

Act on the Financing of Sustainable Forestry (1094/1996, amendments up to 112/2003 included)

Chapter 1 - General provisions

Section 1 - Scope of application

- (1) Financing from the annual appropriations included in the State budget in the form of aid and loan shall be allocated for measures which promote the sustainable management and use of forests in accordance with the Forest Act (1093/1996) as provided in this Act.
- (2) The measures referred to in subsection 1 above are:
 - 1) ensuring the sustainability of timber production;
 - 2) maintaining the biological diversity of forests;
 - 3) forest ecosystem management projects; and
 - 4) other measures in support of the activities referred to in subsections 1-3.

Section 2 - Recipients of financing

- (1) Financing may be granted to private landowners upon application. Financing for measures referred to in section 1(2)(4) may also be granted upon application to parties other than private landowners if the measures to be financed promote the sustainable management and use of privately owned forests. Based on a decision of a Forestry Centre funds may be used for the purposes referred to in section 1(2)(3) without application.
- (2) A private landowner refers to a natural person or a company, cooperative or other corporation comprised of natural persons or a trust whose main purpose is to practise agriculture or forestry. Private landowner also refers to shareholders of a jointly owned forest and the shareholders of jointly owned area referred to in the Act on Jointly Owned Areas (758/1989) if at least half of the shares are owned by natural persons.
- (3) For the part of aid the provisions concerning private landowners laid down in subsections 1 and 2 may also apply to the holder of tenancy from a landowner referred to in subsection 1, right of use based on a testament, a widow's rights of possession, pension right or other corresponding right.
- (4) A guardian referred to in the Guardianship Services Act (442/1999) may take out a loan referred to in this Act on behalf of the ward with the property of the ward as security without the permission of a guardianship authority.

Section 3 - Planning obligation

- (1) Financing of measures under this Act shall be based on a plan drawn up before the implementation of the measure or report given after the implementation.
- (2) A plan shall be drawn up for the measure if this is necessary for granting the financing under this Act or the implementation of the measure. Provisions on the need for a plan may be issued by decree.
- (3) The ministry competent in forestry matters issues further provisions on the plan and implementation report and their content.

Section 4 - Restrictions on financing

- (1) Financing may not be used for work caused by the devastation of forests detected in a way referred to in the Private Forest Act (412/1967).

- (2) Financing may also not be used for work or measures which have been prescribed as the responsibility of the landowner:
 - 1) in the Forest Improvement Act (140/1987) or a corresponding earlier act or section 38 of this Act;
 - 2) in the Act on the Restoration of Poorly Productive Forests in Lapland (1057/1982); or
 - 3) in the Forest Act, apart from the measures referred to in section 6(1)(1c) and section 19 of this Act.
- (3) In addition, financing may not be used for work or a measure caused by actions which violate the Forest Act or which is not in compliance with the provisions laid down in the Forest Act or in other law.
- (4) The appropriations allocated for the purposes of this Act may not be used for compensations to be paid on the basis of an agreement concerning temporary protection of an area under section 25 of the Nature Conservation Act (1096/1996) or compensation for which separate provisions are laid down in section 53 or section 55 of the said Act or in other law or compensations which are based on corresponding provisions preceding the above-mentioned provisions.

Chapter 2 - Ensuring the sustainability of timber production

Section 5 - *Types of work*

- (1) In order to ensure the sustainability of timber production and vitality of forests, financing may be granted for the following types of work promoting the management and use of forests:
 - 1) forest regeneration;
 - 2) prescribed burning;
 - 3) tending of young stands;
 - 4) harvesting of energy wood;
 - 5) remedial fertilisation;
 - 6) ditch cleaning and supplementary ditching; and
 - 7) forest road construction.

Section 6 - *Definitions*

- (1) In this Act:
 - 1) *forest regeneration* means:
 - a) afforestation of an area suitable for growing forest, to be adopted for forestry purposes;
 - b) promotion of natural regeneration in a timberline forest area and protection area;
 - c) measures needed to produce a new tree stand following regeneration felling of a forest of low growing stock or of low commercial value in cases to be laid down by decree;
 - 2) *prescribed burning* means the burning of logging waste and ground vegetation carried out in connection with forest regeneration referred to in subsection 1 or as a separate measure;
 - 3) *tending of young stands* means the cleaning and thinning of seedling and young stands and pruning of high-quality trees, provided that the area does not yield as a marked stand an amount of wood fit for sale fulfilling the quality and dimension criteria of merchantable roundwood;
 - 4) *harvesting of energy wood* means the piling and hauling of wood felled in connection with the tending of young stands to be supplied for energy use;
 - 5) *remedial fertilisation* means the fertilisation of forests whose development, despite silvicultural measures, is lagging behind due to nutrient imbalance in the soil and which may be revived through fertilisation;
 - 6) *ditch cleaning and supplementary ditching* means the cleaning of the ditch system in a previously drained area, digging of supplementary ditches as required for the technical implementation of ditching and water protection and the work required for transport

connections or environmental protection or for other reasons, and the manufacture and renovation of implements and constructions; and

- 7) *forest road construction* means the construction of forest roads referred to in section 5(2) of the Private Roads Act (358/1962), the improvement of a private road required for forestry transportation which is not eligible for aid under section 93 of the said Act, and the construction or improvement of a road connected to a forest road or a separate road leading to a storage area and unloading site required in forestry.
- (2) The ministry competent in forestry matters may issue further general regulations on the definitions and content of different types of work.

Section 7 - *General requirements for the works*

- (1) The work shall be directed primarily at the most relevant sites in terms of sustainable timber production. The works shall be feasible both economically and in terms of the management of forest ecosystems and the environment as well as the preservation of the biological diversity of the forests, and they may not have negative impacts which can be reasonably avoided on the other environment. Where possible, the works shall be organised in such a way that they can be carried out in the most economical manner.
- (2) The ministry competent in forestry matters may issue further general regulations concerning the general requirements for the works.

Section 8 - *Financing of the works*

- (1) Costs arising from the purchase of seeds, seedlings and other necessary material and implements used in artificial forest regeneration and the insurance required for prescribed burning may be financed in full by means of the aid. Costs arising from the planning of the works may also be financed by means of the aid subject to conditions determined by the ministry competent in forestry matters. In addition, provisions concerning the financing of costs through environmental support are laid down in section 19.
- (2) Either aid or a loan may be granted for financing the costs other than those referred to in subsection 1 (*implementation costs*) of ditch cleaning and supplementary ditching and forest road construction carried out as a joint project, while only aid may be granted for other works.
- (3) Loan decisions made by the Forestry Centres by virtue of this Act within their competence bind the State as a party to the debt relationship, unless otherwise provided.

Section 9 - *Amount and grounds of financing*

- (1) The country shall be divided into zones for determining the amount of aid granted for the implementation costs. The maximum amount of aid is 70 per cent of the realised costs or corresponding average costs, which are confirmed annually by a decree of the Ministry of Agriculture and Forestry. However, the maximum amount of the aid for the harvesting of energy wood is the sum in euro per solid cubic metre of wood supplied for energy use confirmed by a decree of the Ministry of Agriculture and Forestry.
- (2) A loan may be granted for financing the measures to be carried out as a sum corresponding either to the realised costs or the average costs confirmed by the ministry.
- (3) Provisions on the costs to be financed and determination of the average costs as well as the zones and aid percentages applied in them are laid down by decree. Provisions on the reduction of the aid percentage may also be laid down by decree when the real estate which the proposed measure concerns does not have an updated, holding-specific forest plan inspected by the Forestry Centre for the part of measures under this Act (*forest plan*), apart from the afforestation of arable land, employment work referred to in section 11 and ditch cleaning and supplementary ditching and forest road construction carried out as joint projects.
- (4) The ministry competent in forestry matters may issue further provisions on the content of the forest plan referred to in this Act.

Section 10 - *Passive party to a joint project*

- (1) In ditch cleaning and supplementary ditching and forest road construction carried out as a joint project aid referred to in section 8 may also be granted to a beneficiary who has not claimed the ditching or road constructions or supported such claim but who is obligated to participate in the project in ditching or road proceedings.

Section 11 - *Funding of employment work*

- (1) Aid for the tending of young stands carried out by unemployed labour force may be granted up to 80 per cent of the implementation costs. Provisions on the use of unemployed labour force for the tending of young stands (*employment work*) are laid down by a decree of the Ministry of Labour. For the harvesting of energy wood carried out as employment work the maximum amount of aid referred to in section 9(1) may be raised by an amount in euro per solid cubic metre confirmed by a decree of the Ministry of Agriculture and Forestry.

Section 12 - *Loan terms*

- (1) For the time being, the loan shall be repaid at an annual payment rate of 12 per cent unless the loan is to be recovered with an annual payment larger than that mentioned above on the grounds of a minimum amount for the annual payment laid down by decree.
- (2) Of the annual payment four per cent of the unpaid capital is, for the time being, considered interest on the loan. The remaining part of the annual payment is considered repayment of the capital.
- (3) When granting and recovering a loan the real estates of the same landowner which belong to the same project are considered as a single entity during the time when the real estates belong to the same owner.
- (4) Provisions on the minimum amount of the loan to be granted, starting date and collection of the annual payments, payment of the extra instalments of the receivables and other loan terms are laid down by decree.
- (5) The Government may, notwithstanding the other provisions on the repayment of a loan, decide on the grounds according to which the amount of the outstanding loan capital that is to be repaid may be reduced in cases where the party obligated to the repayment repays all of the outstanding loan capital in one instalment.

Section 13 - *Responsibility for State receivables*

- (1) The real estate is pledged as security for the payment of the granted loan, interest and penalty interest on the loan and collection charges as laid down in Chapter 20 of the Land Code (540/1995).
- (2) Security referred to in subsection 1 or other security is not required from the partners to a jointly owned forest. A security approved by a Forestry Centre shall be lodged for a State receivable concerning an area referred to in the Act on Jointly Owned Forests and the interest on this.
- (3) If a jointly owned forest is divided between the partner holdings or sold for the benefit of the partners and a permission to parcel out or sell the jointly owned forest referred to in section 5 of the Act on Jointly Owned Forests (37/1991) has been granted, the Forestry Centre may order the State receivable, with interest, from the partners to a jointly owned forests to fall due immediately.

Section 14 - *Changing the registration of right of lien and correction of State receivable*

- (1) A Forestry Centre may give a consent to changing or removing the registration of a real estate pledged as security in accordance with section 13(1 and 3) for the part of a real estate formed by parcelling. The consent may be given only if the recovery of the State receivable is not endangered owing to the termination of the right of lien.

- (2) If the division of the costs of the project which has not been confirmed by virtue of other legislation is found to be erroneous, the Forestry Centre may rectify the division. Before rectification, an opportunity to be heard shall be provided to parties whose rights may be affected by the measure. In rectification the amount of the loan may be increased only for the part which has not fallen due.
- (3) If changes to the obligation to participate in the costs of a project under in this Act are imposed under provisions other than those laid down in this Act, the Forestry Centre may, upon application, change the allocation of the State loan directed at the real estate for the part of the loan which has not fallen due.

Section 15 - *Management and maintenance obligation*

- (1) A landowner who has benefitted from forest regeneration, ditch cleaning and supplementary ditching or forest road construction is obliged to manage and maintain the site or forest road concerned for 15 years after the final repayment of the financing granted for the project. When the right of ownership of the real estate or other area is transferred to a new owner, the management and maintenance obligation is also transferred to the new owner. Provisions on the measures included in the management and maintenance obligation are laid down by decree.
- (2) A Forestry Centre supervises the compliance with the management and maintenance obligation. If the management of a regeneration area or area benefiting from ditch cleaning and supplementary ditching or maintenance of a forest road is neglected, the Forestry Centre shall request the parties subject to the management and maintenance obligation to rectify their neglect within the specified time limit.
- (3) If the measure is in danger of losing a marked part of its significance due to neglect referred to in subsection 2 and the landowner has not complied with the request within the specified time limit, the Forestry Centre may decide that the aid granted for the measure shall be recovered partially or in full or the loan shall be terminated, and that the management and maintenance obligation expires.
- (4) Aid is recovered from the party who has neglected the management and maintenance obligation when holding the right of ownership. A loan is recovered from the debtor or taken from the real estate pledged as security irrespective of the period of ownership during which the neglect of the management and maintenance obligation took place. Legal consequences referred to in section 29 may be imposed against the recipient of financing when the recipient has neglected the above-mentioned obligation.

Section 16 - *Change in the form of use of the area*

- (1) If the landowner has started to use a forest regeneration area or area benefiting from ditch cleaning and supplementary ditching in such a way that use of the area for forestry purposes is prevented in an essential way, the Forestry Centre shall, after having been informed of the matter, order immediate repayment of the loan for the part of the area. If 15 years have not elapsed from the final payment of the aid, the Forestry Centre may order that the aid granted for the area, apart from environmental support under section 19(1), shall be repaid to the State partially or in full. When the Forestry Centre has made such a decision, the management and maintenance obligation for the area expires. The aid is recovered from the party during whose ownership the use of the area has been changed. A loan is recovered from the debtor or taken from the real estate pledged as security irrespective of the period of ownership during which the use of the area has been changed.

Section 17 - *Change in the right of ownership*

- (1) If the right of ownership of a real estate has been transferred to a corporation or trust to which loan may not be granted under section 2, the Forestry Centre shall, after being informed of the matter, order the immediate repayment of a loan for the part of the real estate.

Section 18 - *Loss of benefit*

- (1) If the landowner has lost a significant part of the economic benefit based on forest regeneration, ditch cleaning and supplementary ditching or forest road financed with State funds as a result of natural damage, forest fire caused by factors independent of the landowner or for some other reason, or as a result of damage caused by an action necessary to prevent damage and repeating the work in accordance with this Act is not feasible, the Forestry Centre may, upon application, decide that the management and maintenance obligation of the area or forest road affected by the damage or measure expires, as well as to forego further recovery of the loan.
- (2) If the economic benefit referred to in subsection 1 is lost as a result of measures referred to in section 1(2)(2 and 3) or as a result of use restrictions or prohibition of measures concerning the area or road under different acts, the Forestry Centre may, upon application, decide that the management and maintenance obligation of such an area or forest road expires and, if the lost benefit has not otherwise been compensated for, to forego further recovery of the loan.

Chapter 3 - **Support for maintaining the biological diversity in forests**

Section 19 - *Environmental support*

- (1) If in measures related to the management and use of forests, the maintenance of the biological diversity of the forest, nature management or use of the forest for purposes other than timber production are taken into account more extensively than required under the obligation of landowners laid down in the Forest Act or ordered in section 7 of this Act, or the obligation to be fulfilled is one referred to in section 10(3) of the Forest Act, the additional costs exceeding what are deemed as minor costs and the economic losses caused by this to the landowner may be financed partly or in full from State funds (*environmental support*). However, environmental support may not be granted when the reduction in the yield of forest or other economic loss is a minor one in a way referred to in section 11(1) of the Forest Act.
- (2) When granting aid as referred to in subsection 1 above an agreement is concluded on the aid to be granted and obligations concerning the area. The agreement remains in force when the area is transferred to a new owner. An entry on the agreement shall be made to the Real Estate Register. However, an agreement is not required when environmental support is granted for additional costs referred to in subsection 1 above caused by works financed to ensure sustainable timber production.
- (3) The ministry competent in forestry matters may issue further provisions concerning environmental support, agreement referred to in subsection 2 above, recovery of environmental support and interest on the support to be recovered.

Section 19a - *Certain pilot projects*

- (1) Financing may be used for pilot projects in natural values trading and cooperation networks which enhance the biological diversity of forest land referred to in the Government Resolution of 23 October 2002 on the action programme to protect biodiversity in forests in southern Finland, western parts of the Province of Oulu and the south-western region of the Province of Lapland. The sites are selected on the basis of nature conservation biology criteria. In natural values trading an agreement is concluded on the preservation or enhancing natural values.
- (2) The parties to an agreement on natural values trading are the competent Forestry Centre of the region concerned and private landowner referred to in section 2. An agreement is not concluded on sites where the landowner is obligated to preserving biological diversity under the law. The agreement is concluded for a specified time period of no more than 20 years and it remains in force when the area is transferred to a new owner. An entry on the agreement is made to the Real Estate Register. A new owner may terminate the agreement within six months

from the transfer of ownership. The termination enters into force when the new owner has repaid to the Forestry Centre the share of financing paid by the Forestry Centre which corresponds to the remaining agreement period.

- (3) The agreement may also be terminated when the circumstances with regard to nature conservation biology or other circumstances influencing the fulfilment of the agreement obligations change so that the grounds for keeping the agreement in force no longer exist or the validity of the agreement is considered unreasonable. If the owner has knowingly weakened the circumstances of the site with regard to nature conservation criteria through his or her own actions, he or she is obliged to return the financing paid on the basis of the terminated agreement to the Forestry Centre.
- (4) The pilot projects for cooperation networks are selected through competitive tendering organised by the Ministry of Agriculture and Forestry together with the Ministry of the Environment. Pilot projects in natural values trading are launched in the territory of the South-West Finland Forestry Centre, mainly in the Satakunta region, in 2003. Provisions on the possible extension of the pilot area are laid down by a decree of the Ministry of Agriculture and Forestry. The Forestry Centre concludes agreements on natural values trading within the financial framework allocated to it for this purpose. Further provisions on the implementation of the pilot projects may be issued by a decree of the Ministry of Agriculture and Forestry.

Chapter 4 - Forest ecosystem management

Section 20 - *Planning and implementation of projects*

- (1) The following may be implemented as separate forest ecosystem management projects:
 - 1) management and restoration of important habitats extending to the area of several holdings;
 - 2) inventory of important habitats in term of biodiversity referred to in section 10(2) of the Forest Act;
 - 3) forest restoration work which is important for landscape management in commercial forests;
 - 4) drainage of sedimentation ponds in forest drainage areas or the prevention or rectification of damage to waters caused by forest ditching, if the importance of the measure is wider than usual in terms of the management of waters and the aquatic ecosystem and the costs cannot be directed at a certain causative party;
 - 5) restoration of a forest ditching area in an area with important natural values; and
 - 6) other similar projects with regional significance which enhance forest ecosystem management as well as the multiple use and landscape, cultural and recreational value of forests.
- (2) Forest ecosystem management projects planned and implemented by the Forestry Centre or under its supervision. The work involved in the projects shall be planned in cooperation with the landowner and the consent of the landowner is required for carrying out the work.

Section 21 - *Financing of projects*

- (1) The Forestry Centre decides on the use of funds for financing the projects within the framework of funds allocated to it for this purpose, taking into account other financing which may be available for the purpose.

Chapter 5 - Other promotion measures

Section 22 - *Measures to be financed*

- (1) As other promotion measures referred to in section 1(2)(4) above financing may be granted for:

- 1) drawing up a feasibility study referred to in section 3;
 - 2) prevention of *annosus* root rot;
 - 3) correcting an unforeseeable error;
 - 4) compensating for damage;
 - 5) experiments and surveys promoting the sustainable use and management of private forests; and
 - 6) chipping of energy wood referred to in section 6(1)(4).
- (2) Error and damage mean an error or damage associated with measures financed in accordance with this Act.

Section 23 - *Amount of aid*

- (1) The costs arising from drawing up a feasibility study referred to in section 3 may be financed in full through aid on the grounds laid down by the ministry competent in forestry matters.
- (2) For the prevention of *annosus* root rot carried out in areas with a high risk of the spread of *annosus* root rot in connection with the felling on mineral soil between the beginning of May and end of October, aid may be granted to the party carrying out the felling work up to an amount corresponding to the pesticide costs and for the costs of the spreading of pesticides. Alternatively, aid up to the corresponding level may be granted for the mechanical prevention of *annosus* root rot in damaged areas detected in regeneration felling. Provisions on the risk areas for the spread of *annosus* root rot, purposes and amount of aid and prevention methods are laid down by a decree of the Ministry of Agriculture and Forestry
- (3) Decisions concerning aid to be granted for experimental and survey activities are made by the ministry competent in forestry matters on the basis of applications submitted to it.
- (4) Costs arising from the correction of errors and compensation for damages may be financed in full through State aid only when this is considered reasonable and no intent or negligence is involved.
- (5) In the chipping of energy wood the maximum amount is the amount in euro per solid cubic metre of chips produced, confirmed by a decree of the Ministry of Agriculture and Forestry. Further provisions on the granting of this aid may be issued by a decree of the Ministry of Agriculture and Forestry

Chapter 6 - **Application, granting and payment as well as recovery and legal consequences**

Section 24 - *Application and granting*

- (1) Financing for work to ensure sustainable timber production referred to in Chapter 2, environmental support referred to in Chapter 3, and financing for other promotion measures referred to in section 22(1)(1-4 and 6) is applied for from the Forestry Centre.
- (2) When financing is applied for separately for drawing up a plan, an account of the measures to be planned shall be attached to the application. When financing is applied for the implementation of the measure, a plan referred to in section 3 or a feasibility study shall be attached to the application, as provided in further detail by decree.
- (3) The Forestry Centre decides on the applications concerning the granting of funds for purposes referred to in subsection 1 within the funds placed at its disposal. At the same time, the Forestry Centre shall decide on the date by which the preparation of the plan or measures financed on the basis of a plan included in the financing decision are to be implemented.
- (4) If an assessment report needs to be made on the intended measure as laid down in the Act on Environmental Impact Assessment Procedure (468/1994), the decision concerning the granting of State funds may not be made before the assessment report has been made available to the Forestry Centre. If the report contains the necessary information about the environmental impacts for applying the provisions of this Act, no new report is required for this part.

- (5) When deciding on the financing of measures the Forestry Centre shall take account of the restrictions due to sections 9, 29-35, 47-49, 55 and 56 as well as Chapter 10 the Nature Conservation Act. Provisions on the statement procedure related to the decision making are laid down by decree.

Section 25 - *Programmes co-financed by the European Union*

- (1) When the work referred to in this Act are financed in the context of the programmes co-financed by the European Union, aid under this Act for measures referred to in section 1(2) may be granted as the national co-financing required in the programmes.
- (2) Notwithstanding the provisions of this Act, the provisions of the European Community or decisions of the institutions of the European Union issued by virtue of these or the provisions laid down in the Act on Rural Industries Financing (329/1999) on the conditions for granting the aid, amount of aid as well as recovery of the aid and other conditions shall be complied with when granting aid for measures co-financed by the European Union.

Section 26 - *Payment of aid and loan*

- (1) Aid or loan granted for planning a measure or measure financed on the basis of a plan is paid in accordance with the financing decision in one or several instalments. However, it shall be determined in the financing decision that at least a quarter of the granted aid or loan is paid only after the recipient of the financing has given a written report on the completion of the measures presented in the application (implementation report). Aid granted for other measures is paid as one instalment after the Forestry Centre has given a decision on granting the financing.

Section 27 - *Cancellation and changing of financing*

- (1) The Forestry Centre which has issued a financing decision may cancel the financing or change its decision concerning the financing for that part of work which has not been completed if it is apparent that the area in question is going to be used in such a way that an essential part of the objective of the work will not be achieved.

Section 28 - *Recovery of financial support*

- (1) The Forestry Centre shall decide that the financing is cancelled, the aid already paid is recovered to the State or the loan is recalled, if the financing has been used for purposes other than it was granted for or the recipient of the financing has given incorrect information with essential impacts on the granting or payment of the financing or otherwise acted in a dishonest manner as far as the said procedure has influenced the granting and amount of the financing.
- (2) The Forestry Centre may also decide that the financing is cancelled partially or in full or that the aid is recovered or a loan is recalled on the grounds to be laid down by the Government in further detail where necessary, if:
- 1) financing has otherwise been granted on false grounds;
 - 2) conditions set in the decision on granting the financing or in the documents it is founded on have not been complied with; or
 - 3) there is another similar weighty reason for cancelling or recovering the financing or recalling the loan.
- (3) The recipient of the financing shall notify the Forestry Centre of any changes in circumstances which may result in the legal consequence referred to in subsection 2. The same notification obligation applies to a party from whom State financing could be recovered under the provisions laid down in sections 15-17.
- (4) Apart from recalling a loan, financing may not be ordered to be recovered under this section after ten years have elapsed from the granting of the financing.
- (5) The provisions of subsections 1, 2 and 4 of this section do not apply to the grounds for recovery referred to in sections 15-17.

Section 29 - *Legal consequences of recovery*

- (1) If a loan is recalled by virtue of section 15 or section 28(1 or 2) a sum corresponding to the accrued interest benefit may be recovered from the recipient of the loan as laid down in further detail by Government decision, where necessary.
- (2) If the recipient of the financing has intentionally or through gross negligence failed to comply with the management and maintenance obligation referred to in section 15, or acted in the manner referred to in section 28(1), and four years have not elapsed since the action, the amount of aid to be recovered and the amount of interest benefit referred to in subsection 1 may be increased by no more than 20 per cent or, if the action in question is particularly serious, by no more than 100 per cent.
- (3) In the case of continuous or repeated actions, the four-year period of limitation referred to in subsection 2 starts from the day when the misuse has ceased. The enforcement period of a legally valid decision issued on the legal consequence is three years.

Section 29a - *Interest applied in recovery*

- (1) Annual interest in accordance with section 3(2) of the Interest Act (633/1982) increased by three percentage points shall be paid on aid ordered to be recovered under section 15(3 and 4), section 16 and section 28(1 and 2) and interest benefit recovered under section 29(1) from the day when the granted aid has been paid in full or the interest benefit to be recovered has been ordered repaid.

Section 29b - *Penalty interest*

- (1) If the payment of a loan is delayed, annual penalty interest is collected on the delayed capital from the due date in accordance with the interest rate laid down in section 4 of the Interest Act.
- (2) If aid ordered to be repaid or other State receivable or part of this is not paid within the specified period, penalty interest in accordance with the interest rate referred to in section 4 of the Interest Act is collected on the capital which is ordered to be recovered from the due date of each instalment.
- (3) Instead of penalty interest, a charge for late payment of 5 euros may be collected if the amount of penalty interest remains smaller than this.

Section 30 - *Enforced collection*

- (1) The annual payments of loans which have fallen due may be collected through recovery proceedings without judgement or decision as provided in the Act on the Recovery of Taxes and Fees by Recovery Proceedings (367/1961). Financing ordered to be recovered or other payments to the State under this Act may be collected by recovery proceedings as laid down in the said Act.

Chapter 7 - **Steering and supervision**

Section 31 - *Allocation of funds*

- (1) The ministry competent in forestry matters decides annually on the allocation of funds for measures referred to in this Act, and places the funds at the disposal of the Forestry Centres subject to accounting.
- (2) In the decision a plan on the use of the funds shall be presented and the different kinds of circumstances in different parts of the country and employment considerations as well as regional special features and needs presented in the regional target programmes for forestry referred to in section 4 of the Forest Act shall be taken into account in drawing up the plan.

Section 32 - *Steering and supervision of activities*

- (1) The ministry competent in forestry matters issues general regulations and instructions concerning activities in accordance with this Act and supervises the activities and use of State funds.
- (2) Each Forestry Centre shall supervise the activities and use of State funds in accordance with this Act within its territory in compliance with the provisions concerning the management of these tasks laid down in the Act on the Forestry Centres and Forestry Development Centre Tapio (1474/1995), or elsewhere.

Chapter 8 - **Miscellaneous provisions**

Section 33 - *Appeal*

- (1) A decision of the Forestry Centre under this Act may be appealed to the Provincial Administrative Court. The competent Provincial Administrative Court is determined according to the judicial district of the Provincial Administrative Court in which the majority of the forestry land concerned is located.
- (2) The provisions on appeal against a decision of an administrative authority laid down in the Administrative Judicial Procedure Act (586/1996) apply to the appeal.
- (3) If the appellate authority or Forestry Centre considers it necessary or if the landowner so demands, an inspection shall be carried out on matters referred to in sections 15, 16, 18, and 19, 22(1)(3 and 4) and section 27. The inspection is carried out by the inspection committee referred to in section 15 of the Act on the Forestry Centres and Forestry Development Centre Tapio.

Section 34 - *Taxability of aid*

- (1) The benefits obtained by virtue of this Act are not taxable.

Section 35 - *Implementation of the Act*

- (1) The ministry competent in forestry matters steers and supervises the implementation of this Act.

Section 36 - *Further provisions*

- (1) Further provisions concerning the implementation of this Act are issued by decree.

Chapter 9 - **Entry into force and transitional provisions**

Section 37 - *Entry into force*

- (1) This Act enters into force on 1 January 1997.
- (2) This Act repeals the Forest Improvement Act (140/1987) of 13 February 1987, as amended.
- (3) Measures required for the implementation of this Act may be undertaken before the Act's entry into force.

Section 38 - *Transitional provisions*

- (1) Funds allocated for the purposes of this Act may be used, in accordance with the repealed Forest Improvement Act, until the end of 1999 for financing forest improvement projects where field work of the plan has been completed by the end of 1996 or the financing decision has been issued before the entry into force of this Act, and for the financing of forest improvement work started before the entry into force of this Act which has been carried out without a plan approved in advance by the Forestry Board or Forestry Centre and whose final report referred to in the financing application has been submitted to the Forestry Centre by the end of 1997.

- (2) Funds granted in the State budget for the purposes of the Forest Improvement Act to be repealed may also be used for the purposes of this Act.
- (3) As regards the rights and obligations arising under the Forest Improvement Act to be repealed as well as work financed by virtue of the said Act, the provisions in force upon the entry into force of this Act shall be complied with. However, this does not concern institutions and procedures to which the provisions of this Act may also apply in cases where the provisions of the Forest Improvement Act to be repealed otherwise applied.
- (4) The provisions laid down in sections 10, 11, 15, 16, 18, 19, 25, 26 and 28-30 may also apply to cases where the provisions in force upon the entry into force of this Act otherwise apply. However, when the financing decision has been issued before 1 January 1997 the provisions laid down in section 29 do not apply for the part of raising the amount to be recovered or interest as a legal consequence. Also, sections 11 and 19 do not apply and section 10 applies only upon application by a passive partner. If the financing decision has been issued before the above-mentioned date, the decision on recalling a loan may be directed to the debtor regardless of whether he or she still owns the real estate he or she has neglected an obligation referred to in section 15 or 16 during the ownership. If the owner of a real estate who is not the debtor has neglected the said obligation, a loan may be recalled and collected from the real estate owned by the neglecter, if this has been lodged as security for the repayment of the loan.