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To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union
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Subject:	Proposal for a COUNCIL IMPLEMENTING DECISION amending Implementing Decision (EU) (ST 12524/21 INIT; ST 12524/21 ADD 1) of 29 October 2021 on the approval of the assessment of the recovery and resilience plan for Finland

Delegations will find attached document COM(2024) 263 final.

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COUNCIL IMPLEMENTING DECISION

amending Implementing Decision (EU) (ST 12524/21 INIT; ST 12524/21 ADD 1) of 29 October 2021 on the approval of the assessment of the recovery and resilience plan for Finland

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility[1], and in particular Article 20(1) thereof,

Having regard to the proposal from the European Commission,

Whereas:

(1) Following the submission of the national recovery and resilience plan ('RRP') by Finland on 27 May 2021, the Commission proposed its positive assessment to the Council. The Council approved the positive assessment by means of the Council Implementing Decision of 29 October 2021[2]. That Council Implementing Decision was amended on 14 March 2023[3] and on 8 December 2023[4].

(2) On 16 May 2024, Finland made a reasoned request to the Commission to make a proposal to amend the Council Implementing Decision of 29 October 2021 in accordance with Article 21(1) of Regulation (EU) 2021/241 on the grounds that the RRP is partially no longer achievable due to objective circumstances. On that basis, Finland has submitted an amended RRP.

Amendments based on Article 21 of Regulation 2021/241

(3) The amendments to the RRP submitted by Finland because of objective circumstances concern 16 measures.

(4) Finland has explained that seven measures are partially no longer achievable due to increased economic uncertainty caused by Russia's war of aggression, elevated interest rates, inflation and the cost-raising effects of various supply-chain bottlenecks or uncertainty in the financial markets. This concerns, respectively, milestone 4 and target 5 of measure I1 (Energy infrastructure investments) under component P1C1 (Transformation of the energy system); target 8 and description of measure I2

[1] OJ L 57, 18.2.2021, p. 17.
[2] ST 12524/21 and ST 12524/21 ADD 1
[3] ST 6991/23
[4] ST 15836/23

(Investment in new energy technologies) under component P1C1 (Transformation of the energy system); milestone 10 and description of measure I3 (Investment and reform package in Åland) under component P1C1 (Transformation of the energy system); target 21 of measure I2 (Direct electrification and decarbonisation of industrial processes) under component P1C2 (Industrial reforms and investments in support of the green and digital transition); target 24 of measure I3 (Re-use and recycling of key materials and industrial side streams) under component P1C2 (Industrial reforms and investments in support of the green and digital transition); target 94 of measure R1 (Reform of continuous learning) under component P3C2 (Raising the competence level and reform of continuous learning); target 99 and description of measure I3 (Raising the level of competence and renewing continuous learning, digitalisation and modernisation of education in Åland) under component P3C2 (Raising the competence level and reform of continuous learning). On this basis, Finland has requested to amend the aforementioned measures, including the relevant milestones and targets and/or to extend the implementation timeline of the those milestones and targets. The Council Implementing Decision of 29 October 2021 should be amended accordingly.

(5) Finland has explained that four measures are partially no longer achievable due to delays in procurement procedures caused as an example by long procedures of the Market Court or by extended equipment development time. This concerns respectively target 105 and description of measure I2 (RDI funding package promoting the green transition – accelerating key sectors and strengthening competence) under component P3C3 (RDI, research infrastructure and piloting); target 114 and description of measure I5 (Promoting innovation and research infrastructure – Local research infrastructure) under component P3C3 (RDI, research infrastructure and piloting); target 117 and description of measure I6 (Promoting innovation and research infrastructure - National research infrastructures) under component P3C3 (RDI, research infrastructure and piloting); target 140 and description of measure I5 (Introducing person-centered digital health care information system in Åland) under component P4C1 (Improving the availabililty of social welfare and health care services and increasing cost-effectiveness). On this basis, Finland has requested to extend the implementation timeline of the aforementioned targets, as well as to amend the corresponding measure description. The Council Implementing Decision of 29 October 2021 should be amended accordingly.

(6) Finland has explained that two measures are partially no longer achievable due to unforeseen measure-specific challenges, such as changes in data collection and reporting. This concerns respectively target 78 of measure R1 (Nordic model of employment services) under component P3C1 (Employment and labour market) and target 83 of measure R3 (Streamlining the work and education-based immigration process) under component P3C1 (Employment and labour market). On this basis, Finland has requested to amend target 78 and to convert target 83 into a milestone. The Council Implementing Decision of 29 October 2021 should be amended accordingly.

(7) Finland has explained that milestone 86, target 87 and target 89 (submeasure “Setting up of a new intermediate labour market operator”) of measure I1 (Development of work ability, productivity and well-being at work) under component P3C1 (Employment and labour market) are totally no longer achievable due to the deteriorated environment of investment and business activities caused by Russia’s war of aggression that has affected companies’ willingness and opportunities to recruit and

employ people. On this basis, Finland has asked to remove the aforementioned milestone and targets in their entirety.

(8) Finland has explained that one measure is partially no longer achievable due to altered administrative conditions stemming from the overwhelmingly large amount of applications for funding. This concerns milestone 147 of measure I1 (Investments for clean transition) under component P5C1 (REPowerEU). On this basis Finland has asked to amend the aforementioned milestone. The Council Implementing Decision of 29 October 2021 should be amended accordingly.

(9) Finland has explained that one measure has been amended to implement better alternatives in order to achieve the original ambition of the measure. This concerns measure I1 (Low-carbon hydrogen and carbon capture and utilisation) under component P1C2 (Industrial reforms and investments in support of the green and digital transition). On this basis, Finland has asked to amend the measure including the relevant milestones and targets. The Council Implementing Decision of 29 October 2021 should be amended accordingly.

(10) Finland has brought to the Commission's attention that the legislative amendments envisioned in milestone 38 of R2 (Tax reform for sustainable transport) under component P1C4 (Low-carbon solutions for communities and transport) do not comply with the principle of 'do no significant harm' within the meaning of Article 17 of Regulation (EU) 2020/852. Therefore, the Commission proposes to remove the milestone. The Council Implementing Decision of 29 October 2021 should be amended accordingly.

(11) Finland has further requested to use the resources freed up by the removal of one milestone to add one new milestone. This concerns milestone 38 under measure R2 (Tax reform for sustainable transport) under component P1C4 (Low-carbon solutions for communities and transport). Finland has further requested to use the remaining resources freed up by the removal of milestone 86, target 87 and target 89 (submeasure "Setting up of a new intermediate labour market operator") of measure I1 (Development of work ability, productivity and well-being at work) under component P3C1 (Employment and labour market) to increase the funding of the submeasure "Providing preventive support for work ability through physical and mental health measures for individuals and workplaces" of the same measure, amend target 90 and add target 90bis. The Council Implementing Decision of 29 October 2021 should be amended accordingly.

(12) The Commission considers that the reasons put forward by Finland justify the amendment pursuant to Article 21(2) of Regulation (EU) 2021/241.

Corrections of clerical errors

(13) 14 clerical errors have been identified in the text of the Council Implementing Decision, affecting five milestones and targets and 22 measures under 10 components. The Council Implementing Decision should be amended to correct those clerical errors that do not reflect the content of the RRP submitted to the Commission on 27 May 2021, as agreed between the Commission and Finland. Those clerical errors relate to the description of measure R1 (Significant reduction in the use of coal for energy by 2026) under component P1C1 (Transformation of the energy system); description of measure R2 (Action plan to phase out fossil oil heating) under component P1C3 (Reducing the climate and environmental impacts of the building stock); descriptions of measure of R1 (Modernisation of nature conservation legislation) and measure I1

(Gypsum treatment and nutrient recycling) under component P1C5 (Environmental sustainability and nature-based solutions); milestone 55 of measure I1 (Digital connectivity – Developing the quality and availability of communication networks) and milestone 58 and description of measure I2 (Transport and land use - Digirail project) under component P2C1 (Digital infrastructure); descriptions of measure I1 (Digital economy – Real-time economy (RTE) programme) and measure I2 (Acceleration of data economy and digitalisation - Virtual Finland) under component P2C2 (Accelerating the data economy and digitalisation); description of measure R1 (Nordic Model of Employment Services), target 84 and measure description of measure R3 (Streamlining the work and education-based immigration process), description of measure R4 (Strengthening the multidisciplinary services for young people (Ohjaamo services)) under component P3C1 (Employment and labour market) and to the description of that component; milestone 93 and target 94 of measure R1 (Reform of continuous learning), description of measure I2 (Improving the level of education by increasing student places in higher education under component P3C2 (Raising the competence level and reform of continuous learning); descriptions of measure I2 (RDI funding package promoting the green transition – Leading companies, measure I3 (RDI funding package promoting the green transition – accelerating key sectors and strengthening competence (Business Finland) and measure I4 (RDI funding package supporting the green transition – Supporting innovative growth companies) under component P3C3 (RDI, research infrastructure and piloting); descriptions of measure I1 (Promoting the implementation of the care guarantee and reducing the service the due to the COVID-19 pandemic backlog), measure I2 (Strenghtening prevention and early identification of health problems), measure I3 (Strenghtening the knowledge base and evidence-based decision-making to increase cost-effectiveness of social welfare and health care services) and measure I4 (Introducing digital innovations for social welfare and health care services) under component P4C1 (Improving the availability of social welfare and health care and increasing cost-effectiveness); descriptions of measure R1 (Green transition permitting) and measure I1 (Investments for clean transition) under component P5C1 (REPowerEU). Those corrections do not affect the implementation of the measures concerned.

Commission's assessment

(14) The Commission has assessed the modified RRP against the assessment criteria laid down in Article 19(3) of Regulation 2021/241.

Costing

(15) In accordance with Article 19(3), point (i), of and Annex V, criterion 2.9, to Regulation (EU) 2021/241, the justification provided in the amended RRP on the amount of the estimated total costs of the RRP is to a medium extent (Rating B) reasonable and plausible, is in line with the principle of cost efficiency and is commensurate to the expected national economic and social impact.

(16) For the assessment of the original RRP Finland had provided cost estimates for all measures, relying on a number of sources to justify the costs of investments and reforms. However, the evidence submitted to underpin the methodologies could in some cases have been more granular and provide more comprehensive costing information, in particular as regards some horizontal investment schemes.

(17) The costing information of the REPowerEU chapter provided individual cost estimates for all new measures, relying on a number of sources to justify the costs of

investments and reforms. On the basis of the documentation provided, the methodologies used to calculate the costs of most of the measures in the RRP were deemed reliable and constituting sufficient grounds for a positive assessment of their reasonability and plausibility. However, the methodological explanations accompanying the evidence submitted could have been further specified, in particular as regards the scope of investments and envisaged activities.

(18) For the modified measures, Finland has provided evidence that the costs are reasonable, plausible, cost-effective and commensurate. Finally, the amount of the estimated total costs of the RRP is in line with the principle of cost efficiency and commensurate to the expected national economic and social impact.

Any other assessment criteria

(19) The Commission considers that the modifications put forward by Finland do not affect the positive assessment of the RRP set out in the Council Implementing Decision of 29 October 2021 on the approval of the assessment of the RRP for Finland regarding the relevance, effectiveness, efficiency and coherence of the RRP against the assessment criteria laid down in Article 19(3), points (a), (b), (c), (d), (da), (db), (e), (f), (g), (h), (j) and (k).

Positive assessment

(20) Following the positive assessment by the Commission of the modified RRP with the finding that the RRP satisfactorily complies with the criteria for assessment set out in Regulation (EU) 2021/241, in accordance with Article 20(2) of and Annex V to that Regulation, the reforms and investment projects necessary for the implementation of the amended RRP, the relevant milestones, targets and indicators, and the amount made available from the Union for the implementation of the amended RRP in the form of non-repayable financial support should be set out.

Financial contribution

(21) The estimated total costs of Finland's amended RRP is EUR 1 949 227 000. As the amount of the estimated total costs of the amended RRP is higher than the updated maximum financial contribution available for Finland, the total financial contribution determined in accordance with Articles 20(4), 21a(6) and Article 21b(2) of Regulation (EU) 2021/241 allocated for Finland's amended RRP should be equal to EUR 1 949 059 854.

(22) Council Implementing Decision of 29 October 2021 on the approval of the assessment of the RRP for Finland should therefore be amended accordingly. For the sake of clarity, the Annex to that Implementing Decision should be replaced entirely,

HAS ADOPTED THIS DECISION:

Article 1

The Council Implementing Decision of 29 October 2021 on the approval of the assessment of the recovery and resilience plan for Finland is amended as follows:

(1) Article 1 is replaced by the following:

"Article 1

Approval of the assessment of the RRP

The assessment of the modified RRP of Finland on the basis of the criteria provided for in Article 19(3) of Regulation (EU) 2021/241 is approved. The reforms and investment projects under the RRP, the arrangements and timetable for the monitoring and implementation of the RRP, including the relevant milestones and targets, the relevant indicators relating to the fulfilment of the envisaged milestones and targets, and the arrangements for providing full access by the Commission to the underlying relevant data are set out in the Annex to this Decision.";

(2) The Annex is replaced by the text in the Annex to this Decision:

Article 2
Addressee

This Decision is addressed to the Republic of Finland.

Done at Brussels,

For the Council
The President