EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

The Director-General

Brussels, 31 March 2022

Subject: Observations on the proposal by Finland for a CAP Strategic Plan 2023-2027 - CCI: 2023FI06AFSP001

Your Excellency,

I hereby acknowledge receipt of the proposal for the 2023-2027 CAP Strategic Plan of Finland, submitted via SFC2021 on 22 December 2021.

An assessment by the Commission services of the proposed CAP Strategic Plan has identified a number of issues that require further clarification and adaptation. The enclosed annex sets out the relevant observations, which are communicated pursuant to Article 118(3) of Regulation (EU) 2021/2115.

I invite Finland to submit a revised proposal of the CAP Strategic Plan for approval, taking into account these observations.

In accordance with Article 121 of Regulation (EU) 2021/2115, the time limit of 6 months for the Commission decision to approve your CAP Strategic Plan does not include the period starting on the day following the sending of these observations and ending on the date on which Finland responds to the Commission and provides a revised proposal.

The Commission is committed to a continued structured dialogue with national authorities in the further approval process of your CAP Strategic Plan. The Commission is open to receiving your written reaction on the key elements of the observations within 3 weeks and intends to publish them subsequently alongside our observations on all the CAP Strategic Plans received in time, unless you would object to publication of your reaction. I invite your services in charge to engage in bilateral exchanges as soon as possible in order to discuss the observations set out in the Annex.

Yours faithfully,

Wolfgang BURTSCHER

His Excellency Markku Keinänen
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Enclosure: List of observations pursuant to Article 118(3) of Regulation (EU) 2021/2115

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ANNEX

Observations on the CAP Strategic Plan submitted by Finland

The Russian invasion of Ukraine and the ongoing generalised commodity price surge bring to the forefront in the strongest possible way the integral link between climate action and food security. This link is recognised in the Paris Agreement and has been incorporated in the new legislation for a Common Agricultural Policy (Regulation (EU) 2021/2115) and the Farm to Fork Strategy (COM/2020/381 final) with a view to ensuring sufficient supply of affordable food for citizens under all circumstances while transitioning towards sustainable food systems.

In this context, and in the context of the climate and biodiversity crises, Member States should review their CAP Strategic Plans to exploit all opportunities:

- to strengthen the EU's agricultural sector resilience;
- to reduce their dependence on synthetic fertilisers and scale up the production of renewable energy without undermining food production; and
- to transform their production capacity in line with more sustainable production methods.

This entails, among other actions, support for carbon farming, support for agro-ecological practices, boosting sustainable biogas production[1] and its use, improving energy efficiency, extending the use of precision agriculture, fostering protein crop production, and spreading through the transfer of knowledge the widest possible application of best practices. The Commission assessed the Strategic Plans of Member States with these considerations of the sector's economic, environmental and social viability in mind.

The following observations are made pursuant to Article 118(3) of Regulation (EU) 2021/2115. Finland is asked to provide the Commission with any necessary additional information and to revise the content of the CAP Strategic Plan taking into account the observations provided below.

[1] Sustainable biogas production means the production of biogas that respects the sustainability and greenhouse gas emissions saving criteria laid down in Article 29 of Directive (EU) 2018/2001 (Renewable Energy Directive).

The key issues

Observations with regard to the strategic focus of the CAP Strategic Plan

1. The Commission welcomes the submission of the CAP Strategic Plan of Finland (hereafter: the Plan) and takes note of the public consultation conducted in preparing the Plan.

2. The proposed Plan covers all objectives of the CAP. The Commission welcomes the consideration given to its Recommendations of 18 December 2020 ((SWD)/2020/376) and the exchanges in the framework of the structured dialogue leading up to its submission.

3. The Commission recalls the importance of the targets set for result indicators as a key tool to assess the ambition of the Plan and monitor its progress. The Commission requests Finland to revise the proposed target values, by improving their accuracy and taking into account all the relevant interventions, and by defining an adequate ambition level in line with the identified needs

Observations with regard to the fostering of a smart, competitive, resilient and diversified agricultural sector that ensures long term food security

4. The Commission has some doubts about the expected effectiveness of the proposed intervention strategy with regard to farm income, competitiveness and farmer position in the value chain.

5. The income support interventions should target those farmers that have the greatest needs. Finland is requested to revise and further define the redistributive strategy and targeted income support based on an analysis of farm income by farm size and farm type in the Plan. Quantitative analysis is needed on the instruments and their combined intended distributive effects. The needs are expected to be better analysed and answered in the intervention strategy. Finland is requested to strengthen justifications in particular regarding the derogation to the minimum 10% to be allocated to the complementary redistributive income support for sustainability (hereafter: CRISS).

6. The Commission notes shortcomings as regards the approach to a needs based distribution of other direct support, such as the coupled income support (hereafter: CIS). The decision on and design of CIS interventions should be based on a detailed needs assessment of the different sectors. Finland is required to better explain the sectoral needs. In case of various interventions targeting the same sector, the strategic approach (i.e. consistency/complementarity between the relevant interventions), and, if needed, reinforced in light of the identified needs of each of these sectors, as further described in the detailed observations of this Annex.

7. The Commission welcomes the efforts to increase the competitiveness of the Finnish farming sector. However, in light of the Russian invasion of Ukraine, the Commission urges Finland to consider interventions that will help reduce

dependence on fossil fuels and other externally sourced inputs to preserve the long-term sustainable production capacity and viability of farms.

8. The Commission notes that the level of support envisaged by Finland for better supply chain organisation is low. Given the importance of a better supply chain organisation to improve the farmer's position in the food chain and increase the value added of agricultural products, and considering the high concentration of the Finnish food chain, Finland should put a stronger focus on this matter, in all sectors where it is relevant.

9. In view of the increasing market exposure of the agricultural sector, climate change and associated frequency and severity of extreme weather events, as well as sanitary and phytosanitary crises, Finland is invited to consider introducing risk management tools funded by the EAFRD in order to better help farmers manage those production and income risks.

Observations with regard to the support for and strengthening of environmental protection, including biodiversity, and climate action and to contribute to achieving the environmental and climate-related objectives of the Union, including its commitments under the Paris Agreement.

10. Based on the available information, the Commission considers that the proposed Plan would have a limited contribution and that increased efforts are required in order to ensure that the Plan contributes effectively to this general objective.

11. The proposed Plan does not sufficiently demonstrate the increased environmental ambition compared to the current programming period. The Commission asks Finland to further address the need for climate mitigation and adaptation. The Plan should make a stronger overall contribution to addressing the needs which Finland itself has identified or which arise naturally from the country's situation, and to the targets and commitments deriving from legislation referred to in Annex XIII to Regulation (EU) 2021/2115 (Strategic Plan Regulation – SPR).

12. Finland is requested to take better account of the prioritised action framework (hereafter: PAF) and further align the proposed interventions with it.

13. Finland is requested to better demonstrate the increased ambition of the planned green architecture as regards environmental and climate related objectives using qualitative and quantitative elements such as financial allocation and indicators.

14. In this context, Finland is strongly encouraged to take into account the national targets that will be laid down in the revised Regulation (EU) 2018/842 (the Effort Sharing Regulation) and Regulation (EU) 2018/841 (the Regulation for the Land Use, Land Use Change and Forestry (LULUCF)) (revisions which are currently discussed by the EU co-legislators) in view of the legal requirement in Article 120 of the SPR to review the Plan after their application.

15. The Commission invites Finland to increase the overall level of ambition on environmental and climate sustainability, and define more concrete and robust

standards and interventions, in particular as concerns the protection of peatlands, nutrient pollution, water quality and biodiversity are expected to be included. Finland is required to ensure the completeness of the needs assessment and is invited to include carbon farming approaches for rewetting of peat soils or adaptation needs for those organic soils.

16. Finland is required to explain more in detail and take necessary action as regards the approach to the reduction of livestock emissions, including methane. Finland is requested to explain and demonstrate how the proposed eco-schemes will contribute to achieving the desired climate contribution.

17. The Commission invites Finland to review the overall proposed approach towards addressing challenges of ammonia emissions to ensure that the Plan more ambitiously contributes to reducing and preventing further pollution from the entire nitrogen management cycle.

18. Even though Finland's agricultural context is challenging due to its northern climate, some elements of conditionality need further improvements. The Commission requests Finland to clarify or amend certain Good agricultural and environmental conditions (GAEC) so they fully comply with the regulatory framework (see detailed comments below).

19. Finland is also requested to revise the interventions to ensure that they go beyond the baseline and avoid overlaps among them. Finland is also asked to enhance the relevance and sufficiency of the interventions concerning biodiversity. Furthermore, Finland is invited to provide more information on the climate impact of interventions funded under eco-schemes and rural development interventions.

20. The Commission encourages Finland to fully benefit from the possibilities provided by the SPR. It should plan interventions to increase sustainable domestic generation and use of renewable energy, including biogas, thereby strengthening what has already been programmed in the National Energy and Climate Plan. Moreover, the Commission calls on Finland to support interventions that improve nutrient use efficiency, circular approaches to nutrient use, including organic fertilising as well as further steps to reduce energy consumption.

Observations with regard to the strengthening of the socio-economic fabric of rural areas

21. The Commission considers that the proposed Plan may contribute effectively to this general objective, and in particular welcomes the overall approach to rural areas combining different instruments to tackle the identified needs.

22. Generational renewal in agriculture, including attracting new entrants to farming, is identified as key for maintaining sustainable production. Finland is asked to describe more comprehensively in the generational renewal strategy the conditions for support under the SPR and the interplay with national measures.

Observations with regard to fostering and sharing of knowledge, innovation and digitalisation in agriculture and rural areas

23. A considerable effort in advice, training and innovation is needed to accompany the transition to more resilient and sustainable agriculture and rural areas. The Commission appreciates Finland's efforts in strengthening its Agriculture Knowledge and Innovation System (AKIS). However, it invites Finland to strengthen key strategic elements such as the overall coherence and synergies between interventions, the involvement of farmers and the provision of innovation support by advisors.

24. The Commission welcomes Finland's strategy on digitalisation of agriculture and rural areas, which is overall in line with the needs identified in the Plan. At the same time, the Commission considers that the information provided on the relevant interventions is not sufficient to assess their effective contribution to such needs and invites Finland to provide further details. Finland is also encouraged to consider possible synergies with other EU funding instruments that can contribute to the digitalisation strategy.

Other issues

25. The Commission invites Finland to provide detailed explanations as regards coordination with ESIF (European Structural and Investment funds) programmes investing in rural areas, including the Recovery and Resilience Plan (hereafter: RRP) as well as information on possible synergies with the Digital Europe and Horizon Europe Programmes.

Information with regard to the contribution to and consistency with Green Deal targets

26. The Commission regrets that Finland did not make use of the possibility to provide information regarding national values for the Green Deal targets contained in the Farm to Fork Strategy and the Biodiversity Strategy (apart from the one for Organic Farming). The Commission requests Finland to quantify the national contribution to the other Green Deal targets, as well.

27. With regard to the key Green Deal targets concerning anti-microbial resistance, pesticide use, nutrient loss, organic farming, high-diversity landscape features and rural broadband, the Commission makes the following observations:

    - **Anti-microbial resistance:** The Commission notes that the interventions proposed will likely contribute to keeping a low level of antimicrobial use in farm animals. However, the Commission encourages Finland to set a specific value corresponding/related to this Green Deal target.

    - **Pesticides:** The Commission notes favourably the inclusion of different measures to reduce the use and risk of pesticides. On this basis, Finland will make some contribution to reaching the Green Deal targets at EU level in 2030. However, the Commission invites Finland to reinforce its Plan in the area of pesticides, in particular to explain the measures in and outside the

CAP which will contribute to achieving the two Farm to Fork specific targets and set national values to these targets.

- **Nutrient losses:** The Commission acknowledges some relevant interventions and other elements in the Plan, as well as other efforts made towards cutting nutrient losses, such as nutrient limits in national legislation. Notwithstanding in the light of the seriousness of the issue of eutrophication, Finland should provide targets regarding its strategy and propose targeted measures to reduce nutrient losses to the environment, especially with regard to its contribution to improving the Baltic Sea situation. Finland is asked to set a national value for the reduction of nutrient losses and strengthen the proposed interventions accordingly.

- **Organic farming:** The Commission welcomes Finland's stated national target value of 25% for land under organic farming by 2030.

- **High-diversity landscape features:** While the Commission acknowledges the relatively high share of landscape features in Finland, and welcomes relevant interventions as proposed in the Plan, it invites Finland to set a value to this Green Deal target.

- **Rural broadband:** Considering that Finland has the lowest rural broadband coverage in the EU, the Commission expects an additional focus in this regard. The description of all national and EU funded measures taken in order to reach this Green Deal target would be necessary. While an objective of 100% of broadband coverage by 2025 is mentioned in the description of the intervention for broadband, this Green Deal target is not mentioned in the specific annex. The Commission encourages Finland to include this target in the relevant annex of its Plan.

Detailed observations

1. STRATEGIC ASSESSMENT

To foster a smart, competitive, resilient and diversified agricultural sector ensuring long term food security

Strategic assessment of Specific Objective 1

28. The SWOT summary currently provides only general references to weaknesses (e.g. low productivity), but it does not clarify which sectors (e.g. dairy, beef, etc.) are in a more difficult situation than others. An exhaustive list of these sectors under the respective weakness and/or threat should justify that, and based upon their larger needs, the intervention strategy should then target them with additional support (e.g. CIS).

29. It remains unclear how farm income and profitability in different sectors are to be increased. Finland is encouraged to pay special attention to farm competitiveness and is invited to clarify the perspectives and efforts to be made in different sectors in view of increasing farm profitability and farm income.

30. A specific needs assessment in relation to fairer, more effective and efficient targeting of direct payments is missing (Article 108(c) of the SPR). For instance, a clear identification of the farms with higher income support needs, in particular by physical size and sector, is necessary.

Strategic assessment of Specific Objective 2

31. It remains unclear whether all strengths and opportunities are fully exploited in the Plan by sufficient interventions, and if all the weaknesses identified are addressed (e.g. lack of labelling and quality schemes). Finland is invited to better show the link between the interventions and the needs that have been identified.

32. In particular, the Commission notes that investments and related actions to increase productivity and profitability of farms (including training, efficiency of transport, promotion, communication and marketing, development of quality schemes and traceability) are designed in the fruit and vegetables and apiculture sectors, but not in other sectors.

33. Finland is required to explain how and to what extent the different interventions under SO2 (e.g. addressing farm competitiveness and modernisation) will improve the economic situation of farms in all sectors, and in particular those confronted by low profitability. This should be based on an analysis of farm profitability by farm type and size. Considering the low target set for result indicator R.10 (Better supply chain organisation) (2.45%), Finland is invited to increase its efforts to improve the value added of food products for farmers, for example by supporting quality schemes and through increased participation in producer groups.

Strategic assessment of Specific Objective 3

34. Finland plans sectoral interventions in fruit and vegetables (hereafter: F&V) and apiculture sectors only (where these are compulsory). However, Finland identifies needs (for SO3) to increase cooperation and develop new solutions and (for SO2) to improve competitiveness of the agri-food sector. Sectoral interventions do both – improve cooperation (as the support is channelled through Producer Organisations (hereafter: POs), so there is an incentive to form POs), as well as competitiveness of the sector concerned (as the support is designed and co-financed by the producers themselves). In the light of this, Finland is invited to explain the reason for not including other sectoral interventions than F&V and apiculture in the Plan.

35. Finland has a low number of recognised POs in several sectors and without recognised POs, sectoral interventions cannot be implemented in most sectors. The Commission understands that Finland aims to address this through the use of Article 77 of the SPR. In this context, Finland is asked to confirm whether it expects the planned Cooperation intervention to affect the number of recognised POs in Finland, and if so in which sectors.

36. Using the EU Geographical Indications scheme could be further considered and better distinguished as a tool to valorise quality products especially given the reputation Finland has as a country with clean nature.

Specific strategic focus

37. In addition to the key issues mentioned earlier in this document, Finland is requested to provide more information, as listed below:

    - The Commission considers that Finland should strengthen the evidence that the Plan addresses sufficiently the need of redistribution of income support by other instruments and interventions financed by the European agricultural guarantee fund (hereafter: EAGF) in order to justify the 10% derogation to the CRISS laid down in Article 29(1) second sub-paragraph of the SPR.

    - As regards the overview of how the aim of distribution from larger to smaller and medium size farms and more effective and efficient targeting of income support is addressed (the redistributive strategy) this should not only indicate that the redistributive needs have been addressed, but also that they have been addressed sufficiently. The proposed redistributive strategy focuses on middle size holdings and does not sufficiently justify its approach towards small farms. To justify the sufficiency of the strategy and the consistency of all income support tools, a quantitative analysis showing the combined effects of all relevant income support tools on Direct Payment per hectare and income per work unit by physical size is requested (e.g. by using the farm accountancy data network, hereafter: FADN). Finland is requested to also provide an explanation as regards degressivity and capping not being part of the strategy.

- As for the sectoral interventions, the explanation should clarify, for each relevant sector, if there is overlapping between the targeting of those interventions that benefit the sector concerned. If yes, the consistency/complementarity between the different interventions (e.g. objective, support rate) should be explained. The explanation about the various support schemes targeting the F&V sector should therefore be completed with similar information for other sectors.

- Several sectors are marked with '*not in use'*, while they are in fact targeted by various sector-specific interventions (beef and veal, dairy, sheep and goats, sugar beet, protein crops, as well as other sectors – cereals, oilseeds, starch potato). Should there be more than one intervention targeting any of these sectors (also including national support such as the Nordic Aid), consistency/complementarity between all support schemes should be assessed.

To support and strengthen environmental protection, including biodiversity, and climatic action and to contribute to achieving the environmental and climate-related objectives of the Union including its commitments under the Paris Agreement

Strategic assessment of Specific Objective 4

38. Finland is invited to better clarify the overall climate ambition of the Plan, including as regards methane emissions, and to explain more in detail the whole set-up of actions and instruments on peatlands. It is important to clarify how the actions proposed will contribute to reduce emissions from peatlands, and reinforce the intervention logic in this respect. Finland is invited to explain why carbon farming approaches such as rewetting of peatlands or climate adaptive production on organic soils are not identified as needs, even though arable peat soils are identified as a weakness. Finland is also requested to explain why peatland protection is presented as a threat for inter-farm competition.

39. The Commission notes that a sector-specific climate adaptation analysis is not provided. Other than for the Åland Islands, a clear regional adaptation is mainly missing, and specific challenges of e.g. southern, northern and coastal regions (except Åland), and the grain-producing areas are mostly missing.

40. The needs in relation to climate adaptation are not ranked in importance. Though mentioned, SWOT does not indicate any substantial or specific ambition for addressing adaptation to drought. It is not clear if water management needs refer to the issues of maintenance of drainage systems, how significant the problem is, and whether the interventions programmed are sufficient.

41. In view of its high share of emissions from agriculture, including cropland and grassland land use, compared to total national greenhouse gas emissions, Finland should reinforce the contribution of the different interventions planned for climate change mitigation, in particular as regards emission reductions. Finland is invited to clarify whether or not the payment rates available for the green fertilisation of grass (green manure) and ecological grass eco-schemes are

likely to be sufficient to encourage farmers to engage in these practices, given the productive nature of the grassland.

42. Finland is invited to provide an estimate of the mitigation potential under the concerned interventions.

Strategic assessment of Specific Objective 5

43. Finland is invited to clarify why the improvement of nutrient balance and the prevention of nutrient leaching are considered to have different degrees of importance (important and very important respectively).

44. The description of the needs referred to in Article 108(b) of the SPR should describe in detail the need concerning the problems related with water management (quantity). This information is important to assess how significant the problem is, in order to then also judge whether the interventions programmed are adequate. Concerning the actions proposed to increase and modernise the irrigated areas, Finland should ensure that these will not put at risk or affect the status of any water body. Finland should also better describe and reinforce the actions implemented to improve the resilience of the agricultural sector against variability in precipitation, including targeted interventions to improve soil properties and water retention.

45. Finland acknowledges in its SWOT the problem of field infrastructure for water management (both drainage and irrigation) and the projected changes in rainfall that make this infrastructure essential to climate and environment-smart agriculture. Finland should increase ambition for addressing field water management infrastructure.

46. Considering the needs identified, Finland is invited to reinforce the interventions with direct effect on nutrient surplus (e.g. organic farming, agroforestry) and include, if necessary, additional interventions.

47. Finland is invited to provide more information and ensure a higher contribution to address water related pressures, in line with the Directive 2000/60/EC (Water Framework Directive (WFD)). Finland is invited to consider and address additional needs emanating from the WFD and other legislative instruments, identified in particular in the Report on the implementation of the WFD and the Directive 2007/60/EC (Floods directive), such as more expert and effective farm advisory services. Finland is in particular invited to include additional measures to address hydromorphological alteration in view of achieving the objective of the WFD and of the Green Deal. In addition, Finland is invited to describe the contribution of the Plan to specific issues identified in the SWOT such as soil compaction and the impact of forestry on water bodies.

48. The Commission encourages Finland to better explain the links with the Best Available Techniques (hereafter: BAT) conclusions including BAT-associated emission level (BAT-AEL), notably in the context of reducing emissions of pollutants from installations (e.g. ammonia).

49. The interventions as well as the needs analysis should focus on the areas with higher surplus as well as higher impact on the environment and consider the synergies of the Plan with other programmes at regional level such the Baltic Sea Action Plan.

Strategic assessment of Specific Objective 6

50. Finland is invited to consider linking result indicator R.34 (Preserving landscape features) to this SO.

51. Finland is encouraged to explore possibilities for further ambitious commitments.

52. Finland has identified the need to maintain and promote farmland biodiversity, yet it has not taken the opportunity to restore and maintain diversity landscape features and small biotopes within the agricultural landscape. Such elements are particularly important for farmland birds and wild pollinators. Finland is asked to clarify the relevance and sufficiency of the interventions concerning biodiversity.

Specific strategic focus

53. The description of the links between the CAP green architecture, the SWOT and the Commission Recommendations seems partly consistent. It should be better explained how the needs have been identified. CO2 emissions from livestock are not tackled directly and generally the strategy as regards climate action needs further clarifications and reinforcement.

54. Finland is invited to reinforce interventions on a number of areas, especially as regards the management of peatlands, as well the response to climate challenges (including methane emissions).

55. Finland is invited to include more information on how the Plan will contribute to the targets set by the National Environment and Climate Plan and other EU legal acts such as the Directive 2012/27/EU (Energy Efficiency Directive) or the Directive (EU) 2018/2001 (recast Renewable Energy Directive) in term of increasing renewable energy use and improving energy efficiency.

56. Finland is required to include in the Plan a clear overview and the analysis of the complementarity between the relevant baseline conditions, as referred to in Article 31(5) and Article 70(3) of the SPR, conditionality and the different interventions addressing environment and climate-related objectives.

57. The Plan mentions, as national value for the EU Green Deal target of 25% of the EU agricultural area under organic farming by 2030, 20% by 2027 (and 25% by 2030). The Commission welcomes this target, which constitutes a substantial increase over the 2019 value of 13.48%.

58. Finland is invited to provide more information on the breakdown between support for the maintenance of organic farming and that for the conversion to organic farming.

59. Finland is invited to include more measures beneficial for small biotopes and high diversity landscape features which are not adequately addressed currently within the Plan.

60. Finland is invited to review the overall proposed approach towards addressing challenges of nutrients, ammonia emissions and eutrophication. Finland is also invited to consider adding interventions including schemes and investment opportunities to support low-emission animal housing and feeding strategies to contribute to ammonia, methane and the particulate matters (hereafter: PM) emission reductions to achieve, inter alia, the objectives of the National Emissions Ceiling Directive (Directive 2016/2284 on the reduction of national emissions of certain atmospheric pollutants, hereafter: NECD).

To strengthen the socio-economic fabric of rural areas

Strategic assessment of Specific Objective 7

61. Finland is invited to consider whether investments could be supported at higher rate for young farmers based on the needs identified. Moreover, Finland is invited to describe more comprehensively in the generational renewal strategy the conditions for CAP support and the interplay with national measures such as state guarantee and tax relief.

Strategic assessment of Specific Objective 8

62. The Commission encourages Finland to promote equality of women throughout the implementation of the Plan by justified and proportionate measures.

Strategic assessment of Specific Objective 9

63. Finland is encouraged to propose actions to be integrated into the Plan to support the transition towards keeping of animals in non-confined housing systems, in particularly for calves and laying hens.

64. While the Plan acknowledges the need to increase awareness of healthy diets, interventions proposed seem to be limited. The Commission therefore invites Finland to better explain how the shift towards healthy, more plant-based and sustainable diets will be achieved.

65. The Commission invites Finland to explain its efforts to reduce waste and loss at primary production level, also in relation to contributions from national schemes.

66. The Commission notes that the Plan describes a range of actions aiming at reducing the use and risk of chemical pesticides. However, it does not provide any explanations to what extent the different measures in the plan will lead to reduced risk and use of pesticides. Therefore, the Commission invites Finland to provide this explanation and where appropriate consider reinforcing its Plan in the area of pesticides

Modernising the sector by fostering and sharing of knowledge, innovation and digitalisation in agriculture and rural areas, and encouraging their uptake by farmers, through improved access to research, innovation knowledge exchange and training

Strategic assessment of the cross-cutting objective

67. Strengthening of AKIS is encouraged. It is not clear how and if farmers' organisations and advisors will be sufficiently involved in the different interventions, as the knowledge network "AgriHubi"s tasks, objectives and organisation heavily rely on the role of educational institutions and have a focus on research and research data rather than on discovering farmers/foresters' needs and involving advisors.

68. More details would be needed on the quality of service of rural 4G mobile and how the target of 5G in all populated areas in 2030, in particular rural populated areas, will be reached.

69. InvestEU as an additional way to increase digitalisation could be considered. Finland is asked to provide some information on the solutions foreseen to bring the digital professional/providers closer to rural areas. More details on the practical actions proposed to improve uptake of digital tools which aim at improving farm economics would be particularly welcome.

Simplification for final beneficiaries

70. Finland is invited to further detail how it intends using new technologies for non-IACS controls (IACS: Integrated Administration and Control System). While the Commission takes note of the information provided on the implication of force majeure cases on conditionality-related non-compliances, further information is requested if Area Monitoring is used for *force majeure* cases pursuant to Article 3 of Regulation (EU) 2021/2116.

71. While the Plan refers to the Farm Advisory System in the context of conditionality related non-compliances, it is not explicitly mentioned how all beneficiaries/farmers are informed about it.

Target plan

72. Some result indicators relevant to SO4, SO5 and SO6 either show a low ambition or their coverage is considered as not sufficient. In addition, some result indicators seem to be missing. The target plan is to be filled in by financial year. As an example, result indicators for direct payments should be set from 2024 to 2028.

73. The Commission invites Finland to review, and complete where appropriate, the selection of result indicators, and the linkages of selected indicators to relevant SO and interventions in particular as regards: R.4 (Linking income support to standards and good practices), R.6 (Redistribution to smaller farms), R.8 (Targeting farms in specific sectors), R.12 (Adaptation to climate change), R.13 (Reducing emissions in the livestock sector), R.14 (Carbon storage in soils and

biomass), R.16 (Investments related to climate), R.20 (Improving air quality), R.21 (Protecting water quality), R.22 (Sustainable nutrient management), R.26 (Investments related to natural resources), R.31 (Preserving habitats and species), R.24 (Sustainable and reduced use of pesticides), R.32 (Investments related to biodiversity), R.33 (Improving Natura 2000 management), R.35 (Preserving beehives), R.37 (Growth and jobs in rural areas) and R.42 (Promoting social inclusion) to address the needs identified in the needs assessment.

- While the Commission welcomes that Indicator R.21 is fixed at very high level, it also notes that more specific ones with impact on water quality, such as R.22 and R.24 are considerably lower. Finland is invited to clarify this, and propose appropriately higher targets to the latter.

- ANCs should not be counted against R.31.

- R.33 is fixed at low level with no noticeable increase compared with the previous period. In the light of the country's biodiversity needs, Finland would need to propose higher values for this indicator, and propose measures for R.32.

2. OPERATIONAL ASSESSMENT

Minimum ring-fencing

74. Finland is requested to identify in a detailed manner how interventions contribute to the 25% and 35% ring-fencing requirements for eco-schemes and rural development measures and link those to the relevant output and result indicators.

75. Finland is invited to ensure that each intervention ring-fenced under Section 5 of the Plan, be it for Environment, Generational Renewal or LEADER, fully contributes to meeting one of those ring-fencing requirements (i.e. cannot only partially contribute). This is valid for all ring-fencing requirements.

76. As regards young farmers, interventions under rural development contribute to meeting this ring-fencing requirement. However, financial data retrieved from Section 5.3 "Rural development interventions" differ from data entered in the overview table of the financial plan. As indicated above, the total should match.

77. Based on the data provided in Section 5, a higher amount than the minimum set out in Annex XII to the SPR is reserved for young farmers. For each of the two types of intervention contributing to this ring-fencing, the amounts that are to be considered necessary to meet the minimum ring-fencing requirements should be clearly indicated in the overview table of the financial plan (Section 6.1). This information shall serve as a basis to establish the financial ceilings referred to in Article 95(4) and (5) of the SPR.

78. Finland should specify in the Plan that 15 % of the costs of the operational programmes of producer organisations in the F&V sector must be earmarked for

environmental and climate measures (see Article 50(7)(a) of the SPR). The Plan does not provides any figure proving that 15 % are actually foreseen for environmental and climate measures.

79. Finland should ensure that at least 2% of expenditure under operational programmes covers the intervention linked to the objective referred to in point (d) (research, development and innovation) of Article 46 of the SPR (see Article 50(7)(c) of the SPR).

Definitions and minimum requirements

80. As for definitions and minimum requirements, Finland is invited to:

- Section 4.1.1.2: provide criteria to maintain the permanent crop itself.

- Section 4.1.2.1: provide clearer information on the elements of agroforestry based e.g. on type of trees, their size, number, distribution in relation to pedo-climatic conditions or management practices.

- Section 4.1.2.3.2: provide the minimum planting density for the listed species.

- Place the maximum number of trees in permanent grassland under Section 4.1.3.5 instead of Section 4.1.2.4.7.

- Section 4.1.2.5: provide a justification for its potentially discriminatory approach of excluding areas, such as greenhouses.

- Section 4.1.3.2: clarify how the actual and lawful use of the land will be verified and whether based on the National law, the land can be legally at the disposal of the farmer only based on ownership or a lease.

- Section 4.1.4.1: clarify how the farmer's inclusion into national registers proves that the farmer has at least a minimum level of agricultural activity and whether criteria to identify active farmers do not penalize those who do not perform productive activities.

- Section 4.1.4.3: clarify further the justification of the threshold, e.g. by quantifying the number of excluded farms.

- Section 4.1.5.2: clarify further the rules for head of unit in legal entities in terms of capital share, voting rights or similar based on national company law for example;

- Section 4.1.5.3: as the training/skills requirement can be fulfilled in several years, provide appropriate control rules for multiannual commitments in Pillar 1 for the complementary income support for young farmers (hereafter: CISYF).

- Section 4.1.7.2: based on qualitative and quantitative information, provide a justification as to how the thresholds set ensure the reduction of

administrative burden and contribute to the objective of supporting 'viable farm income'.

- Section 4.1.8: clarify on which basis the definition of forest includes grasslands and placing the minimum size of the parcel under the Basic income support for sustainability (hereafter: BISS) IACS part of the Plan, depending on its intended applicability.

CAP network

81. While the description of the national CAP network in Section 4.4 is well developed, the objectives listed do not appear to encompass all those foreseen in Article 126(3) of the SPR, the scope of which is mandatory.

82. In addition, Section 4.4 does not contain necessary details to assess the overall functioning of the network, as foreseen in Point 4.4 of Annex I to Commission Implementing Regulation (EU) 2021/2289 (on the content of the CAP Strategic Plans and on the electronic system for secure exchange of information). In particular, more detailed information would be needed on: activities of the network as related to involvement of new participants (Pillar 1), knowledge flows and European Innovation Partnership for agricultural productivity (hereafter: EIP) strand, monitoring & evaluation activities and work with LEADER/other territorial initiatives. Information should also be added on the timeline for setting up the network, whether any regional level components are envisaged, and the indicative financing foreseen for the network. Finland is invited to consider revision of the text to include further details on these elements.

83. With regard to innovation support, it is questionable if the CAP network with its new tasks will have sufficient resources to accompany individual actors in all regions, including on support to innovation projects and OGs.

Complementarities with other funds

84. The description in Section 4.5 on coordination, demarcation and complementarities should be revised to give the overview required in Article 110(d)(v) of the SPR. Finland is invited to provide a comprehensive description of how EU funds and initiatives active in rural areas work together with and concretely contribute to the Plan, also in addressing needs related to the development of rural areas, social inclusion, digital strategy and broadband. These funds include, in particular, the European Regional Development Fund (ERDF), the European Social Fund Plus (ESF+), the Recovery and Resilience Facility (RRF), the Digital Europe Programme (DEP), the Connecting Europe Facility (CEF2 Digital), the Programme for the Environment and Climate Action (LIFE) and Horizon Europe.

85. The EU-funded R&I outcomes (i.e. research results, tools, instruments) should be increasingly taken up by Member States to address the transformative change necessary in agriculture to tackle the interlinked soil health, climate and biodiversity challenges. In particular, the Horizon Europe Missions

("Adaptation to Climate Change", "A soil deal for Europe" and "Restore our Ocean and Waters by 2030") offer opportunities for accelerating the testing and deployment of cutting-edge solutions through placed-based activities in rural areas. Finland is invited to provide additional information on links of the Plan with the Europe Programme, Missions and Partnerships.

Interventions and baseline

Conditionality

GAEC 1

86. Finland is requested to include in the Plan the parameters of the GAEC standard, including the reference year and the distinction between reference and annual ratio. Standard B does not fit in the system of ratio and does not concern peatland/GAEC 2. For the sake of clarity and consistency with the EU framework, Finland is invited to notify it as an additional GAEC standard addressing the same main objective.

GAEC 2

87. As GAEC 2 should address land which is agricultural at the start of the period, Finland is requested to ensure that peatland on agricultural land will be protected in line with the requirements of GAEC 2.

GAEC 3

88. Finland should bring this GAEC in line with the SFC by banning the burning of all arable stubble and not only of selected types.

GAEC 4 and 5

89. Finland is requested to explain the difference between GAEC 5 and GAEC 4, or to specify a standard in line with the EU definition laying down rules on tillage to counter erosion for gradients where the risk of erosion can be mitigated by tillage management practices.

GAEC 6

90. As regards the adaptation to the short vegetation period due to winter conditions, this does not entail a derogation to the GAEC. Finland is therefore requested to cover permanent crops as well as all the arable land of the farm with GAEC 6. Finland is also requested to specify the period concerned by this GAEC or to specify the procedure for its setting-up. Moreover, clarification is requested for "Areas of no-till crops, untilled arable stubble and light tillage to be specified". Clarification is requested for the exemption provided for vegetable growers.

GAEC 7

91. Footnote 4 to GAEC 7 in Annex II to the SPR cannot be understood as providing for crop diversification as the general rule for the whole Member State territory. Accordingly, Finland is requested to define crop rotation requirements. In the case where Finland would make use of the option to define, by exemption, requirements for crop diversification in specific regions on the basis of diversity of farming methods and agro-climatic regions, Finland is requested to provide an explanation of the contribution of the practices and a justification of the choice made.

GAEC 8

92. The Commission notes that Finland includes only land lying fallow under this GAEC. In the light of the country's needs on biodiversity, Finland is encouraged to extend its protection to more types of landscape features and justify why their inclusion (e.g., hedges) would not be appropriate to promote biodiversity.

93. Finland is invited to explain in relation to the biodiversity objective why there is a maximum share of 10% of area devoted to biodiversity. Finland should also further explain how the 8 months period of fallow land is in line with the SPR, including how it can allow meeting the biodiversity objective of GAEC 8, in the context where pesticides and fertilisers may be used after 15 August. Finland is also invited to explain what are the "protected trees" retained under this GAEC standard and in particular the link with the definition of agricultural area (e.g. "arable land does not in principle include trees other than approved landscape features or in the case of agroforestry"), and apply the ban on cutting trees during the bird breeding and rearing season to all trees.

For direct income support

Basic income support for sustainability (BISS) (Articles 21-28 of the SPR, Section 5 of the Plan)

94. The unit amount for BISS cannot be justified as being the result from the division of the BISS envelope assigned to each group of territories by the number of estimated eligible hectares in the respective group of territories.

95. The unit amount for each group of territories should be justified based on data relating to the income needs in that specific group of territories.

96. Finland is invited to reconsider the variation of the unit amount provided for BISS. The variation percentages are considered to be very high and are not adequately justified. The justification of the unit amount on the one hand, and of minimum and maximum unit amounts on the other hand should be linked. For each group of territories, these justifications should primarily be based on data related to the needs which the relevant interventions wants to address. Elements of uncertainty leading to a risk of unspent funds can be added to justify the variation. However, these elements must also be explained and where possible based on data, e.g. related to past experience related to under-execution.

CRISS (Article 29 of the SPR, Section 5 of the Plan)

97. As mentioned in the "Key messages" section of this document, Finland is invited to provide further analysis on the redistributive strategy. Finland is invited to reconsider the variation of the unit amount provided for CRISS. The relative variation percentage is considered to be very high and not adequately justified. The justification of the unit amount on the one hand, and of minimum and maximum unit amounts on the other hand should be linked and these justifications should primarily be based on data related to the needs which the relevant interventions want to address. In that respect, Finland is invited to justify how EUR 10 or EUR 11 are sufficient. Elements of uncertainty leading to a risk of unspent funds can be added to justify the variation. However, these elements must also be explained and where possible based on data, e.g. related to past experience related to under-execution.

Complementary income support for young farmers (CISYF) (Article 30 of the SPR, Section 5 of the Plan)

98. Finland is invited to link this intervention into the SO7, specify the condition of being "newly set up" and justify the planned unit amount and variations from the viewpoint of their contribution to SO7.

Eco-schemes (Article 31 of the SPR, Section 5 of the Plan)

99. Finland should ensure that eco-schemes go beyond conditionality. Finland is requested to clarify the links between the eco-schemes, and in particular if participants are eligible to benefit from all 4 eco-schemes within a calendar year or, if this is not the case, what is the approach retained. Finland is also requested to further explain the percentages of areas on which one or several eco-schemes payments are possible as well as to explain the choice of a top-up of income support for one eco-scheme, while the 3 other eco-schemes are compensation of cost incurred/income foregone.

100. Finland is strongly encouraged to exclude the use of pesticides in the agricultural areas under the eco-schemes (1, 2, 3 and 4), in order to realise the objectives of the eco-schemes.

101. Finland is requested to avoid overlap with agri-environment and climate commitments (hereafter: AECC) interventions, in particular for:

- Eco-scheme 2 and AECC on soil improvement and remediation plants;

- Eco-scheme 3 and AECC on soil improvement and remediation plants and AECC on protection zones and grassland of peat fields; and

- Eco-scheme 4 and AECC farm specific measure.

102. In relation to Eco-scheme 2 and Eco-scheme 3, Finland is requested to ensure that the eco-schemes go beyond GAEC standards 2, 4, 6, 8 and 9 (in particular when they set fallow land or grassland requirement) also for the baseline and revise the calculation of the compensation of cost incurred/income foregone.

Overlap of the two eco-schemes should be avoided and taken into account in the calculation.

Eco-scheme 01: Vegetation cover during winter:

103. Finland is requested to ensure that and explain how the practices required for the eco-schemes significantly differ from practices required for the GAEC. Finland is also requested to specify the starting and ending date of the winter period considered.

104. Finland is requested to further explain in light of Article 102(2), 3rd subparagraph of the SPR, why a range of variation in the unit amount of +/- 40% is justified for this scheme.

105. Finland is requested to review the link with R.12, which does not seem justified.

Eco-scheme 02: Nature management grasslands

106. The Commission notes that this intervention supports grazing for two years; Finland is requested to consider whether this is the most appropriate way to achieve the objectives of the eco-scheme.

107. Finland is requested to explain why such a wide range of variation of the payment (+/- 23% in relation to the planned unit amount) is necessary for the financial planning of this eco-scheme.

108. Finland is requested to clarify for Eco-schemes 02 and 03 if the product of mowing can be used, and in this case if it is taken into account in the calculation of the compensation.

109. The link to R.21, which does not seem entirely justified, should be revised.

Eco-scheme 03: Grassland for green fertilization

110. Finland is requested to explain why such a relatively wide range of variation of the payment (+/- 18% in relation to the planned unit amount) is necessary for the financial planning of this eco-scheme.

111. Links to R.21 and R.22 should be further justified.

Eco-scheme 04: Biodiversity plants

112. Finland is requested to ensure that the commitments of this eco-scheme deliver its objectives. It should specify the period of compliance for this scheme, in order to avoid disturbances on breeding, migration or hibernating activities. The Commission encourages Finland to exclude the application of pesticides on biodiversity crops.

113. Finland is requested to ensure that the ecoscheme goes beyond GAEC standards 4, 6 and 8 for the baseline and the calculation of the compensation of cost incurred/income foregone.

CIS (Articles 32-35 of the SPR, Section 5 of the Plan)

114. In order to address efficiently difficulties and improve the competitiveness and sustainability of the sector and to avoid that the proposed CIS interventions lead to a deterioration of the environmental and climate situation (e.g. resulting from intensification of livestock farming), Finland is requested to clarify the interplay between CIS and other support decisions under the Plan and to improve, if relevant, the CIS interventions' targeting (e.g. eligibility conditions for specific types of farming within a sector and CIS adapted to different local context).

115. Finland is invited to consider linking its CIS interventions also to result indicators R4, R6 and R.7 (Enhancing support for farms in areas with specific needs).

116. Finland is invited to take into account the following when designing CIS:

- The justification for economic difficulties should be primarily based upon a low/negative profitability and/or a declining number of hectares/animals over a recent period. Other arguments (e.g. short production period; unfavourable weather, etc.) are also useful for further clarity, but these should rather just explain the reasons behind the difficulties. The explanation of the difficulty should be reinforced accordingly, where appropriate;

- The 'aims' still need to be clarified to address the difficulties in the longer run. If needed, certain elements of the support decisions (e.g. eligibility conditions, or modulated unit rates could encourage the use of beneficial agronomic practices; or more performant / more resistant varieties; or cooperation of farmers; etc.) might have to be re-considered in order to incite improvement in terms of competitiveness, quality, and/or sustainability;

- The eligibility conditions should cover all important requirements (if applicable, e.g. minimum number of ha/animals, minimum sowing density, minimum yield, minimum/maximum age of animals, retention period, etc.). If relevant, these should be completed;

- An intervention may target several sectors (e.g. 'special crop premium'), but the importance of each should be justified nonetheless. The 'special crop premium' under CIS also targets certain cereals (rye, buckwheat). The Plan, in particular the list of targeted sectors, justification of difficulties and importance, the explanation of the aim and of the unit rate should thus be completed;

- The explanation of how the planned unit rate and its variation was determined in light of the targeted sector's actual support need should be reinforced. A short description of the mechanics would suffice. Besides, given the various uncertainties about the sector's support need, it is actually more realistic to determine the required subsidy as a (limited) range of values, which in turn would allow fixing and justifying the planned unit rate and its variation;

- Finland should clarify how the various river basins' different situations were taken into account in its assessment. Given that all interventions foresee stable output indicators till 2027 (i.e. no production increase), the focus should rather be on those river basins, if any, where 'good status' has not yet been reached based upon the respective river basin management plan (hereafter: RMBP). The most sensitive interventions in light of their potential impact on pollution appear to be those that target the dairy and beef and veal sectors. Finland should clarify how the river basins' different situation have been taken into account and explain how the CIS interventions are consistent with the WFD; and

- Since Finland makes CIS potentially available to sunflower, the support area per year should be indicated in the respective table. Confectionary sunflower seed is excluded from the CIS scope, which should be clarified in the eligibility conditions of the intervention that targets oilseeds. The Commission should inform Member States about reduction coefficients, if any, related to the EU World Trade Organization (hereafter: WTO) schedule on oilseed (Blair House) in this document. However, the Commission has not received all the information needed yet. Once all Member States have submitted their Plans, the Commission will inform Member States, if such coefficient is needed.

<u>For sectoral interventions</u>

Fruit and vegetables

117. Finland is invited to verify and describe in the Plan how all additional requirements set out in Regulation (EU) 2022/126, for instance, the percentage for minimum water savings (Article 11(4)(a) of Regulation (EU) 2022/126), are to be addressed.

118. While defining the F&V interventions, Finland has not established the link to the cross-cutting objective in Section 5.2 Sectoral Interventions. The Commission considers that this link, where relevant, should be established.

119. The Commission invites Finland to add result indicators R.5 (Risk management), R.10 and R.11 (Concentration of supply), and other relevant result indicators where necessary. It needs to be emphasised that the reference to R.10 and R.11 is mandatory based on Article 160 (concentration of supply for producer organisations) of Regulation (EU) No 1308/2013 and Article 46(b) of the SPR (concentration of supply and placing on the market of the products is one the objective for the F&V sector). R.1 should also be added for interventions falling under Articles 47(1)(b) and (47(1)(c) of the SPR.

120. Finland should ensure that operational programmes should include three or more actions (80% of member of producer organisation rule) linked to the objectives referred to in points (e) and (f) of Article 46 of the SPR (see Article 50(7)(b) of the SPR).

121. Finland should make sure that the interventions within the types of interventions referred to in Article 47(2), points (f), (g) and (h) of the SPR do not exceed one third of the total expenditure under operational programmes (see Article 50(7)(d) of the SPR.

Apiculture

122. Finland is invited to:

- Revisit the information in Tables 5.2.10 and 6.2.2, to ensure consistency and include the Total Public expenditure in the updated SFC tables;

- Describe in Section 3.5.2, the method used to determine the number of beehives in respect of Article 37 of Regulation (EU) 2022/126;

- Revise Section 3.5.2 with an analysis of the sector leading to the assessment of the needs and justification of the interventions chosen, which need to be clearly outlined, and explain how these also address the SOs;

- Clarify the demarcation with EAFRD interventions;

- Improve the description of the interventions with clear, concise and structured information, starting with the objectives of the intervention followed by the specific actions supported, eligible expenditure providing at least a few examples, beneficiaries and eligibility conditions;

- Use result indicator R.35 for interventions Mehi 2 and Mehi 3 (Article 5(1)(b) of the SPR);

- Ensure that support is provided for eligible expenditure in compliance with the provisions of the relevant regulations in particular those in the Delegated Regulation (EU) 2022/126 (the limited information provided does not allow to properly assess this); and

- Make an effort to determine planned unit amounts and outputs for the different actions supported and duly explain and justify in Section 9, how these as well as the indicative financial allocations were calculated while ensuring consistency with the information in Section 6.

For rural development

123. The Commission regrets noting strong continuity in rural development environmental interventions as compared to the current programming period. Finland is strongly encouraged to take the opportunity of the Plan to include new or more robust interventions that contribute to better addressing the country's needs (water, nutrients, biodiversity).

124. Finland is invited to consider introducing an intervention on Natura 2000 payments for agricultural areas and WFD payments given that agriculture remains the main pressure and there is a need to ensure non-deterioration of habitats and to prevent disturbance of species in the sites.

125. Finland is invited to improve rural development interventions' descriptions in terms of clarity and provide further details allowing their proper assessment and understanding of the intervention logic, and should provide the following information and certificates for interventions designed under Articles 70-72 of the SPR:

    - brief description of the method for calculating the amount of support and its certification according to Article 82 of the SPR in Section 7 of each intervention concerned; and

    - the full certified method of calculation (when carried out by an independent body) and in case it has been carried out by the Managing Authority, the certification by an independent body in an annex to the Plan.

Management commitments (Article 70 of the SPR, Section 5 of the Plan)

Animal welfare

126. For intervention "Welfare plan for sheep and goats", data encoded return a contribution rate of 34% instead of 43%.

127. Finland is invited to provide a clearer description and a justification of the calculation of unit amounts of interventions AX EDV 01, AX EDV 02, AX EDV 03, AX EDV 04, EHK 03, EHK 04, AX EDV 05, EHK 01, EHK 07, EHK 16, AX EDV 06, EHK 02, EHK 08, EHK 09, EHK 10, EHK 11, EHK 12, EHK 13, EHK 14, and EHK 17.

128. The Commission welcomes the high level of ambition on animal welfare with a target of 74% of all livestock units (hereafter: LU) to be supported. However, interventions are fragmented and, for some of them the Plan does not provide enough information to assess if they go beyond the baseline (e.g. sick pen for cattle or fattening of pigs). The Commission considers that there should not be support for laying hens kept in cages, even if ammonia levels are monitored to improve such systems.

129. For intervention "Cultivation of haulage plants for bees", the EAFRD contribution rate should be adapted to avoid exceeding 43%.

Agro-environment-climate commitments (AECCs)

130. General comments to all AECCs (Finland Mainland and Åland islands):

    - The indication as to the territorial scope in Section 1 and Section 11 of each intervention should be aligned and be either FI1 or FI20;

    - For all interventions related to habitats and species, Finland should list the habitat types listed under the Council Directive 992/43/EEC (Habitats Directive) and Directive 2009/147/EC (Birds Directive) that will benefit from the intervention(s) and specify the areas covered;

- In the light of the country's needs Finland is strongly invited to consider the use of Article 72 of the SPR to provide additional support to objectives of the PAF or the RMBPs;

- Finland is requested to include a revision clause according to Article 70(7) of the SPR for all relevant interventions under this Article (including organic farming, animal welfare) in Section 4.7.3 (elements common to several interventions), or for all Article 70 interventions in Section 5;

- Finland should make sure that reference is made in each intervention to all relevant GAECs, and explain how the commitment goes beyond the respective mandatory requirements. Links to result indicators should be double checked;

- Finland is invited to better present the links with eco-schemes, in particular as to possibilities of combination and provisions, and avoid double funding of similar elements in both types of intervention. To state only that the commitment is different from the eco-scheme is not sufficient to comply with the Regulation. Also, the possibilities of combination within the set of individual AECC should be explained in the same manner while avoiding potential overlaps when eligible area is (potentially) the same;

- Insufficient detail is provided on how the PAF has been considered or how the proposed interventions will contribute to meeting the needs identified within the PAF, also as to the share of area covered. The result indicator R.33 is linked to the intervention and shows a very low level compared to the content of some of the AECC interventions, so it should be checked whether all commitments implemented in Natura 2000 sides under Article 70 of the SPR are accounted for, while still making sure that the same commitments implemented outside of the Natura 2000 sides are not counted;

- In view of the different interventions aimed at wetland and peatland, and against the background of the SWOT/Needs assessment as to GHG emissions, Finland is invited to ensure respect of the relevant GAEC and, beyond it, ensure that the interventions will incentivise a sufficient number of farmers not to produce on peatlands currently utilised for agriculture in order to meet the need to reduce GHG emissions;

- Finland is invited to clarify whether and how it takes into account and includes in the Plan two conservations schemes (CS) developed for farmland birds in Finland including Åland, in the context of the ongoing Commission contract "Developing tools to support the conservation of farmland birds in the EU": 1) CS1 on preventing unnecessary annual mowing on fallow land before August; 2) CS2 on maintaining grazing without compromising biodiversity values of field pastures;

- In line with previous observations, Finland should reinforce the interventions touching on fertilisation in order to, beyond the baseline (Nitrates Directive (Council Directive 91/676/EEC concerning the protection of waters against

pollution caused by nitrates from agricultural sources), reduce and prevent further eutrophication; and

- In particular, as regards to the interventions "Rearing of breeds of origin" & "Breeding of native breeds": Duration of one year is very low and should be justified. In terms of the baseline, Finland could explain how the intervention builds on experiences from 2014-2020, and how the support will improve upon the current situation as the SMRs used are more relevant for animal welfare. The intervention should comply with the provisions of Article 45 of Regulation (EU) 2022/126.

Specific comments as to the AECC Mainland:

131. *Env 01 – Farm specific measure*: The description states that the optional requirement for pollinator crops is different from the intervention under the eco-scheme for the cultivation of biodiversity crops. However, this needs to be substantiated as well as in how far this is more demanding than GAEC 9 for non-productive areas or whether some pollinator fields can still be used to fulfil the fallow land requirement of GAEC 9. The environmental benefit of the possibility to change two optional commitments on an annual basis at farm level is very limited, in particular for those commitments aimed at reduction of nutrient loss and the use of plant protection products. Furthermore, the promotion of the use of precision farming should be linked to the requirement of reduction of nutrient surplus and/or pesticides use. Finland has programmed R.21 as the sole result indicator for this intervention. Finland is asked to clarify whether this intervention could potentially contribute to additional result indicators. Finland is invited to clarify if the manure management methods eligible for support only include low-emission techniques (ammonia and methane) contributing to emission reductions. In this case (and if explicitly stated in the text), R.20 can also be selected and this intervention can be linked to need beta03.

132. *Env 02 – Soil improvement and restoration plants*: The definition of land improvement and restoration crops to be cultivated is not sufficiently clear from the description, and the explanation as to whether and how this intervention goes beyond GAEC 7 on crop rotation (link to GAEC 7) is missing. In the light of having also the intervention Env03, possibilities of combination or mutual exclusion are of particular importance, and any overlap or double funding should be avoided. Finland could also consider whether it is more appropriate to include this as an eco-scheme than under rural development, which are typically (though not required to be) multi-annual.

133. *Env 03 – Catch crops*: To be efficient in removing residual nitrogen in the soil, the catch crop mix should not consist only in leguminous crops, which can remove nitrogen in soil only in certain conditions (high level of nitrogen in the soil) or even increase nitrogen in soil. Finland is invited to clarify the reason for not introducing the maximum rate of leguminous crops in the catch crop mix in order to minimise the risk of nitrogen leakage. Finland will need to reassess this intervention to ensure that it goes sufficiently beyond the baseline.

134. *Env 04 – Promoting the circular economy*: The title of this intervention could better reflect that it is mainly on improvement of application of manure, slurry or other organic material. The reason for reducing the commitment from 20m3/ha to 15m3/ha (acceptance by beneficiaries or nutrient charge) should be explained.

135. *Env 05 – Protection zones*: This intervention needs specifications as to the characteristics of the protection zones to be established, e.g. in terms of size (buffer strips etc.) to ensure that the commitments go beyond GAEC 4 and GAEC 9. While removing the crops to impoverish the soil's nutrient status can be very important, as a standalone difference compared to the buffer strip according to GAEC 4, it would not be sufficient. This intervention is partly implemented on designated Natura 2000 sites, however other areas are also eligible. Provisions should be made to count only those commitments actually implemented in Natura 2000 areas for R.33 (e.g. by a separate unit amount in table 12 and 13). In the intervention, Finland is strongly encouraged to ban converting, fertilisation and pesticides, not just "mainly" prohibit.

136. *Env 07 – Management of water leakages:* Finland is invited to specify that such systems do not negatively impact on the water recharge ability of natural waterbodies and that such activities are in line with WFD and actions within the RBMP.

137. *Env 08 – Alternative plant protection for horticultural plants*: Finland is invited to explain the conditions for supplementing the biological or mechanical control methods by chemical control methods in particular as to its impact on actual more sustainable and reduced use of pesticides (R.24). As to the flexibility of the implementation in respect of area and years, it should be confirmed that it is actually implemented over the whole duration of the commitment, i.e. 5 years. Allowing for the supplementary use of chemical plant protection products negates the purpose of this intervention. Finland should revise this intervention and remove such flexibility.

138. However, for the AECC, compensation is requested by covering perennial horticultural crops with organic cover and as such this measure has a clear risk of duplication with the eco-scheme practice: "Plant cover on arable land in winter". Finland is invited to specify what documentation of proof is accepted for the purposes of eligibility. Finland should also justify the restriction to parcels >10ha when average parcel size is 2.5ha nationally. This measure would benefit from some aspect of knowledge exchange or training and Finland should consider how to maximise this opportunity.

139. *Env 11 – Wetland management*: Finland should revise this intervention to ensure that it is better aligned with the PAF, i.e. with the management needs of wetlands in agricultural land hosting habitats or species of EU importance, which should also be mentioned.

140. *Env 12 – Breeding of native breeds*: Some of the total numbers of LU for this intervention seem quite low for animal breeds such as poultry. The minimum

number of animals per herd size should be specified to ensure it is adequate to meet the aims of the intervention.

141. *Env 13 – Growing of native plants*: It is unclear why R.31 has not been used for this intervention; R.27 (Environmental or climate-related performance through investment in rural areas) does not seem relevant. Reference is made to gene banks but this does not match with maintaining crops and plants in situ. The planned unit amount will need to be differentiated between types of crop/plant.

142. *Env 14 – Retention of the genetic heritage of the native breeds*: As this is non-IACS, average unit amounts should be used, and the justification should include costs incurred/income foregone. The number of operations (5) over the duration of the Plan seems too low to be effective.

143. *Env 15 – Assurance collections of native plants*: Finland is invited to explain why there is one action per year when there is only one beneficiary; the intervention will apply for five years i.e. one action in total, starting in 2024.

Specific comments as to the AECC Åland

144. The comments made in AECC for Mainland Finland apply as relevant to the ones proposed for Åland Islands.

145. *AX MILJ 01 – Farm-wide environmental commitment*: More justification is needed as to whether the level of ambition is similar to intervention Env01. Whilst the selection of R.21 is understood, Finland should provide explanations as to why this is the only indicator selected as it is not intuitively the strongest linked Result indicator to the intervention.

146. *AX MILJ 02 – Cultivation of soil-enhancing plants and remediation plants*: Finland should consider whether it is more appropriate to include this as an eco-scheme than under RDP, which are typically multi-annual.

147. *AX MILJ 03 – Cultivation of catch crops*. Potential overlaps should be taken into account as this intervention is planned to be combined with others. In line with the observations to GAEC 7, Finland will need to reassess this intervention to ensure that the intervention goes sufficiently beyond the baseline.

148. *AX MILJ 04 – Alternative plant protection methods in horticulture*: The comments indicated for ENV 08 apply.

149. *AX MILJ 05 – Promoting the circular economy*: The comments indicated for ENV 04 apply

150. *AX MILJ 06 – Establishment of grass-covered protection zones*: The comments indicated for ENV 05 apply. However, it is to be confirmed whether this is also on permanent grassland or on arable land. The provision to remove the crops to impoverish the soil's nutrient status is not included here. It seems that the only difference to GAEC 4 is that it applies not only along watercourses. Finland should also specify that no fertilisers are used within the protection zones, including those areas not adjacent to watercourses.

151. *AX MILJ 07 – Natural grazing*: While targeting natural pastures which is not permanent grassland, it is not clear why the eligibility conditions for this intervention include the necessity to have at least 3 ha of arable land.

152. *AX MILJ 08 – Targeted management measures on natural baits*: The comments indicated for ENV 10, which is similar but not the same, apply. Finland is requested to explain, why this intervention is limited to active farmers. However, it is acknowledged that this intervention covers only 120 ha.

153. *As for AX MILJ 07 & AX MILJ 08*: The two interventions should make clear they are focusing on grasslands (and wooded pastures, dune & sparsely vegetated land, etc.) primarily in Natura 2000 sites but also outside the sites. The payment rates for mowing seem to be insufficient, which may act as a disincentive. Finland should clarify how the two schemes will overcome this difficulty or revise the financial plan. The authorities have indicated that there is no link to conditionality. However, Finland should consider a link to GAECs 1 and 9 in the context of protection and maintenance of grassland habitat and ensure that the intervention goes beyond.

154. *AX MILJ 10 – Production of plants to support pollinators*: Acceptable plant species for the purposes of this intervention should be native species. The use of native species will be beneficial to native wild pollinators and will avoid the introduction of non-native, invasive or vigorous plant species that may outcompete native species. Finland is invited to confirm the use of species accordingly.

155. *Support to organic farming:* Finland is requested to state more explicitly that holdings split in organic and non-organic production are eligible for support only under the conditions laid down in Regulation on organic production and labelling of organic products (Regulation (EU) 2018/848) and on delegated/implementing acts adopted on its basis.

156. There is no differentiation of support between conversion to and maintenance of organic farming. Finland is requested to explain why no differentiation is deemed necessary in view of the specific circumstances during conversion, and adapt support accordingly in order to deliver the announced target.

157. It should be recalled that organic farming is not by default exempted by GAEC 7, as stated, but considered to comply with this GAEC, as rotation is a key practice in organic farming.

158. Finland is requested to specify the conditions of combination with eco-schemes and other agri-environment and climate commitments beyond the exclusions specified so far, e.g. by a combination table.

159. It should be clarified whether in case of combination of crop production and livestock production in one holding, support for livestock production refers to area of fodder crops (including grassland).

160. Based on the recognised contribution of organic farming, the link to R.12 is not justified and should be removed. As the support is also relevant for farming systems including livestock husbandry, Finland is invited to add links to indicators R.43 (Limiting antimicrobial use) and R.44 (Improving animal welfare).

161. *AX EKO – Organic production*: The comments made to the similar intervention in Mainland apply accordingly. In particular, the combination with AECC should be outlined.

Support to areas facing Natural or other specific constraints (hereafter: ANCs).

162. Finland is invited to revise its ANCs intervention, as follows:

- The compensation for the areas facing natural constraints contributes, in general, to the income support or to the areas in special needs (R.4 & R.7). Finland is invited to clarify the proposed contribution to the environmental indicator that do not seem to be justified;

- Finland should clarify how the proposed minimum farm size requirement does not result in trade distortion between farmers receiving those payments and those excluded from them, bearing in mind that the ANCs payments fall under paragraph 13 of Annex 2 to the WTO Agreement on Agriculture; and

- Tables 12 and 13 need to be revised. The appropriate planned unit amount to be selected is average since the support is subject to degressivity. Finland is invited to provide the average unit amount value and a short explanation.

Investments, including investments in irrigation (Article 73-74 of the SPR, Section 5 of the Plan)

163. Finland is invited to revise carefully the links to output and result indicators, according to the purpose of the interventions.

164. Adding R.15 (Renewable energy from agriculture) could be considered as relevant RI, including renewable energy generation capacity in megawatts (MW), to ensure the interventions on renewables/energy are more robust. These interventions should also refer to Directive (EU) 2018/2001 (Renewable Energy Directive) on the promotion of the use of energy from renewable sources), including the sustainability criteria, which must be complied with.

165. Finland is invited to confirm that eligible investments in energy efficiency go beyond normal standards (for qualifying for a higher support rate) in any interventions that address this.

166. For intervention *"INV Agriculture 01: Investments in improving farm competitiveness and modernising farms*", data entered in Section 5.3 return a contribution rate of 86.97%, instead of the 43% applicable rate.

167. *AX INV – Investment in the processing and marketing of non-agricultural products*: Finland is invited to indicate the applicable support rates (currently

"x") and to include relevant durability requirements in order to ensure that the investment will remain in use for an appropriate period of time. As regards State Aid, the intervention is indicated as mixed. Finland is invited to clarify, as support for processing etc. normally falls outside Article 42 of the TFEU.

168. *AX INV– Investment in the processing and marketing of agricultural products*: Demarcation with the intervention *"AX INV – Investment in the processing and marketing of non-agricultural* products" should be clarified. It should be noted that the output indicator proposed O.20 "number of supported on-farm productive investment" does not include investment in processing, even if this takes place on-farm. For the purpose of output indicators this is categorised "off-farm". Finland is invited to indicate the applicable support rates. As regards State Aid, the intervention is indicated as mixed. Finland is invited to clarify (as support for processing etc. normally falls outside Article 42 of the TFEU), and provide more information as regards the planned outputs as it seems as only 4 companies are expected to receive support.

169. *AX INV Jordbr – Investments in the development of farm competitiveness and modernisation of production*: Investment interventions will have to be notified under the WTO Green Box provisions, and explanations that could indicate an increase in production should therefore be avoided. Unit costs have been indicated as possible form of support, Finland is invited to provide further details on this. Finland is invited to clarify what type of investments in irrigation would be covered and to reflect the relevant requirements of the Article 74 of the SPR in the eligibility conditions. There appears to be a possible overlap with intervention *AX INV irrigation: Investments in irrigation and soil dewatering (Åland Islands).*

170. *Inv Agriculture 01 – Investing in improving farm competitiveness and modernising farms*: The maximum amount of agricultural investment aid per holding amounting to EUR 1.5 million over three fiscal years, and the maximum of EUR 1.2 million per investment to improve the competitiveness and profitability of agricultural holdings appears disproportionate to the proposed maximum of EUR 7,000 for construction investments and EUR 3,000 for other investments. Finland is invited to provide additional clarifications. Information about the eligible sectors is missing. It would be useful to explain the consistency and synergies with the relevant sectoral measures. Finland is invited to consider extending this intervention to include actions that improve energy efficiency.

171. *Inv Agriculture 02*: Finland is invited to explain how this intervention differs from *AX INV energy soilbr* and which types of renewables are supported. Under selection criteria, "competitiveness of the beneficiary" should be explained. In Table 13, it should be explained why the unit amount is a flat rate which does not take account of the varying costs linked to the type of renewable chosen, except for biogas. The number of operations does not seem correct as it is not whole numbers.

172. *Inv Agriculture 03– Investments on farms to promote the environment and sustainable production*: Finland is invited to elaborate more on the link between

the intervention, the SOs and the result indicators. For some SOs no corresponding result indicator was selected. To qualify for a green investment linked to the ring-fencing, it has to be assured that the eligible investments are directly linked to climate and environment/animal related indicators with a clear and direct benefit for the environment and climate. The investments should go beyond normal standards and mandatory requirements. Finland is invited to elaborate more on a clear targeting of the intervention, including more details on the eligible investments going beyond normal standards and specifying the general requirements for the investments in the Plan.

173. *Inv Company 01*: Finland should ensure that support for biogas production is given in a way to ensure no negative trade off in methane vs ammonia emissions (clear eligibility criteria/quality controls and inspections required for proper installations).

174. *Inv Company 02 – Investments in the processing and marketing of agricultural and natural products*: It might be useful to include information about durability requirements. Information about the eligible sectors is missing, including on the output. It might be useful to explain the consistency and synergies with the relevant sectoral measures.

175. *AX INV IP Diversity – Non-productive investments to promote nature diversity*: The eligible beneficiaries and the support rate that will be applied should be clarified.

176. *INV IP nat.res. – Non-productive investments*: Finland is invited to clarify the scope of the intervention and provide more details on the eligible investments. Non-productive green investments should be limited to non-remunerative investments linked to the delivery of purely environmental and climate benefits. Only investments are eligible under this intervention. Management costs should be supported under Articles 31 or 70 of the SPR. Finland is invited to clarify the eligible beneficiaries and the support rate that will be applied. Finland should ensure that this intervention is in line with actions from the RBMP and in line with the WFD.

177. *Inv wetland – Investments in wetlands*: Finland is invited to elaborate more on the link between the intervention, the SOs and the result indicator. Only the result indicator R.26 is selected. The corresponding result indicators should be considered and added where relevant (e.g. R.16, R.32).

178. *Inv General Benefit 01 – Investments of General Interest in Climate Change Mitigation and Adaptation*: Finland is invited to clarify the scope of the intervention and provide more details on the eligible investments. The intervention includes investments in small-scale infrastructure and in renewable energy sources which are clearly productive investments. O.22 or O.24 should be used instead. To qualify for the environmental ring-fencing, there has to be direct and significant benefit for the environment. Further information is needed in the section on the support rate (targeting) and the unit amounts (maximum unit amount). Moreover, the eligibility conditions have to be included in the Plan. This intervention also seems to address LEADER, and overlaps with *AX*

INV Energy Agriculture. The planned unit amount is EUR 150,000 yet the maximum is EUR 1,000,000: such a big disparity is surprising considering that the maximum Unit amount should still represent an average (not the maximum per project). It is unclear which kinds of renewables schemes (wind turbines, micro-grid for local community) can be supported under this intervention, and indeed the unit cost should be differentiated accordingly. Finland is invited to clarify these points.

179. *Inv General Benefit 02 – Investments of general interest in the sustainable management of natural resources* and *Inv General Benefit 03 — Investments of general interest to promote biodiversity*: The scope of the interventions is not clear. Finland is invited to elaborate more on a clear targeting of the interventions, including more details on the eligible investments showing the direct and significant link to environment and climate objectives. The eligibility conditions have to be included in the Plan. Further information is needed in the section on the support rate (targeting) and the unit amounts (maximum unit amount).

180. *AX INV Energy Agriculture*: If the beneficiary can also be a local energy community, the intervention must be split in two to represent the different beneficiary types and types of investments. Finland must ensure that any promotion of biomass combustion must be accompanied by sufficient safeguards to ensure no negative impact on air quality (notably PM emissions). For on-farm beneficiaries, State Aid rules must be taken into account if own-generation exceeds own-consumption needs.

181. *Inv General Benefit 02* & *Inv General Benefit 04*: In the description, these interventions refer to the circular economy, but no details are provided as to what actions are supported. Finland is invited to either delete reference to circular economy or add concrete actions.

182. *IV Company 01 & IV Agriculture 02*: Finland should ensure that any promotion of biomass combustion is accompanied by sufficient safeguards to ensure no negative impact on air quality (notably PM emissions) and biodiversity. Support for biogas production must be given in a way to ensure no negative trade-off in methane vs ammonia emissions (clear eligibility criteria / quality controls and inspections required for proper installations). Finland should also clarify what low-emission techniques for ammonia reduction can be supported.

Installation aid (Article 75 of the SPR, Section 5 of the Plan)

183. Finland is asked to include a short description of the content and timeline of the business plan and to justify the unit amount when this information is missing.

Setting-up of young farmers

184. These interventions should also be linked to R.37.

Start-up aid — Start-up in rural areas

185. Adding a link to R.39 **(**Developing the rural economy) would be justified.

Cooperation (Article 77 of the SPR, Section 5 of the Plan)

186. Mainland LEADER Intervention: In general the LEADER Intervention in the mainland is well described and targeted. Several clarifications or gaps, however, need to be addressed in relation to the core elements required in the LEADER intervention (e.g as regards the partnership, sub-regional level, innovation at the local level, eligibility of operations, institutional set up and expected added value of LEADER).

187. LEADER Intervention Åland: Several important clarification on LEADER Intervention Åland are needed, including as regards approach and some core elements as listed above for Mainland LEADER Intervention.

Risk management (Article 76 of the SPR, Section 5 of the Plan)

188. Finland did not set up any risk management instruments in the Plan. Against high operational and climate risks, Finland is invited to re-consider and design risk management instruments available to all farmers.

Cooperation interventions

189. With a view of reducing the administrative burden, Finland is invited to explore the possibility to merge some of the proposed interventions (Cooperation 01, 02, 03, 04, 05 and 06) or better explain the purpose of introducing numerous cooperation interventions pursuant to Article 77 of the SPR, instead of seeking simplification and flexibility.

190. The Commission recalls that the EIP cooperation projects can benefit from numerous synergies and specific advantages, such as for instance the derogation from State Aid, higher EAFRD contribution until 80% (Article 91 of the SPR), the aid for the preparation of the project, 100% support for non-productive investments, etc. The Commission hence invites Finland to consider linking different cooperation interventions with possibly coming EIP OGs.

Cooperation 01, 02, 03, 04, 05, 06:

191. The fact that for Cooperation 01, 02, 03, 04, 05 and 06 the costs related to the search for partners for the group and the preparation of a project plan seem to be included in the intervention, could hinder a sound evaluation of the final project plans, equal treatment of applicants and the better use of financial resources. The Commission thus invites Finland to consider preparation of projects as separate operation before the start of the implementation.

192. As regards Cooperation 01 (Cooperative actions to improve farm competitiveness and modernise farms (Mainland)): Finland is invited to explain why advisors are not in the list of beneficiaries.

193. As regards Cooperation 05 (Cooperation measures to promote young farmers and businesses): adding a link to R.10 (Supply chain) may be justified.

194. Taking into account all the minimum requirements laid down by Article 77 of the SPR and the specific rules and requirements for the implementation of the projects which can be supported under Articles 70 to 76 and 78 of the SPR, Finland is invited to reconsider and consolidate the proposed interventions, by prioritizing the needs, targeting on the expected results of the cooperation schemes, and describing the direct and significant contribution of each intervention to the SOs.

AX Cooperation — Cooperation measures for the development of farm competitiveness and farm modernisation

195. Finland is invited to further explain how the intervention contributes directly and explicitly to the SO8 and how the need Beta 41 is addressed through this intervention.

196. Under this type of intervention, support may be granted for new forms of cooperation or for new activities undertaken by existing forms of cooperation, including the implementation of operations. Finland is invited to describe explicitly these aspects and to include all the minimum requirements laid down by the Article 77 of the SPR and the rules for the implementation of operations (see Article 77(4) of the SPR).

197. More information about the principles of selection, the support rate and the complementarities with other rural development interventions should be provided.

Knowledge and exchange and advice (Article 78 of the SPR, Section 5 of the Plan)

198. Finland is invited to clarify the implementation arrangement and coordination by the AKIS Coordination Body, taking into account all obligations listed in Article 15(2),(3) and (4) of the SPR, including the implementation modes such as public procurement and the obligatory training of advisors. It is also asked whether the advisors are invited to give the training.

Financial instruments (Article 80 of the SPR, Section 4.6 of the Plan)

199. The Section 4.6 is to be filled in only when financial instruments under the Plan are introduced. Therefore, the text on access to finance should be introduced in the appropriate section of the SWOT.

200. Finland is invited to clarify which of the currently existing national or other Union-funded schemes support agriculture and forestry, in view of the defined weaknesses in terms of access to finance.

3. FINANCIAL OVERVIEW TABLE

201. Finland should ensure coherence between data entered in Section 5.3 with those in the Overview Table of the financial plan (Section 6.1). Data entered in Section 5.3 for rural development interventions differs from data entered in the overview table. The totals should match.

202. In accordance with Article 156 of the SPR, the sum of all payments made during a given financial year for a sector - irrespective for which programme and under which legal base those took place - cannot exceed the financial allocations referred to in Article 88 of the SPR for that given financial year for that sector.

203. As regards the type of interventions in certain sectors defined in Article 42 of the SPR, expenditure that will be paid in 2023 or in the subsequent financial years relating to measures implemented under Regulation (EU) 1308/2013 for these same sectors shall not be entered in the Annual indicative financial allocations under Section 5 or in the Financial Overview table under Section 6 of the Plan."

204. Coherence should be ensured between data entered in Section 5 and those entered in the overview table.

205. In relation to apiculture, annual indicative financial allocations under Section 5 do not correspond to the planned amounts in the Financial Overview table under Section 6. The transfer of the calendar year 2022 product of reduction to rural Development allocation for financial year 2023 should be added in row 26.

206. The total of the planned expenditure for interventions under rural development and the amount corresponding to 2.5% of EAFRD allocation for technical assistance exceeds the maximum allocation. This may be linked to encoding errors in Section 5 (see comments for interventions INV Agriculture 01 and EHK 13).

207. The amount of the rebate indicated in the overview table slightly exceeds the amount that can legally be taken into account based on the provisions of Article 97(2) of the SPR. Finland is invited to correct accordingly.

208. The transfer of the estimated product of reduction from DP to EAFRD, for FY 2023, as notified to the Commission by 1 August 2021 (EUR 2,000), has not been included in the financial overview table, line 26. It is noted that no flexibility transfers between the DP and the EAFRD are planned.

209. The budget for the eco-scheme interventions as presented amounts to 16.4% and does not meet the ring-fencing requirement of 25%. Whilst Finland may apply the rebate mechanism this should be made explicitly clear.

210. The budget table of the Plan contains two elements which are not explained:

- The annual amounts reserved for eco-schemes, which is stated to be EUR 430 million, thus close to the total sum of the budget for the 4 different eco-schemes as estimated (row 49, Section 6.1, overview table); and

- A row which states "total amount for eco-schemes" (row 51 of the same table), where the total budget for eco-schemes is stated to be about EUR 716 million (which would amount to 27.4% ring-fencing). It is not clear how this budget row corresponds to the actual financing planned per eco-scheme and Finland must clarify the funding proposal.

211. It is noted that the earmarking for environmental and climate objectives equates to approximately 57% far above the ring-fencing required within the Regulation. This is positive, however, as this appears to contribute to the rebate flexibility linked to eco-schemes, it should be explicitly documented within the Plan.

4. CAP PLAN GOVERNANCE, EXCLUDING CONTROLS AND PENALTIES

212. Finland is invited to clarify the composition of the Monitoring Committee, along with how it will ensure its independence from the Managing Authority as it would be expected that they are designated as separate bodies.

213. Finland is reminded to ensure a balanced representation of the relevant bodies in the monitoring committee, concerning women, youth and the interests of people in disadvantaged situations.

214. Finland is invited to describe the IT systems and databases developed for the extraction, compilation and reporting of data to be used for performance reporting, reconciliation and verification purposes, along with the controls in place to ensure the reliability of the underlying data.

215. The Commission takes note of the AKIS Coordination body identified by Finland. Keeping in mind the tasks and obligations of the AKIS Coordination body as provided in Articles 15 and 115 of the SPR, Finland is invited to provide further information on envisaged operational arrangements.

216. With regard to Sections 7.3, 7.4 and 7.5 (control system and penalties), comments will be delivered by the Commission services in a separate communication.

5. OTHER ISSUES

217. For interventions listed in Annex II to the SPR the intervention description needs to include the appropriate WTO correspondence along with an explanation on how WTO compliance is assured.

218. In Section 4.7.3 of the Plan, for activities falling outside the scope of Article 42 of the TFEU, there must be an exclusion of companies in difficulty or companies still having a pending recovery order following a Commission decision declaring an aid illegal and incompatible with the internal market, except in the cases mentioned in the applicable State Aid rules.

6. ANNEXES

219. Annex V should contain data for EAFRD participation, matching funds and additional national aids for all activities falling outside the scope of Article 42 of the TFEU.

220. Finland is requested to clarify measures that normally fall outside Article 42 of the TFEU in the annex concerning State Aid.