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Analysis of the recovery and resilience plan of Finland

Accompanying the document

Proposal for a COUNCIL IMPLEMENTING DECISION

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

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1. EXECUTIVE SUMMARY

On 5 October 2023, Finland submitted to the Commission a modified national Recovery and Resilience Plan (RRP), including a REPowerEU chapter in accordance with Article 21c of Regulation (EU) 2021/241.

Finland is facing a number of macroeconomic challenges. After growing in the first half of 2023, Finland's GDP is expected to shrink during the rest of 2023. The inflationary pressure and high interest rates have stalled economic growth. In 2022, HICP inflation reached 7.2%, with energy and food prices being the main drivers, while a sharp fall is expected in 2023. The latest data on employment show a decrease in employment and the unemployment rate exceeding 7%, with the construction sector weighing on employment more than the other sectors.

Finland's investments in the green transition have so far been substantial, in particular in renewable energy and energy efficiency, but are expected to fall short of the required investment to achieve Finland's 2035 carbon-neutrality target. Raising long-term productivity growth and achieving carbon neutrality will require targeted policy action. The objective of the REPowerEU chapter of the Finnish recovery and resilience plan is to reduce the overall dependence on fossil fuels, decarbonise the energy sector, facilitate the deployment of renewables and to promote green skills.

The Finnish REPowerEU chapter includes one reform and three investments. The implementation of the measures included in the REPowerEU chapter is expected to contribute to supporting the objectives in Article 21c(3) of Regulation (EU) 2021/241. The modification of the plan does not affect any of the existing measures in Finland's recovery and resilience plan.

The modified RRP represents a comprehensive and adequate response to the economic and social challenges faced by Finland. It retains a focus on the green and digital transitions and on promoting smart, sustainable and inclusive growth, with measures prioritising social and economic cohesion, job creation, competitiveness, and innovation. The original 13 components, with the addition of a REPowerEU chapter, continue to address the six pillars of the RRF and maintain the level of ambition, taking into account the size of the plan. The plan continues to contain robust milestones, targets and verification mechanisms, and remains coherent with other policy commitments.

For the modification of its RRP, Finland has relied on Article 21c to include additional resources from ETS revenues and on a transfer of funds from the Brexit Adjustment Reserve (BAR) for its REPowerEU chapter.

Based on the assessment of the submitted modification and the REPowerEU chapter, the Finnish modified plan receives an A-rating on all criteria, except for costing (unchanged from the original plan assessment).

(1) Balanced Response	(2) CSRs	(3) Growth, jobs…	(4) DNSH	(5) Green target	(6) Digital target	(7) Lasting impact	(8) M & T	(9) Costing	(10) Control Systems	(11) Coherence	(12) REPowerEU	(13) Cross-border
A	A	A	A	A (52.3%)	A (28.9%)	A	A	B	A	A	A	A

2. OBJECTIVES OF THE MODIFICATION OF THE PLAN

2.1 Main challenges faced by Finland

Finland's economy is one of the most energy-intensive in the EU. Finland's geography is characterised by long distances and cold weather, which create a challenge in terms of reducing energy consumption. A new Climate Act entered into force in 2022, enshrining Finland's objective to become carbon-neutral by 2035, and carbon-negative soon thereafter, into law. Prior to the Russian war of aggression in Ukraine, Finland had a strong reliance on energy imports from Russia. Before February 2022, approximately 60% of Finland's energy imports came from Russia, while by March 2023, the Treasury reported that almost all energy flows from Russia to Finland had stopped[1]. Natural gas has traditionally been only a small part of Finland's energy mix, but the procurement of a floating liquefied natural gas terminal - which has been available since winter 2022 - strengthened Finland's security of energy supply. Moreover, Finland is on track to phase out the use of coal by 2029. Beyond this, further reduction in Finland's reliance on fossil fuels is essential to improve security of supply.

Achieving Finland's climate targets will require continued policy efforts and major public and private sector investment. Lengthy environmental permitting and related procedures risk throttling renewable energy investments. While Finland's share of renewables in the energy mix is already the second-highest in the EU, the planned increase in renewable energy to meet the 2035 carbon-neutrality target is expected to require large investments in an effective management of network infrastructure. In terms of energy infrastructure, a challenge is presented by the fact that a major share of renewable energy is generated in different regions from where most consumption takes place. Creating high-value added clean tech products with renewable energy could form a strong basis for Finland's competitiveness, but the permitting system needs to support innovative technologies. Strong interconnections between Finland and neighbouring countries are needed to ensure a well-functioning electricity market in the whole region and to increase the projected contribution of renewable energy to the energy mix. Labour shortages in key sectors related to the green sector have increased in recent years[2].

2.2 Overview of the new component

Finland submitted a new REPowerEU chapter on 5 October 2023. The component includes one reform and three investments to support the clean transition of the Finnish energy system. Finland has proposed a reform of its environmental permitting system to include a one-stop-shop and a single national authority to process environmental permits from submission to eventual decision. This is expected to significantly streamline the permitting process and reduce the time it takes to process permit applications. On the investment side, Finland has proposed a EUR 54.5 million clean transition investment measure, which is expected to support projects related to large-

[1] Republic of Finland, State Treasury: '2022 Debt Management Annual Review'; https://www.treasuryfinland.fi/annualreview2022/the-finnish-ruxit-decoupling-from-russian-energy-speeds-up-energy-transition/

[2] European Labour Authority (2023), 'EURES Report on labour shortages and surpluses 2022'

scale renewable energy projects in the demonstration phase with a priority on technical feasibility, as well as projects along the hydrogen value chain for renewable hydrogen production. A second investment measure aims to support research and development activities in the area of renewable energy and carbon emissions reductions. Finally, the third investment measure concerns support for the preparatory phase of offshore wind energy in the Åland islands autonomous region.

Table 1: new and modified components and associated costs

Component	Status	Costs (EUR million)
P5C1: REPowerEU	New	127.09

Other elements not covered by assessment criteria

The REPowerEU chapter is consistent with other relevant programmes, including Finland's national energy and climate plan. The chapter is consistent with the recommendations for the euro area as adopted by the Council on 16 May 2023, in particular with recommendation 2 which calls for the promotion of investments in the green transition and renewable energy. In terms of cross-border and multi-country projects, the measures included in the REPowerEU chapter are expected to contribute to securing energy supply in the Union as a whole as well as to reducing dependency on fossil fuels.

The description of the organisational arrangements, gender equality and equal opportunities for all and the planned communication strategy as reflected in the previous Staff Working Document[3] remains valid.

State aid and competition rules fully apply to the measures funded by the Recovery and Resilience Facility. Union funds channelled through the authorities of Member States, like the RRF funds, become State resources and can constitute State aid. When this is the case and State aid is present, these measures must be notified and approved by the Commission before Member States can grant the aid, unless those measures are covered by an existing aid scheme or comply with the applicable conditions of a block exemption regulation, in particular the General Block Exemption Regulation (GBER) declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 TFEU[4]. When State aid is present and it requires notification, it is the duty of the Member State to notify State aid measures to the Commission before granting them, in compliance with Article 108(3) TFEU. In this respect, the State aid analysis carried out by Finland in the recovery and resilience plan cannot be deemed a State aid notification. In as far as Finland considers that a specific measure contained in the recovery and resilience plan entails *de minimis*

[3] SWD(2021)284

[4] Annex to the Communication to the Commission of 9 March 2023 on the Approval of the content of a draft for a Commission Regulation amending Regulation (EU) No 651/2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty and Regulation (EU) 2022/2473 declaring certain categories of aid to undertakings active in the production, processing and marketing of fishery and aquaculture products compatible with the internal market in application of Articles 107 and 108 of the Treaty; available at: https://competition-policy.ec.europa.eu/system/files/2023-03/GBER_amendment_2023_EC_communication_annex_0.pdf

aid or aid exempted from the notification requirement, it is the responsibility of Finland to ensure full compliance with the applicable rules.

3. SUMMARY OF THE ASSESSMENT OF THE PLAN

3.1. Comprehensive and adequately balanced response to the economic and social situation

Table 2: Coverage of the six pillars of the Facility by the new or modified RRP components

	Green transition	Digital transformation	Smart, sustainable & inclusive growth	Social and territorial cohesion	Health, and economic, social and institutional resilience	Policies for the next generation
P5C1: REPowerEU	●	○	○			○

Key: "●" investments and reforms of the component significantly contribute to the pillar; "○" the component partially contributes to the pillar

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Taking into consideration all reforms and investments envisaged by Finland, its modified recovery and resilience plan continues to represent, to a large extent, a comprehensive and adequately balanced response to the economic and social situation, thereby contributing appropriately to all six pillars referred to in Article 3 of the RRF Regulation, taking the specific challenges and the financial allocation of Finland into account. This would warrant a rating of A under criterion 2.1 in Annex V to the RRF Regulation.

3.2. Link with country-specific recommendations and the European Semester

As the maximum financial contribution for Finland has been adjusted downwards and the present amendment only concerns the addition of a REPowerEU chapter, the 2022 and 2023 recommendations not related to energy challenges are not considered in the overall assessment.

The REPowerEU chapter contributes to addressing several challenges identified in energy-related country-specific recommendations of 2022 (CSR 2022 3) and 2023 (CSR 2023 4). The reform on streamlining and facilitating the environmental permit procedures contributes to reducing overall reliance on fossil fuels and accelerating the deployment of renewables, including by further speeding up permitting procedures (CSR 2022 3.2 and 2023 4). The Investments for clean transition measure contributes to reducing the overall reliance on fossil fuels (CSR 2022.3.1 and CSR 2023 4) and boosting public and private investment in the decarbonisation of industry and transport (CSR 2023 4). The investment on R&D for the green transition contributes to reducing the overall reliance on fossil fuels (CSR 2022.3.1 and CSR 2023 4) as well as to stepping up policy efforts aimed at the provision and acquisition of the skills needed for the green transition (CSR 2023 4). The measure related to the transformation of the energy system in Åland contributes to reducing overall reliance on fossil fuels and accelerating the deployment of renewable energy (CSR 2022 3.2).

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The nature and extent of the proposed modifications to Finland's recovery and resilience plan do not have a material impact on the previous assessment (rating of A) of the contribution of the plan to addressing all or a significant subset of challenges identified in the country-specific recommendations, or challenges in other relevant documents officially adopted by the Commission under the European Semester, and of the adequacy of its response to the economic and social situation of Finland, as reflected in the previous SWD (2021) 284.

3.3. Growth potential, job creation, economic, institutional and social resilience, European Pillar of Social Rights, mitigating the impact of the crisis, and social territorial cohesion and convergence

The nature and extent of the proposed modifications to Finland's recovery and resilience plan do not have a material impact on the previous assessment (rating of A) of the plan's impact on the growth potential, job creation, and economic, social and institutional resilience of the Member State, on contributing to the implementation of the European Pillar of Social Rights, including through the promotion of policies for children and youth, and on mitigating the economic and social impact of the COVID-19 crisis, thereby enhancing the economic, social and territorial cohesion and convergence within the Union, as reflected in the previous SWD (2021) 284.

3.4. The principle of 'do no significant harm'

The modified Finnish recovery and resilience plan including the REPowerEU chapter is expected to continue to ensure that no measure included in the plan does significant harm to environmental objectives, within the meaning of Article 17 of the Taxonomy Regulation. None of the measures included in the REPowerEU chapter requires a derogation from the 'do no significant harm' (DNSH) principle. The assessment of compliance with the DNSH principle of the plan as a whole is unchanged.

Finland has conducted an adequate DNSH assessment of all new measures included in the REPowerEU chapter. The DNSH assessment was performed in line with the methodology set out in the Commission´s technical guidance on the application of DNSH under the RRF Regulation (2021/C58/01). It covers the six environmental objectives applying a two-step approach. The first step assesses whether there is a risk that a measure could do significant harm to one or more of the environmental objectives. In cases where the analysis identifies a risk, a more detailed assessment is performed. Based on information provided by the Finnish authorities, there is either no risk of significant harm, or where a risk is identified, a more detailed assessment is performed demonstrating the absence of significant harm.

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Taking into consideration the assessment of all the measures envisaged, no measure for the implementation of reforms and investments projects included in Finland's modified recovery and resilience plan, including its REPowerEU chapter, is expected to do a significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) No 2020/852 (the

principle of 'do no significant harm'). This would warrant a rating of A under criterion 2.4 of Annex V to the RRF Regulation.

3.5. Green transition

The measures of the REPowerEU chapter are expected to contribute to the green transition, or addressing the challenges resulting therefrom, as well as to the achievement of the Union 2030 climate targets while complying with the objective of EU climate neutrality by 2050.

The reform of environmental permitting included in the REPowerEU chapter contributes to reducing the processing time of permit requests for investments in renewable energy, thereby contributing to speeding up the deployment of renewables. The clean transition investment and the offshore wind energy investment in Aland contribute to increasing the share of renewables in Finland's energy mix. The R&D investment contributes to addressing the REPowerEU objective on the acceleration of workforce requalification towards green skills.

Climate target

The measures in the modified RRP (including the REPowerEU chapter) supporting climate change objectives account for 52.3% of the plan's total allocation (i.e. above the 37% required), based on the methodology for climate tracking set out in Annex VI to the RRF Regulation.

The proposed measures within the REPowerEU chapter supporting climate change objectives account for 81.1% of the chapter's total estimated costs, based on the methodology for climate tracking set out in Annex VI to the RRF Regulation.

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Taking into consideration the assessment of all the measures envisaged, the modified recovery and resilience plan, including its REPowerEU chapter, is expected, to a large extent, to make a significant contribution to the green transition or to address the challenges resulting from it and ensures that at least 37% of its total allocation contributes to the climate target. At least 37% of the total estimated costs of the REPowerEU chapter contribute to the climate target. This would warrant a rating of A under criterion 2.5 of Annex V to the RRF Regulation.

3.6. Digital transition

Digital target

The revised RRP approved by the Council on 14 March 2023 erroneously attributed a digital contribution amounting to 29.9% of the updated RRP's total allocation. The correct figure is 28.85% of the updated RRP's total allocation and is not affected by the additional modifications proposed by Finland.

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The nature and extent of the proposed modifications to Finland's recovery and resilience plan do not have a material impact on the previous assessment (rating of A) of the contribution of the plan to the digital transition and to the digital target, as reflected in the previous SWD (2021) 284.

3.7. Lasting impact of the plan

With the modified plan, the implementation of the envisaged reforms and investments is expected to stay on its course and deliver lasting structural changes. The RRP continues to address both the consequences of the COVID-19 pandemic and the main structural socio-economic and environmental challenges affecting Finland and contributing towards all of the six pillars referred to in Article 3 of Regulation (EU) 2021/241.

Finland's REPowerEU chapter is expected to have a long-term positive impact by accelerating the green transition and ensuring energy security, through the investments supporting renewable energy and clean energy. The reform streamlining environmental permit procedures will support the green transition beyond the timeline of the RRP and is expected to have a long-term impact on investment in renewable energy in Finland. In addition, the research and development activities that focus on promoting renewable energy solutions in Finland will bring benefits beyond the timeframe of the RRF.

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Taking into consideration all reforms and investments envisaged by Finland in its modified recovery and resilience plan, their implementation is expected, to a large extent to bring about a structural change in the administration or in relevant institutions and in relevant policies and to have a lasting impact. This would warrant a rating of A under criterion 2.7 of Annex V to the RRF Regulation.

3.8. Milestones, targets, monitoring and implementation

The nature and extent of the proposed modifications to Finland's recovery and resilience plan do not have an impact on the previous assessment of the effective monitoring and implementation of the recovery and resilience plan, as detailed in SWD (2021) 284.

The milestones and targets of the modified Finnish recovery and resilience plan enable adequate monitoring of the plan's implementation. The REPowerEU chapter includes 12 additional milestones and targets. The overall number of milestones and targets remains balanced and manageable.

Finland's modified plan still corresponds to the original plan in terms of its level of ambition. Finland has sufficiently described the relevant data collection systems and responsibilities that also can be qualified as clear, robust and effective to ensure effective completion of milestones and targets. The assessment of the adequacy of the RRP's implementation structure, arrangements for the monitoring of progress and for reporting, and the overall organisational arrangements remain unchanged. The Ministry of Finance of the Republic of Finland remains responsible for the collection of information on the implementation of investments and reforms, on the fulfilment of milestones and targets and on the use of funds, for reporting, and for the submission of payment requests.

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The arrangements proposed by Finland in its modified recovery and resilience plan are expected to be adequate to ensure effective monitoring and implementation of the recovery and resilience plan, including the envisaged timetable, milestones and targets, and the related indicators. This would warrant a rating of A under the assessment criterion 2.8 of Annex V to the RRF Regulation.

3.9. Costing

Finland has provided individual estimated costs for all the new measures that entail a cost in the REPowerEU chapter. The cost information provided by Finland is mostly sufficiently detailed and substantiated. Finland provided estimates and assumptions on costs as well as descriptions of the methodology used by submitting the standard template table, which was intended to summarise the key information and evidence on costing, as well as other accompanying documents.

The assessment of the cost estimates and supporting documents shows that the majority of the costs of the new measures are well justified, reasonable, plausible and do not include costs covered by existing or planned EU financing and are commensurate to the expected economic and social impact of the envisaged measures.

Overall, assumptions used by Finland to estimate the costs of the new measures in the REPowerEU chapter provide a reasonable explanation of their primary cost drivers. The provided materials generally allow for identifying the methodology used in costing calculations, but do not provide sufficient level of detail in all instances.

The new measures in the REPowerEU chapter of the Finnish recovery and resilience plan comply with the eligibility criteria set out in the RRF Regulation. All costs are incurred for reforms and investments after February 2022. Value-added tax (VAT) is not included in any of the cost estimates. Some of the REPowerEU measures include staff-related costs that are acceptable, as relevant justifications were provided by Finland showing that these costs are temporary in nature and represent an integral part of the relevant measures.

The amount of the estimated costs of new measures in the REPowerEU chapter is in line with the nature and type of the envisaged reform and investments. Finland provided supporting documents and evidence to substantiate the cost estimates for the new measures in the REPowerEU chapter. However, in the REPowerEU chapter, additional information on the plausibility of cost estimates was necessary in instances where the given explanations were not detailed or substantiated enough for plausibility to be established. This was the case especially for some elements of the investment in R&D for the green transition.

Considering the limitations of an ex-ante assessment of cost estimates, the amounts proposed for financing were deemed appropriate and seen as establishing the plausibility of the cost estimates to a medium extent.

Finland has indicated that the estimated costs for REPowerEU measures will not be funded at the same time by other Union funding sources. The commitment to put in place safeguards which are meant to prevent double funding remains and has not been altered by the plan’s modification.

The total estimated cost of the modified Finnish recovery and resilience plan is commensurate to the expected social and economic impact of the envisaged measures. The plan is expected to effectively address a significant subset of challenges identified in the country-specific recommendations (CSRs). The economic and social impact of the plan in combination with the positive cost assessment, indicates that the cost is in line with the principle of cost-efficiency.

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The justification provided by Finland on the amount of the estimated total costs of the modified recovery and resilience plan is to a medium extent reasonable, plausible, in line with the principle of cost-efficiency and is commensurate to the expected national economic and social impact. Finland provided sufficient information and evidence that the amount of the estimated cost of the reforms and investments of the modified recovery and resilience plan to be financed under the Facility is not covered by existing or planned Union financing. This would warrant a rating of B under the assessment criterion 2.9 of Annex V to the RRF Regulation.

3.10. Controls and audit

The original assessment of the robustness and adequacy of the control system and other arrangements included in the Finnish RRP had concluded that these arrangements were adequate while establishing two milestones providing for the entry into force of the Law on the implementation of the RRP and the repository system for audit and controls. This warranted a rating of A under the assessment criterion 2.10 of Annex V to the RRF Regulation.

The Finnish authorities have confirmed that the internal control system presented in the original RRP, as well as arrangements for the prevention, detection and correction of fraud, corruption, conflict of interest and double funding is not modified.

The modifications to the original plan, its amendment[5] and the introduction of the REPowerEU chapter as such do not affect the original assessment. However, in the context of the modification of the Finnish RRP, its audit and control system need to be reassessed on the basis of criteria 2.10 of Annex V to the RRF Regulation. Since the original assessment, the Commission has had access to information on its actual implementation. This includes the findings of the audit on the protection of the financial interests of the Union performed by the Commission in Finland.

In light of this information, the Commission considers that the internal control system of the Finnish RRP is overall adequate, but it has some deficiencies that need to be addressed. In this context, a dedicated audit and control milestone has been introduced to remedy the weaknesses.

Robustness of internal control system and distribution of roles and responsibilities

[5] 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 previously assessed arrangements as regards the roles and responsibilities of the actors for control and audit, segregation of functions and independence of actors performing audits remain adequate.

Adequacy of control systems and other relevant arrangements

The control system and other arrangements to prevent, detect and correct fraud, corruption and conflicts of interest when using funds provided by the RRF continue to appear overall adequate. Nevertheless, the Commission services have identified certain shortcomings in the course of their audit work, namely in relation to the verification of conflicts of interest, the fraud risk assessment and the verification of compliance with EU and national rules. In this context an additional milestone needs to be introduced in order to remedy these weaknesses. The milestone should require the entry into force of a decree of the Ministry of Finance on risk management and controls to ensure protection of the financial interests of the Union and compliance with applicable Union and national rules, and the publication of Guidelines of the coordinating body for the RRF implementing bodies. The latter should cover procedures on the verification of conflicts of interest, double funding, compliance with EU and national law, as well as on the use of data for the purpose of detecting fraud, corruption, conflicts of interest and double funding.

Adequacy of arrangements to avoid double EU funding

The previously assessed arrangements as regards the prevention, detection and correction of double funding remain in place as initially assessed by the Commission.

Legal empowerment and administrative capacity of control function

The legal mandate of all institutions involved in implementation, monitoring and auditing was endorsed by the adoption of the RRP Implementation Act, which gives the Ministry of Finance the mandate to coordinate within the RRP framework. The Ministry of Finance is responsible for preparing, signing, and submitting the payment request. Implementing bodies are tasked to ensure the collection of data related to the achievement of milestones and targets and the completeness and accuracy of the data. Data on the achievement of milestones and targets is set to be recorded in the centralised national IT system maintained by the Ministry of Finance, which is tasked to ensure that implementing agencies submit the required information to the IT system. The implementation of the Plan is to be ensured by line ministries and their subordinated structures.

Ministries and authorities granting support are responsible for the RRP's actions on the basis of the Act on Discretionary Government Transfers (688/2001) or special legislation. Audits are entrusted to the Ministry of Finance's Financial Controller's function. While the function is part of the Ministry of Finance, its independence from the coordinating body and institutions responsible for the implementation of the reforms and investments is confirmed. The National Audit Office of Finland (NAOF) will also audit the implementation of the plan. The NAOF, which reports to Parliament, carries out audits as part of the monitoring of the implementation of the state budget, which may concern both the central government accounting offices and the EU funds used in Finland, including the implementation of the RRP.

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The arrangements proposed by Finland in the modified recovery and resilience plan to prevent, detect and correct corruption, fraud and conflicts of interest when using the funds provided under the Facility, including the arrangements aimed to avoid double funding from the Facility and other Union programmes, are assessed to be adequate. This would warrant a rating of A under the assessment criterion 2.10 of Annex V to the RRF Regulation.

3.11. Coherence

In accordance with Article 19(3), point (k), of and Annex V, criterion 2.11, to Regulation (EU) 2021/241, the RRP includes to a high extent (Rating A) measures for the implementation of reforms and public investment projects that represent coherent actions.

The proposed addition of a REPowerEU chapter does not affect the overall coherence of the plan. For all four pillars of the Finnish RRP – (1) green transition, (2) digital transformation, (3) employment and skills, research, development and innovation, research infrastructure, small and medium-sized enterprises-related support, growth sectors and (4) social and healthcare – an explicit and coherent explanation of their respective contribution to the six pillars in Article 3 of Regulation (EU) 2021/24 is provided. The main focus of the Finnish RRP is unchanged, as green transition and digital transformation remain at its core, where the green reforms and investments included in the original RRP components are boosted by the new REPowerEU measures.

The REPowerEU measures are coherent with Finland's policy framework aimed at achieving carbon-neutrality by 2035. The measures also reinforce those included in the original RRP on renewable energy and decarbonisation of industry as they will eventually result in increasing shares of renewable energy and decreased energy demand. The modifications of the RRP display coherence within the components, maintained throughout the overall structure and objectives of the plan.

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Taking into consideration the qualitative assessment of all components of Finland's modified recovery and resilience plan, their individual weight (importance, relevance, financial allocation) and their interactions, the plan contains measures for the implementation of reforms and public investments which, to a high extent, represent coherent actions. This would warrant a rating of A under the assessment criterion 2.11 of Annex V to the RRF Regulation.

3.12. REPowerEU

The implementation of the measures included in the REPowerEU chapter is expected to contribute directly to supporting the objectives in Article 21c(3) of Regulation (EU) 2021/241. In terms of the expected impact, the proposed measures will help reducing the reliance on fossil fuels and will contribute to the overall energy security and diversification of the Union's energy supply.

The reform of environmental permitting, the clean transition investment and the offshore wind power investment in Åland will contribute notably to the REPowerEU objective of increasing the share and accelerating the deployment of renewable energy (Article 21c(3), point (b) of the RRF Regulation) by supporting the preparatory phase of a major planned investment in wind energy generation with a view to increasing the share and accelerating the deployment of renewable energy. The reform and the investments included in the REPowerEU chapter will also contribute to lowering of the dependency of Finland on fossil fuel imports.

The measure on R&D and piloting of clean energy and material flows will include the employment of researchers, including PhD students and postdoctoral researchers, who will produce a scientific underpinning of further completing the green transition in Finland, thereby contributing to the REPowerEU objectives of increasing the share and accelerating the deployment of renewable energy (Article 21c(3), point (b) of the RRF Regulation), incentivising reduction of energy demand (Article 21c(3), point (d) of the RRF Regulation), and accelerating the requalification of the workforce towards green skills (Article 21c(3), point (f) of the RRF Regulation).

The REPowerEU chapter is expected to have a lasting impact by accelerating the green transition and increasing independence from fossil fuels, as well as by boosting growth and jobs. The implementation of reforms and investments is expected to deliver particular benefits through accelerating the rollout of renewable energy in Finland and help the labour force in the acquisition of new green skills.

The REPowerEU chapter introduces new measures for investments in the clean energy transition and investment in wind energy in Åland that are expected to address energy poverty by increasing the renewable energy production, which will benefit electricity users across the board in the form of reduced electricity prices.

A written consultation for local and regional authorities and other relevant stakeholders on the REPowerEU chapter took place in September 2023. The REPowerEU chapter includes a summary description of consultations with the national stakeholders. It provides a timeline of the consultation process and some information regarding its outcome and how the input was reflected in the REPowerEU chapter. The responses to the consultation raised the limited number of research institutes included in the R&D measure and the limited number of eligible technologies for the clean energy transition investment measure. In response, Finland added a project by the Finnish National Resources Institute (LUKE) to the R&D measure.

In terms of the overall consistency and complementarity with other policy instruments, the new measures under the REPowerEU chapter are in line with the specific objectives of the Finnish National Energy and Climate Plan 2021-2030.

Finland received support from the Technical Support Instrument (TSI) in the preparatory phase of the REPowerEU chapter.

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Taking into consideration the assessment of all the measures envisaged in the REPowerEU chapter, the chapter is expected, to a large extent, to contribute effectively to energy security, the diversification of the Union's energy supply, an increase in the uptake of renewables and in energy efficiency, an increase of energy storage capacities or the necessary reduction of dependence on fossil fuels before 2030. This would warrant a rating of A under criterion 2.12 of Annex V to the RRF Regulation.

3.13. Cross-border or multi-country dimension or effect

Projects included in the REPowerEU chapter have a cross-border or multi-country dimension or effect and will contribute to the production and integration of renewable energy sources into the network. The total estimated costs of cross-border investments amount to EUR 87.1 million, corresponding to approximately 68.61% of the estimated cost of the REPowerEU chapter.

The reform of environmental permitting as well as the investments for clean transition and for offshore wind power in Åland effectively contribute to energy security, the diversification of the Union's energy supply, the increase in the uptake of renewables and in energy efficiency, the increase of energy storage capacities and the necessary reduction of dependence on fossil fuels before 2030.

REPowerEU measure	**Costs (EUR million)**	**Contribution to the target in %**
P5C1R1: Green transition permitting	32	25.18%
P5C1I1: Investments for clean transition	54.5	42.88%
P5C1I2: R&D for the green transition	39.9	0%
P5C1I3: Offshore wind power in Åland	0.7	0.55%

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Taking into consideration the assessment of all the measures envisaged in the REPowerEU chapter, the measures in the chapter are expected, to a large extent, to have a cross-border or multi-country dimension or effect. This would warrant a rating of A under criterion 2.13 of Annex V to the RRF Regulation.

ANNEX I: Climate tracking and digital tagging

Measure/ Sub-Measure ID	Measure/Sub-Measure Name	Budget (EUR m)	Climate		Digital	
			Int. Field	Coeff. %	Int. Field	Coeff. %
P1C1I1	Transformation of the energy system – Energy infrastructure investments	155	033	100%	033	40%
P1C1I2a	Transformation of the energy system – Investments in new energy technology – Geothermal energy	36	032	100%		
P1C1I2b	Transformation of the energy system – Investments in new energy technology – District heating	25	034bis	100%		
P1C1I2c	Transformation of the energy system – Investments in new energy technology – Wind energy	50	028	100%		
P1C1I2d	Transformation of the energy system – Investments in new energy technology – Solar energy	10	029	100%		
P1C1I2e	Transformation of the energy system – Investments in new energy technology – Biomass	40	030bis	100%		
P1C1I3a	Transformation of the energy system – Investment and reform package in Åland – Wind energy	1.7	028	100%		
P1C1I3b	Transformation of the energy system – Investment and reform package in Åland – Solar energy	1	029	100%		
P1C2I1	Industrial reforms and investments in support of the green and digital transition - Low carbon hydrogen and carbon capture and utilisation	136	032	100%		
P1C2I2	Industrial reforms and investments supporting the green and digital transition - Direct electrification and decarbonisation of industrial processes	48	024ter	100%		
P1C2I3	Industrial reforms and investments supporting the green and digital transition - Re-use and recycling of key materials and industrial side streams	110	045bis	100%		

Measure/ Sub-Measure ID	Measure/Sub-Measure Name	Budget (EUR m)	Climate		Digital	
			Int. Field	Coeff. %	Int. Field	Coeff. %
P1C3I2	Reducing the climate and environmental impacts of the building stock - Low-carbon built environment programme	40	022	100%		
P1C4I1	Low carbon solutions for cities and transport - Public recharging and refuelling infrastructure for transport electricity and hydrogen	13.6	077	100%		
P1C5I1	Environmental sustainability and nature-based solutions - Gypsum treatment and nutrient recycling	20	045bis	100%		
P1C5I2	Enviornmental sustainability and nature-based solutions - Climate-sustainable measures in the land use sector	8.5	050	40%		
P2C1I1	Digital connectivity - Development of quality and availability of communications networks	32			053	100%
P2C1I2	Transport and land use - Digirail project	85	071	40%	071	100%
P2C2I1	Digital economy – Real-time economy (RTE) programme	14			011	100%
P2C2I2	Acceleration of data economy and digitalisation - Virtual Finland	4			011	100%
P2C2I3a	Acceleration of data economy and digitalisation - Microelectronic value chain	15			021 quater	100%
P2C2I3b	Accelerating key technologies (microelectronics, 6G, artificial intelligence and quantum computing)	10			021 quater	100%
P2C2R1	Development of the residential and commercial property information system	14			011	100%

Measure/ Sub-Measure ID	Measure/Sub-Measure Name	Budget (EUR m)	Climate		Digital	
			Int. Field	Coeff. %	Int. Field	Coeff. %
P2C2R2a	Enhancing the effectiveness and transparency of RRP reforms and investments by developing information systems, administration and audit - IT system acquisition	5.54			011	100%
P2C3R1	Ensuring effective supervision and enforcement of the prevention of money laundering	10			011	100%
P2C3I1	Civilian cybersecurity skills	5			021 quinquies	100%
P2C3I2	Cybersecurity exercises	5			021 quinquies	100%
P3C1R1a	Employment and labour market - Nordic model of public employment services – ICT solutions	20			011	100%
P3C1R3	Employment and labour market - Streamlining work- and education-based immigration process	20			011	100%
P3C2R1a	Reform of continuous learning – digital skills	4.5			108	100%
P3C2R1b	Reform of continuous learning – green skills	1.5	01	100%	01	
P3C2I1	Digitalisation programme for continuous learning	32			108	100%
P3C2I3	Raising the level of competence and renewing continuous learning, digitalisation and modernisation of education in Åland	2.437			108	100%
P3C3I6a	RDI, research infrastructure and piloting - Promoting innovation and research infrastructure – national research infrastructures - Digital activities	8			009bis	100%

Measure/ Sub-Measure ID	Measure/Sub-Measure Name	Budget (EUR m)	Climate		Digital	
			Int. Field	Coeff. %	Int. Field	Coeff. %
P3C3I7	RDI, research infrastructures and piloting – Promoting innovation and research infrastructure – competitive funding for innovation infrastructures	20.75			019	40%
P3C3I1	RDI – research infrastructure and piloting - RDI funding package promoting the green transition – Leading companies	100	022	100%		
P3C3I2	RDI – research infrastructure and piloting - RDI funding package promoting the green transition – accelerating key sectors and strengthening competence (Academy of Finland)	45	022	100%		
P3C3I3	RDI – research infrastructure and piloting - RDI funding package promoting the green transition – accelerating key sectors and strengthening competences (Business Finland)	25	022	100%		
P3C3I4	RDI, research infrastructure and piloting - RDI funding package supporting the green transition – Supporting innovative growth companies	18	022	100%		
P3C4I1	Strengthening competitiveness and boosting growth in crisis-impacted sectors - Growth acceleration programme for small enterprises	4.6			015	40%
P3C4I2a	Strengthening competitiveness and boosting growth in crisis-impacted sectors - Key programmes for international growth – low-carbon, circular economy and digital renewal	4	023	40%		
P3C4I2b	Strengthening competitiveness and boosting growth in crisis-impacted sectors - Key programmes for international growth – Health and wellbeing skills and technology	4			015	40%

Measure/ Sub-Measure ID	Measure/Sub-Measure Name	Budget (EUR m)	Climate		Digital	
			Int. Field	Coeff. %	Int. Field	Coeff. %
P3C4I2c	Strengthening competitiveness and boosting growth in crisis-impacted sectors - Key programmes for international growth – Programme for growth and exports of water expertise	4	040	40%		
P3C4I3a	Strengthening competitiveness and boosting growth in crisis-impacted sectors - Support for the renewal of the cultural and creative sectors – Support for creative industries and event companies to implement pilots	10			015	40%
P3C4I3b	Strengthening competitiveness and boosting growth in crisis-impacted sectors - Support for the renewal of the cultural and creative sectors – Structural support for cultural and creative companies and organisations (innovative services, production and operating models)	30			015	40%
P3C4I4	Strengthening competitiveness and boosting growth in crisis-impacted sectors - Sustainable and digital growth in the tourism sector	11.75			015	40%
P4C1I3	Strengthening the knowledge base and evidence-based decision-making to increase cost-effectiveness of social welfare and health services	40			095	100%
P4C1I4	Introducing digital innovations for social welfare and health care services	100			095	100%
P4C1I5	Introducing person-centered digital healthcare information system in Åland	4,8			095	100%
P5C1R1a	Green transition permitting: temporary staff	19.82	01	40%		

Measure/ Sub-Measure ID	Measure/Sub-Measure Name	Budget (EUR m)	Climate		Digital	
			Int. Field	Coeff. %	Int. Field	Coeff. %
P5C1R1b	Green transition permitting: digitalisation	12.15			011	100%
P5C1I1a	Investments for clean transition: wind energy	10.9	028	100%		
P5C1I1b	Investments for clean transition: solar energy	10.9	029	100%		
P5C1I1c	Investments for clean transition: biomass with high GHG savings	10.9	030bis	100%		
P5C1I1d	Investments for clean transition: Other renewable energy (including geothermal energy)	10.9	032	100%		
P5C1I1e	Investments for clean transition: co-generation	10.9	034bis0	100%		
P5C1I2	R&D for the green transition	39.92	022	100%		
P5C1I3	Offshore wind power in Åland	0.7	028	100%		