions and grounds for determining the aid referred to in this section are issued by Government Decree.

## **Section 12**

### **Management of young stands**

Aid may be granted for the clearing and thinning of an advanced seedling stand and removal and thinning of nurse crop. Aid may also be granted for improvement of young stands if the measure is not commercially viable. In addition, aid may be granted for the harvesting of small-diameter wood cut in connection with these works.

A condition for granting the aid is that the site, which may be divided over several areas, fulfils the requirement concerning the minimum surface area and the diameter at breast height of the growing stock before the treatment and requirements concerning the drain and the density, average height and diameter at breast height of the stand with growth potential after the treatment, and that no immediate need for management remains on the site after the treatment. (227/2016)

Further provisions on the minimum surface area of the site and diameter at breast height of the growing stock before the treatment, requirements concerning the drain of the growing stock, minimum amount of small-diameter wood harvested, density, average height and diameter at breast height of the stand with growth potential, verification of the young stand improvement

work undertaken and other conditions and grounds for determining the aid referred to in this section are issued by Government Decree. (227/2016)

### **Section 13**

#### **Remedial fertilisation**

Aid may be granted for ash fertilisation of peatland forest and fertilisation on sites where there is boron deficiency in the soil. (227/2016)

A condition for granting the aid is that the site, which may be divided over several areas, fulfils the requirement concerning the minimum area and the work is undertaken in a forest where the development of the growing stock is declining in spite of forest management measures due to soil nutrient imbalance and which can be revived by fertilisation. In addition, it is required that the fertiliser product is suitable for restoring the nutrient balance.

Aid shall not be granted if in the planning of the measure no special attention has been paid to the water and environmental impacts of the measures and mitigating the negative impact of the measures.

As regards fertilisation of peatlands, a condition for granting the aid is that the site fulfils the requirements concerning the minimum nutrient levels. In remedial fertilisation on peatlands the area must be appropriately drained. If this condition is not fulfilled before fertilisation, aid may still be granted if the fertilisation is performed in connection with a peatland forest management project which the Forest Centre has approved to be financed under this Act.

Further provisions on the minimum area of the site, fertilisation site, criteria for selecting the fertiliser, minimum nutrient levels of peatland and other conditions and grounds for determining the aid referred to in this section are issued by Government Decree.

Section 14 was repealed by 227/2016.

### **Section 15**

#### **Peatland forest management**

Aid may be granted for the improvement of ditching in an area drained earlier, water protection measures and construction of embankment roads that are related to the improvement of a drained area.

The conditions for granting the aid are that:

- 1) a separate plan on measures necessary in terms of water protection has been attached to the implementation plan;
- 2) the site, which may be divided over several areas, fulfils the requirements concerning the minimum area, lower limit for the nutrient level determined by aid zones and either the number of trees or seedling stand, as well as other requirements concerning the area;
- 3) the growth of the stand has clearly recovered after first-time ditching;
- 4) the growing stock in the area is in a satisfactory condition as regards forest management or the treatment of the growing stock is performed in connection with peatland forest management.

Aid shall not be granted if in the planning of the measure no special attention has been paid to the water and environmental impacts of the measures and mitigating the negative impact of the measures. The best available water protection methods and structures with reasonable costs shall be used in the planning and implementation.

Further provisions on the water protection measures, minimum area of the management site, lower limit for nutrients by aid zones and the requirements concerning the number of trees or seedling stand as well as other requirements concerning the area, requirements concerning the condition of the management site as regards forest management and other peatland forest management measures as well as other conditions and grounds for determining the aid referred to in this section are issued by Government Decree.

Provisions on the requirements for the content of the plan referred to in subsection 2, paragraph 1 are laid down by Decree of the Ministry of Agriculture and Forestry.

## **Chapter 3**

### **Road network**

#### **Section 16**

##### **Constructing a forest road**

Aid may be granted for the improvement of a private road required for forestry transport and constructing a new forest road. Improvement of a private road may concern either the road as a whole or a part, structures and constructions of a road, and it may involve constructing a new forest road. Improvement of a private road or constructing a new forest road may also concern constructing a separate storage area relating to the forest road. Improvement of a private road may concern constructing a separate storage area relating to the forest road or constructing a bridge or installing a culvert corresponding to a bridge even if no other improvement is done. In this Act forest road means a forest road referred to in section 5, subsection 2 of the Private Roads Act (358/1962).

A condition for granting the aid is that in terms of its structures the private road concerned in improvement or a new forest road is suitable for year-round forestry transport except for the frost damage period and that the improvement of the road or constructing a new road can be considered appropriate in view of the lower-level road network as a whole. In addition, it is required that a permanent right of way has been established in accordance with the Private Roads Act and a road maintenance association composed of partners to the road has been set up to manage the issues concerning the road. However, the requirement concerning the establishment of a permanent right of way and road maintenance association does not apply to a project implemented by a jointly owned forest alone. (227/2016)

Further provisions on the construction of a storage area as well as other conditions and grounds for determining the aid referred to in this section are issued by Government Decree.

## **Section 17**

### **Further conditions for granting aid concerning improvement of a private road**

The conditions for granting aid concerning improvement of a private road are that:

- 1) the project fulfils the requirements concerning the minimum length and width of a road and estimated share of forestry transport;
- 2) the project fulfils the requirements concerning the minimum length and width of a new road if such a road is included in the project;
- 3) maintenance of the road concerned in improvement has been taken care of;
- 4) the road maintenance association has made a decision on the improvement of the road.

In addition, a condition for granting the aid is that in the past 20 years improvement of the road has not been financed from the funds under the Private Roads Act. However, a derogation from this condition may be allowed if the use of the road has significantly changed due to increase in forestry transport or is going to change due to estimated increase in forestry transport or if the road in terms of its structures is no longer suitable for use by modern timber transport equipment. In addition, a condition for the derogation is that at least ten years have lapsed from the previous financing of the improvement of the road concerned from the above-mentioned public funds. The time limit is calculated from the final payment of the financing.

Further provisions on the requirements concerning the minimum length and width of the road, estimated share of forestry transport and the share of the minimum length and width of the new road and the condition concerning taking care of the maintenance of the road as well as other conditions and grounds for determining the aid referred to in this section are issued by Government Decree.

## **Section 18**

### **Further conditions for granting aid concerning constructing a new forest road**

A condition for granting aid for constructing a new forest road is that the forest road project is implemented as a joint project and the new road fulfils the requirements concerning the minimum length and width of the road, the maximum density, and the estimated share of forestry transport.

Further provisions on the requirements concerning the minimum length and width of a new forest road, the maximum density and the estimated share of forestry transport as well as other conditions and grounds for determining the aid referred to in this section are issued by Government Decree.

## **Chapter 4**

### **Maintenance of forest biodiversity and management of forest nature**

## **Section 19**

### **Environmental aid**

Environmental aid may be granted if measures relating to the management or use of forests take account of the maintenance of forest biodiversity, nature management or use of forests for purposes other than wood production more extensively than what is laid down in the Forest Act as

an obligation of the landowner. In addition, aid may be granted for preparing an environmental aid contract.

A condition for granting the aid is that the landowner concludes a contract with the Forest Centre where he or she commits to preserve the biodiversity of forests in a certain area as well as not to undertake forestry measures in the area without the consent of the Forest Centre.

A condition may be included in the contract between the Forest Centre and landowner that the landowner commits to comply with a nature management plan that promotes the preservation of characteristic features of a habitat located in the area covered by the contract.

The contract is in force for ten years. The contract is in force even if the whole area or part of it is transferred to a new owner.

Further provisions on the targeting of environmental aid and when the measures referred to in subsection 1 are more extensive than what is laid down for them in the Forest Act as well as other conditions and grounds for determining the aid referred to in this section are issued by Government Decree.

## **Section 20**

### **Nature management plan and other preparation of an environmental aid contract**

The nature management plan shall contain information on the nature management measures to be undertaken in the area covered by the contract and their implementation timetables.

The provisions in section 9 on the implementation plan apply to the nature management plan.

*Preparation of an environmental aid contract* means drawing up the nature management plan, mapping of sites to be covered by environmental aid, assessment of nature values and delimitation of nature sites, as well as establishing the value of the site to be covered by the contract and of the marketable growing stock of the forest holding in which the site is located. Aid for the preparation of an environmental aid contract may be granted only when this is done as other than landowner's own work.

## **Section 21**

### **Forest nature management projects**

Aid may be granted for:

- 1) management and improvement work on habitats that are important in terms of biodiversity extending to the area of several holdings as well as restoration of forest and peatland habitats;
- 2) preventing and repairing damages to waters caused by ditch drainage of forests if the measure has significance that is greater than usual in terms of the management of waters and aquatic nature and the costs cannot be assigned to a specific causing agent;
- 3) prescribed burning to promote the biodiversity of forests;
- 4) eradication of invasive alien species harmful to forest nature and preventing their spreading on forestry land; and
- 5) other regionally significant projects highlighting forest nature management and multiple use of forests as well as landscape, cultural and recreational values similar to the projects referred to in paragraphs 1–4.

Further provisions on the targeting of aid for forest nature management projects as well as other conditions and grounds for determining the aid referred to in this section may be issued by Government Decree.

## **Chapter 5**

### **Granting and payment of the aid**

#### **Section 22**

##### **Application for the aid**

Aid is applied for in writing from the Forest Centre. The name and contact information of the person who drew up the document shall be given in the application, implementation plan, nature management plan, and notification of implementation.

Aid shall be applied for before starting the measure. Measures may only be started after the Forest Centre has approved the application and implementation plan. However, work concerning early management of seedling stands and management of young stands as well as construction of an embankment road relating to peatland forest management may be started after the application has been submitted. The application shall contain a description of the project, its location and estimated time of starting and completing the project, and the amount of aid needed to implement

the project. An implementation plan shall be attached to the application if this is a condition for granting the aid under section 9. (227/2016)

If the applicant is a large company, an explanation shall be attached to the application on what the applicant will or will not do on the site if aid is not granted. The explanation shall also state the options that the applicant will or will not implement if aid under this Act is not granted. *A large company* means a company other than companies covered by the definition of microenterprises and small and medium-sized enterprises in Annex I of Regulation (EU) No 702/2014 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty of the Functioning of the European Union.

The provisions in subsection 2 on the application for the aid for the implementation plan and implementation of the project at the same time notwithstanding, aid may be applied for separately for drawing up an implementation plan if the measure is to be financed as a joint project.

Further provisions on the application for the aid and information to be given in the application are issued by Decree of the Ministry of Agriculture and Forestry.

## **Section 23**

### **Applying for a competition**

The beneficiaries of aid for a forest nature management project are selected on the basis of competition. In this case the Forest Centre establishes a time limit for applying for the aid. The maximum number of project applications per year is three.

The Forest Centre shall communicate, to an appropriate extent, on the possibility to apply for the aid referred to in subsection 1, criteria for selecting the projects and other procedures to be followed in the application, as well as on the main conditions and criteria for granting the aid.

Where necessary, further provisions on the selection criteria and procedures may be issued by Government Decree.

## **Section 24**

### **Procedure concerning contracts**

After the application concerning environmental aid has been instituted, the Forest Centre shall negotiate with the landowner on the content of the environmental aid contract. In the negotiations an agreement shall be reached on delimiting the site to be covered by the contract as well as restrictions on use concerning the site and possible environment management works. The Forest Centre shall also verify the information on the value of the growing stock referred to in section 20 relating to the preparation of an environmental aid contract.

The Forest Centre shall draw up minutes on the negotiations, including information on the delimitation of the site to be covered by the contract, restrictions on use concerning the site and possible environment management works. In addition, conditions concerning the termination, dissolving and transfer of the contract shall be entered to the minutes. The minutes shall be signed by the Forest Centre and aid applicant.

The Forest Centre makes the decision on the environmental aid using the information in the minutes. An environmental aid contract is concluded only when the Forest Centre has made the aid decision. The aid decision of the Forest Centre and minutes constitute the environmental aid contract.

Provisions on the information to be entered to the minutes referred to in subsection 2 are laid down by Decree of the Ministry of Agriculture and Forestry.

## **Section 25**

### **Obligation of the Forest Centre to establish certain facts**

Before deciding on the matter, the Forest Centre shall establish whether the intended measure may be subject to restrictions due to section 9, 24, 29–35, 47–49 and 56 and chapter 10 of the Nature Conservation Act. Where necessary, the Forest Centre shall request a statement from the Centre for Economic Development, Transport and the Environment in whose area of operation the measure is to be implemented. However, the Forest Centre may resolve the matter without a statement of the Centre for Economic Development, Transport and the Environment when two months have lapsed from the delivery of the request for statement at the Centre for Economic Development, Transport and the Environment.

## **Section 26**

### **Certain documents of the applicant needed for the decision on the application**

A decision concerning the implementation of a joint project or aid for a forest nature management project shall not be made before an explanation has been submitted to the Forest Centre showing that the landowners participating in the project are committed to implement the project.

The provision in subsection 1 does not apply to forest road projects. If it is a question of a forest road project other than one implemented by a jointly owned forest alone, the decision on the aid for the implementation shall not be made before a written notification of the decision of the road management association on improvement of a private road or constructing a new forest road and an up-to-date list of the partners to the road and road units assigned to them have been submitted to the Forest Centre. If it is a question of constructing a new forest road, an extract of the minutes on the establishment operation of the road management association shall also be submitted to the Forest Centre.

The documents referred to in subsection 1 and 2 above shall be duly signed. For this purpose it is enough to have a copy of the original signed document for the decision-making. Where necessary, the original signed documents may be checked after the payment of the aid.

If an assessment report in accordance with the Act on Environmental Impact Assessment Procedure (468/1994) is to be drawn up on the measure for which aid is granted, the aid decision shall not be made before the Forest Centre has access to the assessment report.

## **Section 27**

### **Admonition and temporary prohibition**

The Forest Centre may issue an admonition to an agent who draws up applications, implementation plans, notifications of implementation and nature management plans relating to aids referred to in this Act or other documents relating to application matters referred to in this Act if the said person has given misleading or incorrect information to the Forest Centre in the documents.

The Finnish Agency for Rural Affairs may, upon proposal by the Forest Centre, prohibit the agent from drawing up documents referred to in subsection 1 if giving misleading or incorrect information has been repeated in spite of an admonition issued by the Forest Centre.

The decision concerning the prohibition shall show the period of validity of the prohibition. A prohibition may be issued for a maximum of one year and it shall be geographically delimited.

## **Section 28**

### **Procedure concerning real estates in joint ownership**

Joint owners of a real estate in joint ownership who own at least a quarter of the real estate and to whom the joint owners managing the real estate belong have the right to jointly undertake a measure for which aid is granted under this Act for the part of the whole real estate and receive aid if they give up their claim concerning the payment of the implementation costs by joint owners other than those who have joined the measure. A single joint owner who owns a quarter of the real estate and who is a joint owner managing the real estate also has the same right.

A joint owner managing the real estate is one who:

- 1) has been designated to act as the manager of the real estate by an agreement referred to in chapter 24, section 1 of the Code of Inheritance (40/1965);
- 2) has by an agreement concluded by the joint owners been determined to act as the joint owner managing the real estate referred to in this Act; or
- 3) is a joint owner residing in the real estate provided that an agreement referred to in paragraph 1 or 2 has not been made.

The provisions in subsection 1 and 2 apply to parties to an undistributed estate of a deceased person whose estimated share is a quarter of the real estate at the time when the aid is granted.

The provisions in this section on a real estate also apply to a specified share of a real estate that is administered under partition of property by a private agreement.

Service of a decision referred to in this section is considered to have been effected on the joint owners when such service has been effected on one of the joint owners managing the real estate. The provisions of section 57, subsection 2 of the Administrative Procedure Act (434/2003) apply to service of a decision on an estate of a deceased person.

## **Section 28a**

### **Insufficient budget authority**

**(227/2016)**

The Ministry of Agriculture and Forestry has the right to order the Forest Centre to reject aid applications instituted after the publication of its decision for a fixed term or until further notice if the budget authority available to finance the aid for the year when the applications are instituted is insufficient.

A decision on rejecting an aid application referred to in subsection 1 above shall be published in the collection of regulations of the Ministry of Agriculture and Forestry. The Forest Centre shall also communicate the decision of the Ministry of Agriculture and Forestry to an appropriate extent.

Applications instituted before the publication of a decision referred to in subsection 1 shall be resolved in the order of receipt within the budget authority allocated for the measures. If there is no budget authority available for the year when the applications are instituted, the remaining applications shall be transferred to be processed within the budget authority allocated for the measures in the following year. Where there is no budget authority available for the following year, the applications shall be rejected.

## **Section 29**

### **Decisions concerning aid based on an implementation plan**

A decision concerning the approval of an implementation plan and implementation schedule of works included in the plan as well as aid to be granted for drawing up an implementation plan may be made separately before the other aid if the measures are to be financed as a joint project.

A decision referred to in subsection 1 above shall show that the aid is granted on the condition that the project is implemented within the time limit set by the Forest Centre. A further condition is that an implementation plan that fulfils the requirements laid down in this Act, application for aid for implementing the project or a report on completing the project in accordance with the implementation plan by means of financing other than that referred to in this Act have been submitted to the Forest Centre within the time limits it has set. Aid for the implementation plan shall be recovered if the beneficiary does not fulfil the requirements referred to in this subsection by the time limits set by the Forest Centre.

A decision concerning aid for implementation based on an implementation plan shall state the time by which the works included in the plan must have been completed. The payment of the aid for implementation shall be interrupted and the aid already paid recovered if the beneficiary does not complete the project by the time limit set by the Forest Centre.

## **Section 29a**

### **Time limit for implementing the measures (227/2016)**

A decision on granting aid for early tending of seedling stands and management of young stands shall show that the aid is granted on the condition that the works are undertaken within the time limit set in the decision. No extension of the time limit shall be granted for completing the works. (202/2017)

The Forest Centre may decide on the extension of the time limit by up to two years for completing a work based on the implementation plan. A condition for granting the extension is that the implementation has been delayed due to an unforeseeable obstacle faced by the implementation work. Extension shall not be granted if the completion of the measures has been delayed due to a procedure by the beneficiary, the party who drew up the implementation plan or other agent used by the beneficiary or the implementer of the project for which the aid has been granted. An extension of the time limit for completing the work shall be granted to the project only once.

Further provisions on the maximum time limits for the implementation of works concerning early tending of seedling stands and management of young stands referred to in subsection 1 are issued by Government Decree. (202/2017)

## **Section 30**

### **Certain decisions relating to the amount of aid**

To the extent that the amount of the aid for implementation based on an implementation plan is determined on the grounds of real costs the Forest Centre shall, in addition to the decision referred to in section 11 of the Act on Discretionary Government Transfers, give a separate decision on the final amount of the aid after the project has been completed and an acceptable notification of implementation has been presented on it to the Forest Centre. The same applies to the aid for environmental management works.

The Forest Centre shall, after having been notified of the matter, give a separate decision on whether an excess over the amounts of work and equipment and costs declared in the application can be approved. However, in the case of a minor excess the decision shall be made in connection with the decision concerning the final amount of the aid.

The Forest Centre shall decide on the final amount of the aid on the basis of a notification of implementation concerning early tending of seedling stands and management of young stands if the surface area of the management work implemented is smaller than the area concerned in the aid application. A separate decision is not needed if the extent of the management work is the same as in the original application for financing. The Forest Centre shall also decide on the final amount of the aid if the aid application concerned early tending of young stands but the work undertaken fulfils the requirements for management of young stands or vice versa. If the surface area of the managed area is larger than the area concerned in the aid application, the amount of the aid is calculated according to the surface area declared in the application. If the aid application concerned early tending of young stands but the work undertaken fulfils the requirements for management of young stands, the harvesting of small-diameter wood shall not be taken into account in the calculation of the aid in the decision concerning the final amount of the aid. For each decision on granting the aid only one notification of implementation shall be submitted. (202/2017)

### **Section 31**

#### **Signing a decision**

A decision by the Forest Centre on the granting, payment or refusal of aid may be signed electronically.

### **Section 32**

#### **Payment of aid**

Aid up to the maximum of 300 euros is paid in one instalment.

To the extent that the amount of the aid based on an implementation plan is determined on the grounds of real costs, the beneficiary, the party who drew up the implementation plan or other agent used by the beneficiary shall, upon request by the Forest Centre, deliver copies of the receipts showing the real costs to the Forest Centre. (227/2016)

The provisions in subsection 1 notwithstanding, environmental aid shall be paid in one instalment at the start of the contract period. However, environmental aid exceeding EUR 10,000 may be paid in more than one instalment. Aid payable for environmental management works shall be paid only after the Forest Centre has made a decision concerning the final amount of the aid.

The provisions in section 12, subsection 4 of the Act on Discretionary Government Transfers on information to be provided for the payment of aid shall apply to the party who drew up the implementation plan and notification of implementation or other agent used by the beneficiary.

### **Section 33**

#### **Information to be entered to the Land Information System**

The Forest Centre shall see that the environmental aid contract is saved to the Land Information System when the decision on granting the aid has been made. The Finnish Agency for Rural Affairs shall see that the information on changes to and termination and dissolving of these contracts is saved to the Land Information System.

### **Chapter 6**

#### **Obligations and supervision relating to the aid**

### **Section 34**

#### **Obligation to allow the use of a road for recreational purpose**

A landowner to whom aid for constructing a forest road has been granted is obliged to allow the use of the forest road or private road for recreational purpose free of charge. However, the use may be restricted if this is necessary to prevent the road from being damaged, to protect vulnerable areas, to ensure safe use of the road, or to ensure that the road can be appropriately used for forestry transport.

The obligation referred to in section 10 above is in force for ten years from the time when the aid granted for the measure has been paid in full.

### **Section 35**

#### **Management and maintenance obligation**

A landowner to whom aid for the management of young stands, remedial fertilisation, peatland forest management or constructing a forest road has been granted is obliged to see to the management and maintenance of the area or forest road concerned in the measure for ten years from the final payment of the aid granted for the measure. A landowner to whom aid for early tending of seedling stands has been granted is obliged to see to the management and

maintenance of the area concerned in the measure for seven years from the final payment of the aid granted for the measure. The area covered by the maintenance obligation shall not be used in a way that the use of the area for forestry purposes is prevented to a major extent.

Management and maintenance obligation comprises:

- 1) for early tending of seedling stands, that the further development of the stand is taken care of so that there is no need to grant aid for the management of young stands to the site before seven years have lapsed from the final payment of the aid granted for early tending of young stands;
- 2) for peatland forest management, that the channels dug or cleared in the peatland forest management area as well as the devices and structures built are kept in such a condition that they are fit for their purpose and the necessary forest management works are carried out in the area;
- 3) for constructing a forest road, that on a forest road and in a separate storage area action is taken to see to the necessary gravelling, repair of culverts and bridges as well as opening of blocked ditches and other works required for the maintenance of the road.

The management and maintenance obligation includes that a landowner to whom aid for early tending of seedling stands, management of young stands or remedial fertilisation has been granted shall not carry out regeneration fellings or other fellings that are not appropriate as regards the growing of forest in the area concerned in the measure during the period of seven or ten years from the final payment of the aid referred to in subsection 1. Regeneration felling may only be carried out when natural damage has taken place in the area that requires regeneration felling.

Financing referred to in this Act shall not be used for the works to be undertaken under the management and maintenance obligation.

## **Section 36**

### **Transfer of a management and maintenance obligation**

When the right of ownership to a real estate or other area is transferred to a new owner, the management and maintenance obligation is also transferred to this. If a real estate or area is redeemed and the use of the real estate or area for forestry purpose is thus prevented to an important extent, the Forest Centre shall terminate the management and maintenance obligation

upon application after having been notified of the matter. In this case the landowner has no obligation to refund the aid.

### **Section 37**

#### **Termination of a management and maintenance obligation**

The Forest Centre may terminate the management and maintenance obligation of an area or forest road if:

- 1) the landowner has to an important extent lost the economic benefit based on work undertaken by means of State funds;
- 2) the cause for the loss of benefit is natural damage or other reason independent of the landowner; and
- 3) renewing the work is not feasible.

The Forest Centre may terminate the management and maintenance obligation of an area or forest road if the economic benefit based on the work financed is lost because:

- 1) in the zoning plan the area or a significant part of it is designated to a use other than forestry land;
- 2) an environmental aid contract or other similar contract is concluded on the area or a significant part of it; or
- 3) the area becomes subject to restrictions on use or prohibition against taking of measures imposed under this Act.

If the landowner ceases the use of an area or significant part of it as forestry land, the Forest Centre shall terminate the management and maintenance obligation for the area.

The landowner is not obliged to refund the aid he or she has received if the management and maintenance obligation is terminated on the grounds of subsection 1 or 2. If the management and maintenance obligation is terminated on the grounds of subsection 3 the landowner is obliged to refund the aid he or she has received.

### **Section 38**

#### **Obligation to provide information relating to the aid**

A condition for granting the aid is that that, where necessary, the original receipts concerning the real costs declared in the application documents can be checked after the payment of the aid. The original receipts and original, signed documents referred to in section 26 shall be kept for ten years after the final payment of the aid.

The provisions on discretionary Government transfer recipient's duty to provide information in section 14 of the Act on Discretionary Government Transfers applies to the party who draws up the implementation plan or other agent used by the beneficiary as well as the implementer of the work or measure for which aid has been paid.

The landowner shall notify the Forest Centre without delay of the transfer of an area on which an environmental aid contract has been concluded. In addition, the landowner shall notify the Forest Centre of a change in circumstances in an area covered by an environmental aid contract due to natural damage or other cause that is independent of the landowner.

## **Section 39**

### **Supervision task of the Forest Centre**

It is the task of the Forest Centre to supervise the conditions relating to the granting, payment and use of the aid and compliance with the obligations relating to the aid as laid down in section 15–17 of the Act on Discretionary Government Transfers. In addition, where necessary the Forest Centre has the right to inspect whether the implementer of the project for which aid has been paid has fulfilled the obligations relating to the aid. For this purpose the afore-mentioned provisions of the Act on Discretionary Government Transfers apply to the inspection right and the performance of inspections. Provisions on the procedure to be followed in the inspection are laid down in section 39 of the Administrative Procedure Act. An inspection shall not be carried out in premises used for permanent residence.

The Forest Centre shall give the beneficiary the opportunity to correct shortcomings detected in field inspections if the shortcomings are minor and reasonably easy to correct. If the neglect of the obligation to allow the recreational use of a forest road is a minor one, the Forest Centre shall advise the landowner on the content of this obligation and give the landowner the opportunity to correct the neglect. In this case the Forest Centre shall set a time limit for correcting the shortcomings or neglect.

Provisions on the number and targeting of inspections that are the task of the Forest Centre as well as other technical details of organising the supervision are laid down by Decree of the Ministry of Agriculture and Forestry.

## **Chapter 7**

### **Refund and recovery of the aid and dissolving and terminating a contract**

#### **Section 40**

##### **Refund and recovery of the aid**

Provisions on the grounds for the refund and recovery of the aid are laid down in the Act on Discretionary Government Transfers. Aid to be refunded under section 20 of the Act on Discretionary Government Transfers shall be repaid to the Forest Centre. If the aid has been paid in several instalments, interest on the amount to be refunded or recovered referred to in section 24 the Act on Discretionary Government Transfers shall be paid from the final payment of the aid. When recovering the aid, interest under the said provision shall be paid until the date when the Forest Centre makes the proposal referred to in subsection 2 of this section to the Finnish Agency for Rural Affairs. By derogation from the provisions in section 20 of the Act on Discretionary Government Transfers the recovery of the aid may be waived if it is less than EUR 100.

The Forest Centre shall make the Finnish Agency for Rural Affairs a proposal to recover the aid if grounds for recovery laid down in section 21 or 22 of the Act on Discretionary Government Transfers come to its knowledge. After this the Finnish Agency for Rural Affairs makes a decision on the recovery of the aid. If it is a question of violating a management or maintenance obligation or obligation concerning recreational use of a road, the time limit referred to in section 28, subsection 2 of the Act on Discretionary Government Transfers is calculated from the end of the period of validity of the obligation.

Aid shall be recovered from the beneficiary unless otherwise provided in this section.

Environmental aid shall be recovered from the party who during his or her period of ownership has not complied with the obligations relating to the environmental aid contract. Aid granted for early tending of seedling stands, management of young stands, remedial fertilisation, peatland forest management and forest road construction shall be recovered from the party who violated the management and maintenance obligation during his or her period of ownership. In this connection the management and maintenance obligation of the area and, for the part of aid for forest road construction, the obligation concerning allowing the recreational use of the road end as well. Aid

granted for forest road construction shall also be recovered from the party during whose period of ownership the obligation concerning allowing the recreational use was not complied with. In this connection the obligation concerning allowing the recreational use of the road and management and maintenance obligation of an area end as well.

In case the provisions concerning the procedure relating to real estates in joint ownership have been applied to granting the aid, by derogation from subsection 3 aid cannot be recovered from a joint owner who has not received any of the aid unless such a joint owner or a new joint owner has personally participated in the action that constitutes the grounds for the recovery of the aid.

## **Section 41**

### **Dissolving a contract**

Upon a proposal of the Forest Centre the Finnish Agency for Rural Affairs may by its decision order an environmental aid contract to be dissolved and the aid already paid to be recovered if the landowner has through his or her action knowingly weakened the biological diversity of the site covered by environmental aid or otherwise in a major way violated the conditions of the contract. In such a case the landowner is obliged to refund the aid paid to the Finnish Agency for Rural Affairs.

Aid may also be recovered after the period of validity of the contract if the contract has been violated in a way referred to in subsection 1 during the period of validity of the contract.

## **Section 42**

### **Right of the Finnish Agency for Rural Affairs to terminate a contract**

Upon a proposal of the Forest Centre or application of a landowner the Finnish Agency for Rural Affairs is obliged to order by its decision an environmental aid contract terminated and the aid already paid to be partly recovered if the area covered by the contract is to be turned into a nature conservation area

Upon a proposal of the Forest Centre or application of a landowner the Finnish Agency for Rural Affairs may order by its decision an environmental aid contract terminated and the aid already paid to be partly recovered if the circumstances concerning the biological diversity of the site or other circumstances relating to fulfilling the contract obligations have changed in a way that the

grounds for the validity of the contract no longer exist or continuing the validity of the contract would be unreasonable.

In a situation referred to in subsections 1 and 2 the landowner is obliged to refund to the Finnish Agency for Rural Affairs the share of the aid paid corresponding to the remaining calendar months of the contract period. If the right of ownership to the area has changed, the refund obligation rests with the new owner. In a situation referred to in subsection 1 and 2 the landowner is not obliged to pay interest laid down in section 24 of the Act on Discretionary Government Transfers on the amount to be refunded.

## **Section 43**

### **Right of a landowner to terminate a contract**

If the owner of the area concerned in the contract changes, the new owner has the right to terminate a contract by notifying the Forest Centre of the termination in writing within six months from the transfer of the right of ownership. The termination enters into force when the new owner has refunded the share of the environmental aid paid corresponding to the remaining full calendar months of the contract period to the Forest Centre.

The landowner also has the right to otherwise terminate a contract should he or she wish to do so. The termination enters into force when the landowner has refunded the amount referred to in subsection 1 raised by 10 per cent to the Forest Centre.

## **Section 43a**

### **Targeting of funds**

**(227/2016)**

The Ministry of Agriculture and Forestry decides on the targeting of funds to measures referred to in this Act within the budget authority and appropriation allocated in the State Budget, taking account of the objectives of the National Forest Strategy. The Forest Centre shall draw up a proposal concerning the budget authority and targeting of funds annually to the Ministry of Agriculture and Forestry, taking account of the objectives presented in the regional forest programmes referred to in section 26 of the Forest Act.

## **Chapter 8**

### **Miscellaneous provisions**

## **Section 44**

### **Supervision task of the Ministry of Agriculture and Forestry**

It is the task of the Ministry of Agriculture and Forestry to supervise the activities of the Forest Centre and Finnish Agency for Rural Affairs as regards managing the tasks laid down for them in this Act. The Ministry has the right to obtain general use and monitoring information relating to its supervision task from the Forest Centre and Finnish Agency for Rural Affairs and to perform inspections concerning the activities of the Forest Centre and Finnish Agency for Rural Affairs necessary for supervising the compliance with this Act. The inspections may include inspections of documents and on-the-spot checks if these are of major significance to ensure the compliance with this Act in the granting and payment of the aid and supervision of its use. The provisions on the inspection right of the Ministry and the performance of inspections are laid down in section 16 and 17 of the Act on Discretionary Government Transfers.

The confidentiality provisions notwithstanding, the Ministry of Agriculture and Forestry has the right to obtain information from the Forest Centre and Finnish Agency for Rural Affairs on matters concerning the applicant and beneficiary of the aid necessary for managing its task which has major significance to ensure the compliance with this Act in the granting and payment of the aid and supervision of its use.

## **Section 45**

### **Supervision task of the Finnish Agency for Rural Affairs**

It is the task of the Finnish Agency for Rural Affairs to perform inspections of the Forest Centre necessary for supervising the compliance with this Act as more specifically ordered by the Ministry of Agriculture and Forestry. In this case the provisions of section 44 on the supervision task of the Ministry of Agriculture and Forestry apply to the supervision task of the Finnish Agency for Rural Affairs.

The confidentiality provisions notwithstanding, the Finnish Agency for Rural Affairs has the right to obtain information from the Forest Centre on matters concerning the applicant and beneficiary of the aid necessary for managing its task which has major significance to ensure the compliance with this Act in the granting and payment of the aid and supervision of its use.

Provisions on the number and targeting of inspections that are the task of the Finnish Agency for Rural Affairs as well as other technical details of organising the supervision are laid down by Decree of the Ministry of Agriculture and Forestry.

## **Section 46**

### **Appeal**

The provisions on appeal of the Act on Discretionary Government Transfers apply to a decision made under this Act. However, a matter concerning the recovery, dissolving and termination of a contract as well as temporary prohibition issued to an agent shall be appealed against with the Administrative Court without the procedure concerning a claim for a revised decision. A claim for a revised decision of the Forest Centre shall be submitted to the Forest Centre. A decision of the Forest Centre given on the grounds of a claim for a revised decision may be appealed against with the Administrative Court.

The competent Administrative Court is determined according to the judicial district of the Administrative Court within which most of the forestry land concerned is located.

The appellate authority shall give the Forest Centre the opportunity to be heard.

## **Section 47**

### **Field measurements**

The measurement and assessment methods commonly used in forestry shall be used in the measurements relating to this Act performed in the field.

## **Section 47a**

### **Tasks of the Natural Resources Institute Finland**

The Natural Resources Institute Finland shall submit the information on the arithmetic mean of the average stumpage price of a cubic metre of wood by counties in the past three calendar years to the Ministry of Agriculture and Forestry annually by the end of August.

In addition, the Natural Resources Institute Finland shall submit other information necessary for the implementation of the aid under this Act to the Ministry of Agriculture and Forestry.

## **Chapter 9**

### **Entry into force and transitional provisions**

#### **Section 48**

##### **Entry into force and transitional provisions**

Provisions on the entry into force of this Act are laid down by Government Decree. This Act is in force until 31 December 2020.

In accordance with the Decree 593/2015 this Act is in force from 1 June 2015.

However, the provisions of this Act other than those concerning the granting of the aid apply to aid granted under this Act after the end of the period of validity of this Act. Aid granted under this Act shall be paid no later than 31 December 2023.

In addition to the provisions in section 4, subsection 2, paragraph 5, a private landowner also refers to partners to a jointly owned forest or jointly owned area established before 1 March 2003.

The provisions in section 6, subsection 2 notwithstanding, aid under section 11 and 12 may be granted for tending of seedling stands and management of young stands if ten years have lapsed from forest regeneration under the Act on the Financing of Sustainable Forestry (1094/1996) financed on the same site. Aid under section 11 and 12 shall not be granted for tending of seedling stands and management of young stands unless ten years have lapsed from the clearing or thinning of a seedling stand or young stand financed as young stand management work on the same site under the Act on the Financing of Sustainable Forestry. (227/2016)

Aid under section 13 for remedial fertilisation shall not be granted unless 20 years have lapsed from the final payment of the aid for remedial fertilisation on the same site under the Act on the Financing of Sustainable Forestry financed.

Aid under section 15 for peatland forest management shall not be granted unless at least 20 years have lapsed from the final payment of aid for the financing of ditch drainage under the Act on the Financing of Sustainable Forestry or a corresponding earlier act. However, aid may be granted if at least ten years have lapsed from the previous final payment of financing for ditch drainage from public funds and the measures are absolutely necessary due to exceptional natural conditions.

Aid under section 16–18 for forest road construction shall not be granted unless at least 20 years have lapsed from the final payment of financing for a road project under the Act on the Financing of Sustainable Forestry or a corresponding earlier act. However, a derogation from this condition may be allowed if the use of the road has changed essentially due to increase in forestry transport or is going to change due to estimated increase in forestry transport or if the road in terms of its structures is no longer suitable for use by modern timber transport equipment. In addition, a condition for the derogation is that at least ten years have lapsed from the final payment of the previous financing for the construction or improvement of the road concerned by means of public funds.

A plan concerning remedial fertilisation, ditch drainage, forest road construction and a forest nature management project financed under the Act on the Financing of Sustainable Forestry may be accepted as the implementation plan of remedial fertilisation, peatland forest management, forest road construction and a forest nature management project if the plan as such or when supplemented fulfils the requirements in section 9 and aid for remedial fertilisation, ditch drainage, forest road construction and a forest nature management project may be granted on the basis of the plan for undertaking the work. No aid is granted for supplementing the plan.

### **Entry into force and application of the amending acts:**

#### **227/2016**

This Act enters into force on 18 April 2016.

The provisions in force upon the entry into force of this Act apply to matters instituted before the entry into force of this Act. Applications for aid for the prevention of root rot instituted before the entry into force of this Act are processed in the order of receipt. Measures to prevent root rot for which aid is granted shall be completed no later than 31 May 2016. Where there is no budget authority available for the processing, applications concerning the prevention of root rot shall be rejected.

Section 30, subsection 3 shall be applied to matters instituted before the entry into force of this Act. However, an application concerning early tending of seedling stands and management of young stands may be approved in accordance with the area declared in the notification of implementation. Section 32, subsection 2 shall be applied to aids granted before the entry into

force of this Act where the notification application concerning these was submitted to the Forest Centre after the entry into force of this Act.

Extension may be granted for completing the works mentioned in decisions concerning aid for early tending of seedling stands and management of young stands until the end of the calendar year following the date of granting the aid. No other extensions shall be granted.

Section 29a, subsection 2 shall also be applied for completing works mentioned in decisions concerning aid based on an implementation plan taken before the entry into force of this Act.

**202/2017:**

This Act enters into force on 20 April 2017.