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N.B. Unofficial translation

Government Decree

On granting financial aid for environmental projects in
Finland's neighbouring areas in Eastern and Central
Europe

In accordance with a Government decision made on a
submission by the Ministry of the Environment, the
following is enacted pursuant to section 8 of the Act on
Discretionary Government Transfers (688/2001) issued on
July 27, 2001:

Section 1 – Scope of application

This decree provides for the granting of government
financial aid to environmental projects implemented in
Finland's neighbouring areas in Eastern and Central
Europe from allocations in the State budget.

Section 2 – Projects to be aided

Financial aid may be granted to projects that are to be
implemented in Finland's neighbouring areas in Eastern
and Central Europe:

- 1) consisting of investment projects promoting
environmental protection that are most important
from Finland's point of view; and
- 2) that are technical assistance projects promoting
environmental protection, land use or housing and

building projects, including granting financial aid for planning schemes, administration development schemes, training schemes and training programmes, research and analysis projects, publication, non-governmental organization projects, environmental events and organizational activity.

The financial aid will be granted by the Ministry of the Environment.

Section 3 – *Receivers of financial aid*

Financial aid may be granted to enterprises or other organizations (*the receiver of the financial aid*). The final beneficiary of the financial aid will be an organization within the neighbouring areas responsible for the implementation of the project on a local basis (*the local executor*).

Financial aid may also be granted directly to a local executor to be used in Finland's neighbouring areas. In this case, the Ministry of the Environment will enter into an agreement with the local executor about the use of the financial aid and the conditions for its use.

Section 4 – *Conditions for granting financial aid*

It is a general condition of the granting of financial aid that for the execution of the project will be taken care of as much as possible by the authorities, enterprises or institutions in the area where the project is to be carried out. The local part of the project may be either financial or especially in technical assistance projects, the work of the local executor or other arrangements called for by the project.

It is a condition of the granting of financial aid to investment projects that a commercial agreement

concerning the implementation of the project is drawn up between the receiver of the financial aid and the local executor. Furthermore, the parties to the agreement must give the Ministry of the Environment sufficient information and details for the granting of the financial aid and the supervision of the project.

It is a condition of the granting of financial aid to a technical assistance project that the receiver of the aid has obtained a written explanation on the participation of the local organization in the project.

All projects that are to receive financial aid must also be approved by the authorities in the target country.

Section 5 – *Acceptable costs*

Acceptable costs in an investment project are the costs incurred by the receiver of the financial aid through planning of the project, the acquisition of equipment, installation, user training and construction work. Investments by the receiver of the financial aid and the local executor and a reasonable price in line with the supply contract covering the work may also be considered as acceptable costs.

In technical assistance projects acceptable costs are the arrangement of training events, research cooperation and other costs incurred by the receiver of the financial aid from cooperation aimed at improving the state of the environment in the neighbouring areas or strengthening the administration.

Acceptable costs are also costs payable in local currency in the target country when it is essential to use local subcontractors from the point of view of implementing the project.

Section 6 – *Maximum amount of financial aid*

Financial aid to a maximum of 50 per cent of the acceptable costs of the project may generally be granted to an investment project. In technical assistance projects, the costs incurred by the receiver of the financial aid may be compensated for in full. The costs of an investment may also be compensated in full on condition that the project is part of a larger project that is to be funded jointly on an international basis and the local executor also takes part in the funding.

Section 7 – *Entry into force*

This decree will enter into force on January 1, 2003.

This decree repeals the Government decision on granting financial aid for the promotion of action on environmental protection in Finland's neighbouring areas in Eastern and Central Europe issued on February 13, 1992 (109/1992).