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## **Decree on the Financing of Sustainable Forestry**

(1311/1996, amendments up to 1286/2002 included)

### *Section 1 - Need for a plan*

- (1) A forest plan referred to in section 3(1) of the Act on the Financing of Sustainable Forestry (1094/1996) shall be drawn up for forest regeneration, remedial fertilisation, ditch cleaning and supplementary ditching, forest road construction and forest ecosystem management projects as well as measures funded by the Guarantee Section of the European Agricultural Guidance and Guarantee Fund. For the tending of young stands and harvesting of energy wood carried out as employment work as well as prescribed burning and environmental support referred to in section 19 of the Act on the Financing of Sustainable Forestry and other promotion measures referred to in section 22 of the Act a plan is drawn up when this is necessary for the implementation of the measure. The financing of other measures shall be based on an implementation report given after the implementation of the measure.

### *Section 2 - Statement procedure*

- (1) Before financing the measure, the Forestry Centre shall establish whether any restrictions referred to in section 24(5) of the Act on the Financing of Sustainable Forestry are directed at the measure proposed to be financed and whether these have been taken into account in the proposal. Where necessary, the Forestry Centre shall request a statement on its decision proposal from the Environment Centre in whose territory the measure is to be implemented.
- (2) The Environmental Centre shall give its statement within two months from receiving the request for statement. If the Environmental Centre does not give the statement within the specified period, the Forestry Centre may make the decision on the matter.

### *Section 3 - Forest regeneration by means of aid*

- (1) Aid may be used for forest regeneration if:
  - 1) the stumpage value of the tree stand growing in the area and cut within three years before the implementation of the regeneration measure is in the first financing zone no more than double and in the second financing zone no more than two and a half times the average regeneration costs confirmed annually by the Ministry of Agriculture and Forestry, and the area to be regenerated is a uniform area which is larger than an average regeneration area;
  - 2) the stumpage value of the tree stand growing in the area and cut within three years before the implementation of the regeneration measure is in the third financing zone no more than three times the average regeneration costs referred to in subsection 1;
  - 3) the area is originally treeless or the landowner does not otherwise have the obligation to forest regeneration referred to in the Private Forest Act (412/1967) or the obligation to establish a new tree stand referred to in section 8 of the Forest Act, and the area is naturally suitable for growing forest;
  - 4) the seedling stand resulting from forest regeneration has been destroyed for a reason independent of the landowner; or
  - 5) storm or snow damage or other natural disaster independent of the landowner calls for artificial forest regeneration in the area.

#### Section 4 - *Aid zones*

- (1) To determine the aid granted for implementation costs, the country is divided into three aid zones according to municipalities as follows:
- 1) the first zone comprises the municipalities within the territory of the Häme-Uusimaa, Kymi and Etelä-Savo Forestry Centres, Espoo, Hanko, Helsinki, Inkoo, Karjaa, Kauniainen, Kemiö, Kirkkonummi, Lapinjärvi, Liljendal, Loviisa, Parainen, Pernaja, Pohja, Porvoo, Ruotsinpyhtää, Sipoo, Siuntio, Tammisaari and Vantaa from the Forestry Centre of the Coastal Regions, municipalities not included in the second zone within the territory of the South-West Finland, Pirkanmaa, Central Finland, Pohjois-Savo and North Karelia Forestry Centres;
  - 2) the second zone comprises the municipalities within the territory of the Forestry Centre of the Coastal Regions not included in the first zone, Honkajoki, Jämijärvi, Kankaanpää, Karvia, Kustavi, Merikarvia, Merimasku, Rymättylä, Siikainen, Taivassalo and Velkua from the South-West Finland Forestry Centre, Kihniö and Parkano from the Pirkanmaa Forestry Centre, Karstula, Kinnula, Kivijärvi, Kyyjärvi, Pihtipudas and Pylkönmäki from the Central Finland Forestry Centre, Kiuruvesi, Rautavaara, Sonkajärvi and Vieremä from the Pohjois-Savo Forestry Centre, Ilomantsi, Juuka, Lieksa, Nurmes, Polvijärvi and Valtimo from the North Karelia Forestry Centre, municipalities within the territory of the South Ostrobothnia and Kainuu Forestry Centres and municipalities not included in the third zone within the territory of the North Ostrobothnia Forestry Centre; and
  - 3) the third zone comprises Kuusamo, Pudasjärvi and Taivalkoski from the North Ostrobothnia Forestry Centre and municipalities within the territory of the Lapland Forestry Centre.

#### Section 5 - *Amount of the aid granted for implementation costs*

- (1) The amount of the aid for implementation costs in the tending of young stands and prescribed burning is 50 per cent of the said costs in the first zone, 60 per cent in the second zone, and 70 per cent in the third zone. In remedial fertilisation and ditch cleaning and supplementary ditching the amounts of aid are 40, 55 and 65 per cent, respectively. In forest road construction the amounts of aid are 20, 30, and 40 per cent, respectively, while in basic road improvement the amounts of aid are 40, 50 and 60 per cent, respectively. In forest regeneration the amounts of aid are 20, 35 and 55 per cent, respectively, but in the third zone the amount is 70 per cent when the stumpage value is no more than double the regeneration costs in a way referred to in section 3(2).
- (2) The amount of aid granted for the tending of young stands carried out as employment work is 60 per cent of the implementation costs in the first zone, 70 per cent in the second zone and 80 per cent in the third zone
- (3) When aid referred to in subsection 1 is granted for a measure in a real estate which does not have an updated forest plan referred to in section 36 of the Act on the Forestry Centres and Forestry Development Centre Tapio (93/1996) the amount of aid is the aid referred to in subsection 1 deducted by ten percentage units. Concerning the updated forest plan it is required that this is in force.

#### Section 6 - *Determination of the costs to be financed*

- (1) The average implementation costs confirmed by the Ministry of Agriculture and Forestry on the basis of which the aid or loan for these costs is granted to the landowners are determined for the aid zones or parts of these according to the type of work and, if necessary, working method, with sufficient consideration for factors contributing to the difficulty of work.

- (2) When granting financing for costs referred to in section 8 of the Act on the Financing of Sustainable Forestry and determining the grounds of the financing, costs without the share of the value added tax are used.

#### Section 7 - *Content of the management and maintenance obligation*

- (1) The management and maintenance obligation referred to in section 15(1) of the Act on the Financing of Sustainable Forestry comprises that:
- 1) the necessary tending of the seedling stand in the forest regeneration area is taken care of;
  - 2) the beds of ditches dug and cleaned out in a ditch cleaning and supplementary ditching area and the equipment and constructions are kept in a conditions that is fit for their purpose and the necessary forest management works are carried out in the area;
  - 3) the necessary gravelling, repair of the culverts and bridges and opening of blocked ditches and other work required for road maintenance are taken care of on a forest road and in a separate storage area.

#### Section 8 - *Minimum amount of loan*

- (1) The minimum amount of a loan to be granted is 1,346 euros.

#### Section 9 - *Repayment of a loan*

- (1) The interest starts to accrue from the end of the month during which the loan has been fully paid to the recipient.
- (2) The first annual payment is collected on the day nearest to the collecting date when two years have elapsed from the date when the interest started to run. The first annual payment includes the interest from the date when the interest started to run to the end of the month of collecting the payment and as repayment of capital an amount corresponding to the difference between the annual payment and the interest.
- (3) If the last annual payment is less than 67 euros, the payment will be collected together with the previous annual payment.

#### Section 10 - *List of loans*

- (1) A list of loans shall be drawn up on projects for whose financing a loan has been granted, showing the name and register number of each real estate, municipality and village, information necessary for the identification of a specified share, the landowner's name and address, the amount of the loan to be repaid to the State by each partner and the interest as well as the date when the interest starts to run and the year when the first repayment of the loan is collected.
- (2) If the real estates of a landowner are regarded as one entity in a way referred to in section 12(3) of the Act on the Financing of Sustainable Forestry, an entry on this shall be made in the list of loans.

#### Section 11 - *Payment of an extraordinary instalment*

- (1) If an extraordinary instalment of a loan is paid, it shall be regarded as partial payment of the loan capital. By paying an extraordinary instalment the party liable for payment is released from partial payment of the capital in the number of collections corresponding to the full instalments of the capital included in the amount paid. In spite of the payment of an extraordinary instalment the interest items calculated on the unpaid capital shall be paid on the regular times of collection following the payment of the extraordinary instalment.
- (2) The extraordinary instalment is paid to the authority managing the recovery of State receivables. The loan or the outstanding part of the loan may also be repaid in one

instalment. The loan can be repaid to the Forestry Centre if the payment is made before the list of loans has been sent to the authority managing the recovery of State receivables.

#### Section 14 - *Tasks of the collection authority*

- (1) The task of the authority managing the collection of State receivables include, apart from the other recovery of loans, taking care of the collection of State receivables ordered to be paid by virtue of sections 15-17 and 28-30 of the Act on the Financing of Sustainable Forestry.

#### Section 15 - *Postponement of payment*

- (1) If the solvency of the party liable for the repayment of State funds, considering the available income and property of the said party and his or her family, is substantially reduced for a specified reason, such as maintenance liability, unemployment or sickness, the authority managing the collection may grant a postponement to the collection of the State receivable. Postponement may be granted for no more than two years at a time and for a total of no more than six years. No interest on the State receivable is collected during the period of postponement.

#### Section 16 - *Registration of the lien and State receivable*

- (1) When the decision on financing has been given, a notification shall be sent without delay to the relevant registration authority to enter the right of lien referred to in section 13 of the Act on the Financing of Sustainable Forestry to the Register of Titles and Mortgages. A notification shall also be sent on measures referred to in section 14 of the said act.
- (2) When a State receivable entered to the Register of Titles and Mortgages has been repaid in full or the real estate is otherwise released from the right of lien, the authority who received the payment or carried out another measure or the Forestry Centre shall send a notification to the relevant registration authority without delay.

#### Section 17 - *Content of the financing application*

- (1) If financing for the costs of drawing up a plan referred to in section 3 of the Act on the Financing of Sustainable Forestry is applied for before the planning is started, an estimate of the planning costs as well as an account of the measure to be planned and its scope and a map on the implementation site of the measure shall be attached to the application. If financing is applied for the costs of drawing up a plan which has already been made and financing for the implementation costs is applied for using the same application, an account of the costs of drawing up the plan and a plan which shows the scope of the implementation and other factors influencing the amount of the financing to be granted and eligibility of the measure shall be attached to the application.
- (2) The feasibility study shall show the scope of the measure and other factors influencing the amount of financing to be granted and the eligibility of the measure.
- (3) When financing is applied for work carried out as a joint project of holdings, an agreement made between the parties benefiting from the implementation of the project shall be attached to the application. Where necessary, an account that the project can be implemented in accordance with the Water Act (264/1961), Private Roads Act (358/1962) or Soil Material Act (555/1981) shall be attached to the application.

#### Section 18 - *Content of the financing decision*

- (1) The decision on granting the financing shall state at least the amount and total costs of the approved work, total amount of aid, conditions for granting the aid, timing of payment, payment procedure and conditions concerning the recovery of the aid.

- (2) When a financing decision concerns a measure for which a plan needs to be drawn up by virtue of section 1, the Forestry Centre makes a decision on the approval of the plan, granting of financing for the implementation of the measure referred to in the plan and granting of financing for the costs of drawing up the plan at the same time, unless financing for the costs of drawing up the plan have been granted before the planning was started.

#### Section 19 - *Notification of inspection*

- (1) To carry out an inspection referred to in section 33(3) of the Act on the Financing of Sustainable Forestry the chairperson of the inspection committee shall ensure that the time and place of the inspection is notified to the landowner on such an early date that he or she has the opportunity to participate in the inspection.

#### Section 20 - *Collection of a State receivable*

- (1) The State Provincial Office functions as the authority responsible for collecting the State receivable referred to in the Act on the Financing of Sustainable Forestry and this Decree. The competent State Provincial Office is the one in whose territory the majority of the real estate where the measure to be financed has been implemented is located.
- (2) The provisions laid down in the Decree on Debiting, Collection and Accounting of Certain Money Receivables of the State (559/1967) apply to the debiting, collection and accounting of a State receivable.

#### Section 21 - *Further provisions*

- (1) Further provisions on the implementation of this Decree are issued by the ministry competent in forestry affairs.

#### Section 22 - *Entry into force and transitional provisions*

- (1) This Decree enters into force on 1 January 1997.
- (2) The Forest Improvement Decree (437/1987) continues to apply in cases where the provisions of the Forest Improvement Act (140/1987) repealed by the Act on the Financing of Sustainable Forestry are applied.