Council of the European Union

Brussels, 28 February 2023
(OR. en)

6954/23

Interinstitutional File:
2023/0067 (NLE)

ECOFIN 198
FIN 260
UEM 48

COVER NOTE

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
date of receipt:	28 February 2023
To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2023) 116 final
Subject:	Proposal for a COUNCIL IMPLEMENTING DECISION amending Council Implementing Decision (EU) (ST 12524/21 INIT; ST 12524/21 ADD 1) on the approval of the assessment of the recovery and resilience plan for Finland

Delegations will find attached document COM(2023) 116 final.

Encl.: COM(2023) 116 final

EUROPEAN
COMMISSION

Brussels, 28.2.2023
COM(2023) 116 final

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Proposal for a

COUNCIL IMPLEMENTING DECISION

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

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Proposal for a

COUNCIL IMPLEMENTING DECISION

amending Council Implementing Decision (EU) (ST 12524/21 INIT; ST 12524/21 ADD 1) 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 18(2) 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 has proposed its positive assessment to the Council. The Council has approved the positive assessment by means of the Council Implementing Decision of 29 October 2021[2].

(2) Pursuant to Article 11(2) of Regulation (EU) 2021/241, the maximum financial contribution for non-repayable financial support of each Member State should be updated by 30 June 2022 in accordance with the methodology provided therein. On 30 June 2022, the Commission presented the results of that update to the European Parliament and the Council.

(3) On 26 January 2023, Finland submitted its updated RRP to the Commission, in accordance with Article 18(2) of Regulation (EU) 2021/241, to take into account the updated maximum financial contribution. Pursuant to Article 19 of Regulation (EU) 2021/241, the Commission has assessed the relevance, effectiveness, efficiency and coherence of the updated RRP, in accordance with the assessment guidelines set out in Annex V to that Regulation.

(4) The update submitted by Finland affects 23 measures under components P1C2, P1C3, P1C4, P2C1, P2C2, P3C1, P3C2, P3C3, P3C4 and P4C1 as reflected in the Council Implementing Decision.

(5) Reform P1C2R1 concerns updating the Climate Act and low-carbon industrialisation. Finland has requested to correct erroneous references to the 'Climate Change Act' in milestones with sequential numbers 11 and 12 and provided evidence to confirm that the correct reference is ‘Climate Act’.

[1] OJ L 57, 18.2.2021, p. 17.

[2] ST 12524/21 INIT; ST 12524/21 ADD 1.

(6) Investment P1C2I1 provides funding for the production and utilisation of low-emission hydrogen as well as carbon dioxide capture and utilisation. In relation to the downwards update of the maximum financial contribution for Finland, the estimated cost of this measure is revised downwards from EUR 156 million to EUR 136 million, implying that a smaller number of projects can be financed. Moreover, Finland has explained that the implementation of this measure has already started and the average project size is larger than expected at the time of the submission of Finland's initial RRP. On this basis, Finland has updated its RRP for target with sequential number 18 to be revised downwards and require the completion of 3 supported projects instead of 5 supported projects.

(7) Investment P1C2I2 provides funding for direct electrification and low-carbonisation of industrial processes aimed at reducing CO2 emissions in the industrial sector. In relation to the downwards update of the maximum financial contribution for Finland, the estimated cost of this measure is revised downwards from EUR 60 million to EUR 48 million, implying that a smaller number of projects can be financed. On this basis, Finland has updated its RRP for target with sequential number 21 to be revised downwards proportionally and require the completion of 3 supported projects instead of 4 supported projects.

(8) Investment P1C3I1 concerns supporting the phasing out of fossil oil-based heating. Due to the downwards update of the maximum financial contribution for Finland, this measure is removed from the updated RRP of Finland. The description of the heating systems investment, as well as the corresponding milestones with sequential number 28, 29 and 30 should therefore be removed.

(9) Investment P1C4I1 provides funding for the distribution infrastructure for gas, electric and hydrogen vehicles. In relation to the downwards update of the maximum financial contribution for Finland, the estimated cost of this measure is revised downwards from EUR 20 million to EUR 13,6 million, implying that a smaller number of projects can be financed. Finland has explained that due to the reduced financial contribution, and the slow implementation of some technologies, it intends to direct the funding only to those more efficient and rapidly implementable technologies, in order to ensure the effectiveness of the measure. On this basis, Finland has updated its RRP so that support is provided only to the construction of charging infrastructure for electric vehicles and hydrogen refuelling stations. For this reason, Finland has updated its RRP for milestone with sequential number 39 to remove references to calls for applications for the distribution infrastructure for gas vehicles and to take account of the updated call calendar. Furthermore, Finland has updated its RRP so that targets with sequential numbers 40, 41, 42 and 43 are consolidated into a new target 40, which refers to the commitment of the reduced budget for the measure to finance electric vehicle chargers and hydrogen refuelling stations. Finally, Finland has updated its RRP for the indicative timeline for the new target 40 to be set to the second quarter of 2025 instead of the second quarter of 2024 as a result of longer execution times. These changes should also be reflected in the description of the measure in the Annex to the Council Implementing Decision.

(10) Investment P1C4I2 concerns funding for charging infrastructure of residential buildings and to extend the scope of the support for private charging infrastructure to working places. Due to the downwards update of the maximum financial contribution for Finland, this measure is removed from the updated RRP of Finland. The description of the private charging infrastructure investment, as well as the

corresponding milestones and targets with sequential numbers 44, 45 and 46 should therefore be removed.

(11) Investment P2C1I1 provides funding to increase the quality and availability of communication connections in areas where such connections are not provided based on market mechanisms alone. In relation to the downwards update of the maximum financial contribution for Finland, the estimated cost of this measure is revised downwards from EUR 50 million to EUR 32 million, implying that a smaller number of projects can be financed. On this basis, Finland has updated its RRP for the target with sequential number 56 to be revised downwards proportionally from at least 10 000 new dwellings gaining access to high-speed broadband (100/100 Mbit/s) to at least 6 400 new dwellings gaining access to high-speed broadband (100/100 Mbit/s). Similarly, Finland requested the target with sequential number 57 to be revised downwards proportionally from at least 25 000 new dwellings gaining access to high-speed broadband (100/100 Mbit/s) to at least 16 000 new dwellings gaining access to high-speed broadband (100/100 Mbit/s).

(12) Investment P2C2I2 provides funding for the development of the Virtual Finland service platform to enable the delivery of seamless digital services from the public and private sector for different target groups coming to Finland. In relation to the downwards update of the maximum financial contribution for Finland, the estimated cost of this measure is revised downwards from EUR 9 million to EUR 4 million. Finland has the intention to carry out the practical implementation of the project with other funding and means, while retaining the same ambition level to build a generic market platform. On this basis, Finland has updated its RRP to modify the description of the measure to reflect the fact that the investment will renew the service concept and integrate one service into the platform, while providing the possibility to integrate other services, that are currently handled separately in different ministries and agencies, into a user-friendly entity. As a consequence, the milestone with sequential number 63 relating to the entry into operation of the Virtual Finland joint platform and integrated services should be revised to reflect that investment P2C2I2 would provide a scalable overall concept, architecture and practical validation (proof of concept). The objective of the milestone is to build a platform with relevant digital services needed for an international market and meeting place for Finnish and foreign companies, growth companies, immigrating experts and investors. In addition, milestone 63 specifies that the platform will offer capabilities for public sector agencies, companies and municipalities to use the functionalities to their own processes and is revised downwards from at least two services that have been integrated, concerning the entry process for foreign individuals and businesses, to at least one service.

(13) Reform P3C1R2 concerns the removal of additional days of unemployment allowance. A clerical error has been identified in the definition of the milestone with sequential number 80, which refers to Unemployment Security Acts, rather than Act, in line with the name of the measure.

(14) Reform P3C1R3 concerns streamlining the work- and education-based immigration process. The measure aims to i) create a fast track for processing residence permits for specialists, growth entrepreneurs and their family members (target with sequential number 83) and ii) shorten the processing time for granting work and education-based residence permits (target with sequential number 84). For the fast track, the baseline was erroneously calculated on the basis of the average processing time of decisions for specialist and growth entrepreneur categories, rather than the weighted average of the two categories. In addition, the categories of applications included in the baseline were

different than those eligible for the fast track. For the work and education permits, a discrepancy appears in the Council Implementing Decision, as the target is for work and education-based residence permits, while the baseline reflects workers', specialists' and growth entrepreneurs' residence permit processes. Finland has therefore proposed to make corrections to the baseline so that it covers work and study permits and is aligned with the target. There is also a need to clarify that target with sequential number 84 applies to the permits granted. Those corrections allow a more direct comparison of the baseline and target for the targets with sequential numbers 83 and 84.

(15) Reform P3C1R4 concerns strengthening the multidisciplinary services for young people (Ohjaamo services). In relation to the downwards update of the maximum financial contribution for Finland, the estimated cost of this measure is revised downwards from EUR 13 million to EUR 6,5 million. On this basis, Finland has updated its RRP for target with sequential number 85 by revising it downwards proportionally with the reduced funding. While the nature of the commitment does not change, the target is revised by tying it to the reduced resources allocated, which is better suited to capture the objective of the measure, and by updating the implementation timeline to reflect the method through which the reduced funding can be effectively implemented. The definition of the integrated services is also clarified in line with the original baseline provided by Finland, which reflected the aim to increase social, health and education services provided in the Ohjaamo centres with the resources allocated, without an intention to cover all these three services in every Ohjaamo centre. The descriptive text of the measure in the Council Implementing Decision should be amended to reflect that revision, also to correct a clerical error implying that employment would be one of the services covered by this measure, whereas this is not mentioned in Finland's RRP.

(16) Investment P3C1I1 provides funding for development of work ability, productivity and well-being at work. In relation to the downwards update of the maximum financial contribution for Finland, the estimated cost of this investment measure is revised downwards from EUR 47 million to EUR 37,5 million. The reduced budget for this measure implies that a smaller number of employees can be employed by the new intermediate labour market operator. On this basis, Finland has updated its RRP for targets with sequential numbers 87 and 88 to be revised downwards from 400 to 170 persons with disabilities and from 700 to 650 persons with disabilities, respectively. In addition, a clerical error was identified in the target with sequential number 89, with regard to the use of the term hospital district. Hospital districts are converted into welfare areas under the social and health sector reform supported under P4C1R1. The terminology between these measures should be aligned.

(17) Reform P3C2R1 aims at improving employment opportunities of working age people by developing their skills and competences and to support the long-term growth potential of companies and the vitality of regions. A clerical error was identified in the milestone with sequential number 92 as in addition to the development of a medium-term foresight model, this erroneously refers to the development of short-term and long-term models. Finland has provided evidence confirming that short-term and long-term models already existed at the time of the adoption of the Council Implementing Decision and were never intended to be supported under this RRP measure. Its intention was to complete a medium-term forecasting model that would complement the existing short-term and long-term models. There is a need to amend the milestone

description by removing references to short term and long-term modelling accordingly.

(18) Investment P3C2I1 aims at enabling and accelerating the transformation of the education, training and skills development system across administrative boundaries by carrying out an extensive digitalisation programme. In relation to the downwards update of the maximum financial contribution for Finland, the estimated cost of this measure is revised downwards from EUR 46 million to EUR 32 million. The reduced budget implies that a lower share of operational new digital services can be made available. Finland has updated its RRP to revise the target with sequential number 97 from 80% to 70% of the services being available, a reduction and bundling of services to exploit synergies and an extension of one year to 2025 instead of 2024 for the completion date. According to Finland, this would allow to maintain the necessary minimum functionalities that a proportional cut to services would not guarantee and mitigate the negative effects of reduced allocation by replanning the service development and implementation. Finland has also updated its RRP to revise the language in the description of the target to improve its accuracy taking into account the reduced allocation. This includes referring to functionalities included in services rather than only referring to services, deleting the reference to capabilities under the mapping functionality and adding a reference to training under the information functionality. There is also a need to revise the description of the measure to extend the completion date to 2025 and clarify the scope of the measure by excluding explicitly early childhood education and care from the digital package for continuous learning.

(19) Investment P3C3I3 provides funding for boosting RDI activities supporting the green transition, focusing on the key sectors and technologies of the green transition. In relation to the downwards update of the maximum financial contribution for Finland, the estimated cost of this investment is revised downwards from EUR 27 million to EUR 25 million. On this basis, Finland has updated its RRP to revise the target with sequential number 108 so that its description reflects the change in the funding allocated to the measure.

(20) Investment P3C3I4 provides funding to increase small and medium enterprises' investments in RDI and to improve their preparedness for the digital and green transition. In relation to the downwards update of the maximum financial contribution for Finland, the estimated cost of this measure is revised downwards from EUR 20 million to EUR 18 million, implying that a smaller number of projects can be financed. On this basis, Finland has updated its RRP for the target with sequential number 110 to be revised downwards proportionally from the award of at least 25 grants to at least 22 grants. In addition, the target with sequential number 111 is to be revised so that its description reflects the change in the funding allocated to the measure.

(21) Investment P3C3I5 provides funding for the renewal and development of local research infrastructure. In relation to the downwards update of the maximum financial contribution for Finland, the estimated cost of this investment is revised downwards from EUR 30 million to EUR 25,25 million, implying that a smaller number of projects can be financed. On this basis, Finland has updated its RRP for the target with sequential number 113 to be revised downwards proportionally from the award of at least 12 grants to at least 10 grants. Similarly, the target with sequential number 114 is to be revised so that its description reflects the change in the funding allocated to the measure.

(22) Investment P3C3I7 provides funding to support development of testing environments (innovation infrastructures), with emphasis on the objectives of the green and digital transition. In relation to the downwards update of the maximum financial contribution for Finland, the estimated cost of this investment is revised downwards from EUR 25 million to EUR 20,75 million, implying that a smaller number of projects can be financed. On this basis, Finland has updated its RRP for the target with sequential number 119 to be revised downwards proportionally from the award of at least 4 grants to at least 3 grants, and for the target with sequential number 120 to be revised so that its description reflects the change in the funding allocated to the measure.

(23) Investment P3C4I1 provides funding for accelerating the growth of Finnish micro and small enterprises and boosting their internationalisation capabilities. In relation to the downwards update of the maximum financial contribution for Finland, the estimated funding of this investment measure is revised downwards from EUR 10 million to EUR 4,6 million, implying that a smaller number of projects can be financed. On this basis, Finland has updated its RRP for the target with the sequential number 123 to be revised downwards proportionally from the completion of at least 240 supported projects to at least 110 supported projects.

(24) Investment P3C4I2 provides funding to support international growth of companies by means of specific development grants and consists of the following interventions: (i) programme to promote low-carbon, circular economy and digital renewal in industry and to increase exports of industrial services; (ii) electric heavy-duty vehicle transport ecosystem; (iii) conversion and procurement subsidy for vehicles; (iv) health and wellbeing expertise and technology; (v) programme for growth and exports of water expertise. In relation to the downwards update of the maximum financial contribution for Finland, the estimated funding of this measure is revised downwards from EUR 24 million to EUR 17 million. On this basis, Finland has updated its RRP to remove the intervention regarding the vehicle conversion and vehicle procurement subsidy from the milestone with the sequential number 124. In addition, Finland has updated its RRP for the target with the sequential number 126 to be revised downwards from at least 550 entities having received support to at least 40 projects. Following the removal of the intervention regarding the vehicle conversion and vehicle procurement subsidy, which included natural persons among the final recipients, the reference to supported entities in the Council Implementing Decision is to be changed into completed projects for further clarity.

(25) Investment P3C4I4 provides funding to boost sustainable growth and innovation in tourism sector. In relation to the downwards update of the maximum financial contribution for Finland, the estimated funding of this measure is revised downwards from EUR 20 million to EUR 11,75 million, implying that a smaller number of entities can be supported. On this basis, Finland has updated its RRP for the milestone with sequential number 130 to be revised in order to reflect that only one call for applications for Research Development & Innovation funding to the tourism sector shall be launched. In addition, Finland has updated its RRP for the target with the sequential number 131 to be revised downwards from at least 35 to at least 14 entities receiving support. As a result, the entities receiving support would only be companies and not higher education institutions or research institutes anymore. In relation to the reduced financial allocation, Finland has updated its RRP to transform the target with sequential number 132 related to the implementation of a digital carbon footprint calculator for tourism services into a milestone. The milestone should refer only to the planning, development and publication of the digital carbon footprint calculator for

tourism services, with training material to be made available for users, taking into account the reduced allocation. Finally, Finland has updated its RRP to adjust the description of the measure accordingly by removing the implementation phase of the digital carbon footprint calculator, which aimed to implement the use of the national digital carbon footprint calculator for tourism services in at least 45% of the tourism companies and regions committed to the Sustainable Travel Finland programme.

(26) Investment P4C1I1 provides funding for promoting implementation of the care guarantee and reducing the service backlog due to the COVID-19 pandemic. In relation to the downwards update of the maximum financial contribution for Finland, the estimated funding of this investment measure is revised downwards from EUR 230 million to EUR 178 million. No change related to the reduced financial contribution is envisaged to the description of the measure or the associated target. However, a clerical error has been identified as regards the baseline for the target with sequential number 136. The current baseline erroneously comprises physical visits only, with the value registered in January 2020, while the care guarantee and the measure as described in the Council Implementing Decision relates to all visits. Finland has provided evidence supporting changing the baseline to 67% for all visits in January 2020.

(27) Investment P4C1I3 provides funding to increase the quality and cost-effectiveness of social and health services by promoting research on good practices and develop effective monitoring and methods of analysis. A clerical error was identified in the definition of the milestone with sequential number 138, as reference is made to the extension of the monitoring of the care guarantee using digital Kanta-services from 90% of the health centres to all of them. Finland has, however, provided evidence confirming that this was never intended, as Kanta-services were not offering this functionality when the Council Implementing Decision was adopted and that data is collected through the primary care registry.

(28) Changes made within Section 1 of the Annex to the Council Implementing Decision, are also reflected in Section 2 of the same Annex, which details the financial support provided to Finland for each payment instalment. These changes mirror the removal and modification of the milestones and targets already described above, whilst also updating the payment amounts for each instalment to reflect the reduced financial contribution under Article 18(2) of the RRF Regulation.

(29) The targeted nature of the modifications put forward by Finland does not affect the positive assessment of the RRP with regard to its relevance, effectiveness, efficiency and coherence of the RRP.

(30) In particular, with regard to the assessment criterion of Article 19(3), point (b) of Regulation (EU) 2021/241, in spite of the removal of the investment measures relating to the replacement of heating systems and private charging infrastructure, the updated RRP continues to address all or a significant subset of the challenges identified in the country-specific recommendations addressed by the Council to Finland in 2019 and 2020, including challenges concerning the green transition. The updated RRP still contains a substantial set of green measures, including on phasing out fossil oil heating and sustainable mobility. In particular, the "Action Plan to phase out fossil oil heating" will set out all the necessary measures to support the phasing out of fossil oil heating in all buildings in Finland by 2030. Furthermore, the Roadmap for fossil-free transport includes measures aiming at reducing transport emissions by 50 % in 2030 compared

to 2005 and the RRP includes an investment measure supporting the public recharging and refuelling infrastructure for gas, electric and hydrogen vehicles.

(31) Furthermore, with regard to the assessment criterion of Article 19(3), point (e), of Regulation (EU) 2021/241, taking into account the reduced maximum financial contribution and the updated RRP, the measures that effectively contribute to the green transition amount to 50,1 % of the updated RRP's total allocation, which is slightly lower when compared to 50,3 % in the initial RRP. Those figures have been calculated in accordance with the methodology set out in Annex VI to Regulation (EU) 2021/241.

(32) Moreover, with regard to the assessment criterion of Article 19(3), point (f), of Regulation (EU) 2021/241, the measures that effectively contribute to the digital transition account for an amount which represents 29,6 % of the updated RRP's total allocation, compared with 27,5 % in the initial RRP. Those figures have been calculated in accordance with the methodology set out in Annex VII to Regulation (EU) 2021/241.

(33) With regard to the assessment criteria of Article 19(3), points (a), (c), (d), (g), (h), (i), (j) and (k) of Regulation (EU) 2021/241, the limited modifications of the RRP do not affect the positive assessment of the initial plan.

(34) Following the positive assessment of the Commission concerning Finland's updated 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, this Decision should set out the amendments to the reforms and investment projects necessary to take account of the updated RRP.

(35) The estimated total cost of the updated RRP of Finland is EUR 1 822 137 000. As the updated RRP satisfactorily complies with the criteria for assessment set out in Regulation (EU) 2021/241 and, furthermore, as the amount of the estimated total costs of the updated RRP is higher than the updated maximum financial contribution available for Finland, the financial contribution allocated for Finland's updated RRP should be equal to the total amount of the updated financial contribution available for Finland.

(36) Council Implementing Decision of 29 October 2021 on the approval of the assessment of the recovery and resilience plan 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

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

The assessment of the updated 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) In Article 2, paragraphs 1 and 2 are replaced by the following:

"

1. The Union shall make available to Finland a financial contribution in the form of non-repayable support amounting to EUR 1 822 051 146.[3] An amount of EUR 1 660 743 618 shall be available to be legally committed by 31 December 2022. A further amount of EUR 161 307 528 shall be available to be legally committed from 1 January 2023 until 31 December 2023.

2. The Union financial contribution shall be made available by the Commission to Finland in instalments in accordance with the Annex to this Decision. The instalments may be disbursed by the Commission in one or several tranches. The size of the tranches shall be subject to the availability of funding.";

(3) The Annex is replaced by the text set out in the Annex to this Decision.

Article 2

This Decision is addressed to the Republic of Finland.

Done at Brussels,

For the Council
The President

[3] This amount corresponds to the financial allocation after deduction of Finland's proportional share of the expenses of Article 6(2) of Regulation (EU) 2021/241, calculated in accordance with the methodology of Article 11 of that Regulation.