

DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI DECISION

Clear and comprehensive description of how the respective services are organised in your Member State

Explanation of what kind of services in the respective sector have been defined as SGEI in your Member State. Please list **the contents of the services entrusted as SGEI** as clearly as possible.

1) SOCIAL HOUSING ON ÅLAND

The Provincial Government grants aid for the construction of rental housing and for maintaining the standard of these properties. Through the support scheme, it also grants interest rate support for loans granted by credit institutions and a guarantee from the province as partial security for the loan.

The support is granted against a commitment to keep the properties as rental housing for a long period – between 10 and 45 years depending on the form of support. The Provincial Government grants aid for new construction in areas where it is required and where there is a need for housing for the most vulnerable groups on the housing market.

The Provincial Government's interest rate support is designed to provide borrowers with stable cost developments for the capital and thus to enable them to maintain the charges to the tenants at a stable level.

If a service provider breaches the terms of the support, it is obliged to repay the support received, with interest, for the entire funding period.

Explanation of the (typical) **forms of entrustment**. If standardised templates for entrustments are used for a certain sector, please attach them.

The service is entrusted on application and by decision of the Provincial Government. The service providers that receive support may be natural or legal persons whose place of origin is a municipality on Åland. The forms of support used in the period 2014–15 are listed under the question 'Which aid instruments have been used (direct subsidies, guarantees, etc.)?' below.

The services are regulated in accordance with the following acts and decisions:

- Act of Åland (1999:40) on housing production
- Act of Åland (1982:14) on support for housing production
- Act of Åland (1982:13) on support for housing improvements
- Decision of the Åland Provincial Government (17 January 2002) on rules for approving mortgages for rental housing, and corresponding older rules.
- Decision of the Åland Provincial Government (7 July 2008) on mortgages for rental housing

<p>- Decision of the Åland Provincial Government (23 January 2014) on mortgage guarantees</p> <p>- Decision of the Åland Provincial Government (16 November 2009) on rules for approving interest rate support for the production of new rental housing and for the installation of lifts in existing housing stock, and corresponding older rules.</p>
<p>Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified?</p>
<p>The support is granted against a commitment to keep the properties as rental housing for a long period – between 10 and 45 years depending on the form of support. In the period 2014–15, the duration of the support was longer than 10 years.</p>
<p>Explanation whether (typically) exclusive or special rights are assigned to the undertakings.</p>
<p>No special rights are assigned apart from the possibility for beneficiaries in areas with a weak housing market to postpone payment of loan instalments, or in exceptional cases to capitalise the interest on the loan.</p>
<p>Which aid instruments have been used (direct subsidies, guarantees, etc.)?</p>
<p>Aid is primarily granted for investments in real estate. The aid is granted/has been granted under four support schemes:</p> <ol style="list-style-type: none"> 1. Mortgages for the construction of rental housing (no longer granted) 2. Interest rate support for the construction of rental housing 3. Guarantees for the construction of new rental housing 4. Support for owners of property with rental housing mortgages who are in financial difficulties <p><u>1. Mortgages for the construction of rental housing</u></p> <p>The mortgages have been granted for the construction of rental housing regardless of the principal's legal form. The properties are rented to the public with priority given to vulnerable groups on the housing market. The mortgages have been granted with a term of 35–45 years at lower interest rates than market rates. During the term of the mortgage, the principal is obliged to keep the properties as rental housing. Rents are regulated at a level that corresponds to cost price, which includes operating costs, equity costs and a reasonable return on equity. The rents are decided by the Provincial Government following an application by the property owner. The properties' design and rents are subject to approval by the Provincial Government. The rental housing is allocated in order of priority, with an assessment of the applicants' housing need. The most important target groups are vulnerable groups on the housing market such as the</p>

homeless, disabled, recent immigrants, families with children and the elderly. Only once the needs of these groups have been met are the properties rented out to the general population. The last mortgage was granted in 2012 and was not included in the Åland budget for 2014–15.

2. Interest rate support for the construction of rental housing

Interest rate support can be granted on the same basis as the mortgages under point 1 and has the same conditions as the mortgages issued after 2002. The interest rate support runs for a term of 35 years if granted prior to 2009 and 10–30 years if granted from 2009 onwards. Interest rate support loans can be granted regardless of the principal's legal form. During the term of the loan, the principal is obliged to keep the properties as rental housing.

3. Guarantees for the construction of new rental housing

Guarantees have been given for loans granted interest rate support (see point 2) for the construction of rental housing. Guarantees are granted on 20–50 % of the construction value, with the lowest percentage in Mariehamn and the highest percentage in the archipelago municipalities. The security for the guarantee is a second charge mortgage on the property, but within 95 % of the market value. A one-off fee is charged for the guarantee, amounting to a maximum of 1.0 % of the guarantee amount. Guarantees for construction in the archipelago do not incur a fee.

4. Support for owners of property with rental housing mortgages who are in financial difficulties

This form of support is used to a very limited extent and the amounts are low. The support that has been granted has targeted service providers for housing on very weak housing markets in the archipelago. The housing market is weak in the sense that the demand for rental housing varies greatly over time and the range of rental properties available is small and essentially limited to those undertakings that received mortgages from the Provincial Government before these stopped being granted in 2012. The undertakings that own the rental properties are also very small (owners of 5–10 homes) and thus very sensitive to changes in demand on the housing market.

Typical **compensation mechanism** as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.

The maximum amount permitted for an interest rate support loan is 90 % of the total project cost. If the project cost is less than the original budget, the loan is reduced proportionately.

Rents are regulated at a level that corresponds to cost price, which includes operating costs, equity costs and a reasonable return on equity. Rent levels are initially set by the Provincial Government following an application by the property owner, and the owner is then free to raise the rents in line with the consumer price index. The interest rate

support is paid out as half the interest, but so that the customer's interest rate is always above 2.0 % and the Provincial Government's rate is no higher than 3.0 %. In this way, the service provider can supply rental properties at lower rents for a long period of time. The support scheme is designed so that the service provider can supply rental housing to the most vulnerable people on the housing market for a reasonable rent over a long period of time. The support essentially constitutes the difference between the rent on an unregulated market and the rent of the subsidised housing. The funding does not therefore exceed what is required to cover the net costs in order to meet the obligation to supply rental housing at lower rents than on the free market.

Typical arrangements for avoiding and repaying any overcompensation.

The granting of support and its amount are regulated in law and subsidiary rules and handled by a single authority, which means that, in practice, excessive support or overcompensation cannot occur. Channelling all public support through one authority avoids the possibility of cross-subsidisation. The interest rate support is linked to the actual interest rate and to the credit balance, which means that the risk of overcompensation is extremely low.

A short explanation of how the **transparency requirements** (see Article 7 of the 2012 SGEI Decision) for the aid above 15 million euro to undertakings that also have activities outside the scope of the SGEI) are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level).

The forms of support that are available for social housing cannot exceed EUR 15 million under current legislation and conditions.

Amount of aid granted

Total amount of aid granted (in millions EUR). This includes all aid granted in your territory, including aid granted by regional and local authorities. **(A+B+C)**

2014				2015			
i)	Interest rate support loans			i)	Interest rate support loans		
	<u>EUR 2.83 million</u>				<u>EUR 1.86 million</u>		
ii)	Provincial Government guarantees			ii)	Provincial Government guarantees		
	<u>EUR 1.12 million</u>				<u>EUR 0.71 million</u>		
iii)	New homes	<u>26 units</u>		iii)	New homes	<u>12 units</u>	
iv)	New properties	<u>2 units</u>		iv)	New properties	<u>5 units</u>	

v) Support (EUR 1 000) for undertakings with mortgages on rental properties that are in particular financial difficulties <u>EUR 0</u>	v) Support (EUR 1 000) for undertakings with mortgages on rental properties that are in particular financial difficulties <u>25.0</u>
vi) Interest rate support paid out (EUR 1 000) in the course of the year (including interest rate support for older interest rate support loans, see below) <u>60.1</u>	vi) Interest rate support paid out (EUR 1 000) in the course of the year (including interest rate support for older interest rate support loans, see below) <u>56.0</u>
	vii) Current loans (31 December 2015) <ul style="list-style-type: none"> - Provincial Government loans EUR 56.9 million - Interest rate support loans EUR 43.1 million

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<p>2) SECURING AIR AND SEA CONNECTIONS TO ÅLAND</p> <p>Air services The Provincial Government maintains air services on the route Mariehamn–Stockholm/Arlanda in accordance with its public service obligations.</p> <p>Ferry services The Provincial Government maintains services on certain routes in the Åland archipelago. The services are partly provided by private contractors, which maintain services in accordance with a timetable set by the Provincial Government.</p> <p>Explanation of the (typical) forms of entrustment. If standardised templates for entrustments are used for a certain sector, please attach them.</p> <p>Public procurement, open tender.</p> <p>Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified?</p> <p>Four (4) years. No entrustments are longer than ten (10) years.</p> <p>Explanation whether (typically) exclusive or special rights are assigned to the</p>

undertakings.	
The Åland Provincial Government limits access to the Mariehamn–Arlanda route to a single airline (Nextjet Ab) for four (4) years (contract period 2012–2016).	
Which aid instruments have been used (direct subsidies, guarantees, etc.)?	
Monthly compensation in accordance with a contract.	
Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.	
Monthly compensation in accordance with a contract.	
Typical arrangements for avoiding and repaying any overcompensation .	
Comparison with market prices for equivalent routes, if such exist. Follow-up of the contract and invoicing of the airline.	
A short explanation of how the transparency requirements (see Article 7 of the 2012 SGEI Decision) for the aid above 15 million euro to undertakings that also have activities outside the scope of the SGEI) are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level).	
N/A.	
Amount of aid granted	
Total amount of aid granted (in millions EUR). This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C)	
2014	2015
Air services (agreed monthly payment) 2014 (10 months) EUR 1 404 525	Air services (agreed monthly payment) 2015 (12 months) EUR 1 395 366
Ferry services The compensation paid in accordance with the contract is not regarded as aid.	Ferry services The compensation paid in accordance with the contract is not regarded as aid.

DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI FRAMEWORK

Payment for SGEI has not been granted on the basis of the 2012 framework during the 2014–2015 reporting period.

COMPLAINTS BY THIRD PARTIES

No complaints from third parties during the 2014–2015 reporting period.

MISCELLANEOUS QUESTIONS

Broadband infrastructure on Åland

The SGEI comprises supplying the public in the archipelago municipalities of Brändö and Kumlinge with basic broadband infrastructure through the development of a mainly fibre optic core network with a connection point to mainland Åland. The municipalities concerned have few inhabitants and a low population density, and do not have a road connection to mainland Åland. It has been assessed that the service could not be provided by the market to an adequate extent or quality. The service creates the same conditions for telecommunications and computer services in this region as in the rest of Åland.

The service is to be offered to the public, i.e. both private individuals and businesses in the area. Brändö Municipality is the principal for the project and the authority appointed, through a special financing decision from the Åland Provincial Government, to procure the SGEI and to take responsibility for ensuring compliance with the conditions in the EU framework for State aid in the form of public service compensation and the Commission's Implementing Decision.

The Provincial Government's special financing decision states that the undertaking that has its bid accepted by Brändö Municipality must be specifically instructed through the contract to provide an SGEI in accordance with the EU framework. In addition, the decision lists the following points to be included in the contract:

1. the precise nature and the nature [*sic*] of the public service obligations;
2. the undertaking concerned and the area concerned, which is laid down by the Provincial Government in this decision;
3. the nature of any exclusive or special rights assigned to the undertaking;
4. the parameters for calculating, controlling and reviewing the compensation;
5. the arrangements for avoiding and repaying any overcompensation.

The Provincial Government is to be offered the opportunity to comment first on the invitation to tender and then on the contract before each document is finally adopted by the Municipality. The amount of the compensation/subsidy for the SGEI must not exceed what is necessary to cover the costs in discharging the public service obligations, taking into account the relevant revenue and reasonable profit for discharging these obligations.

The Provincial Government considers that the size of the subsidy constitutes the difference between a rent at market rate and the highest rent offered. Reasonable profit means a return on equity that is generally no higher than the average returns in the sector concerned over recent years.

Brändö Municipality will instruct the operating company to keep separate accounts for the project in accordance with generally accepted accounting principles, so that it is clear what costs and revenue relate to the service. Through the contract, Brändö Municipality will award itself, Provincial Government officials and Commission representatives the right to view and examine the parts of the company's accounts that concern the SGEI for a ten-year period.

Brändö Municipality is to check regularly that the company does not receive what the Commission terms overcompensation. If overcompensation is identified, the Municipality is to report this and recover the amount from the company, and to repay this amount to the Provincial Government.

Brändö Municipality is to report back to the Provincial Government, at the latest by the end of October 2008 and thereafter once every three years until October 2016, on the application of the service so that the Provincial Government can report back to the Commission in accordance with EU rules. Reports may also be requested at other points in time.

The service was procured through a standard public procurement procedure in May 2009.

With regard to Åland's air and ferry services, a new tender will be launched with the same specifications before summer 2015 for the period 2016–2020.

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1) INTEREST-SUBSIDY LOANS FOR SOCIAL HOUSING

Interest subsidy can be paid out of State funds for loans granted for the new building construction, acquisition or renovation of social rental, right-of-occupancy or partial-ownership dwellings. In addition, such interest-subsidy loans always include a deficiency guarantee by the State. The aim of interest-subsidy loans is to ensure the provision of reasonably-priced and high-quality housing for those people who are unable to find suitable housing on the market due to their low levels of income and limited means.

The recipients of interest-subsidy loans have a public service obligation to produce and maintain housing with reasonable housing costs, which meets the needs of residents selected on social grounds. In order to guarantee that State aid will only be allocated for the benefit of residents, interest-subsidy loans are only granted to non-profit housing corporations, local authorities and other public corporations with a public service obligation, as well as to companies under their direct control. All undertakings and other corporations may apply to the State authority, the Housing Finance and Development Centre of Finland ('ARA'), for non-profit status, and objective, proportional and non-discriminatory conditions for such a designation have been laid down by legislation. This means that even a for-profit corporation can establish a subsidiary with non-profit status to fulfil a public service obligation and receive State aid for this. In this way, the aid scheme combines a strictly controlled approach to the allocation of aid with the opportunity for all operators to receive aid. The number of corporations granted non-profit status is not restricted and at the moment stands at approximately 500.

The legislation requires that the field of activity of a non-profit housing corporation is to construct and provide rental or right-of-occupancy dwellings for residents selected on social grounds, with the objective of obtaining good and safe living conditions for residents at a reasonable cost. A non-profit corporation may not take risks other than those relating to the above activity, its possibilities to issue loans and give a pledge on a liability have been restricted, and it may not arrange its structure in a way that jeopardises its responsibility for rental or right-of-occupancy buildings that encounter financial difficulties. A corporation may not enter as income for its owner anything other than a reasonable profit on the funds invested by the owner in the corporation. In other respects, accrued assets must be used for the corporation and residents.

In addition, the restrictions on use and assignment of dwellings laid down in the legislation apply to dwellings financed by subsidy-interest loans. The rent must be determined on a cost price basis, i.e. the residents may only be charged rent that does not exceed the amount needed to cover expenses arising from financing the dwellings and connected premises, and from sound real estate management. The dwellings must be assigned to households with the most acute need for housing: the criteria for tenant

selection include the applicant household's housing need, their financial means and level of income, with the priority being given to applicants in the most urgent need of housing, as well as applicant households with the smallest means and lowest income. In addition, the assignment of property and the maximum assignment price are restricted by law.
Explanation of the (typical) forms of entrustment . If standardised templates for entrustments are used for a certain sector, please attach them.
The Finnish Act on Interest Subsidy for Rental Housing Loans and Right of Occupancy Housing Loans (604/2001) provides for the general conditions under which interest-subsidy loans are granted and for the content of the public service obligation imposed on borrowers. The authority, ARA, that decides on the acceptance of a loan as an interest-subsidy loan, makes a decision in writing on all of the interest-subsidy loans it approves for the borrower, which includes details of the public service obligation imposed on the borrower and the compensation paid for it, including the relevant terms and conditions. The decision also includes a reference to the Commission's SGEI Decision. No interest subsidy is granted if the operator is paid other interest subsidy for the same purpose out of State funds, or if the borrower has been granted a loan for the same purpose from other State funds. Detailed provisions on all the conditions for approval as an interest-subsidy loan and the payment of interest subsidies, as well as the parameters applied in the calculation, control and adjustment of the amounts of subsidy paid are laid down in legislation and documents issued by authorities.
Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified?
The restrictions on use and assignment of dwellings financed by interest-subsidy loans remain in effect for 30–40 years, depending on the purpose of the loan. The non-profit obligations imposed on the borrower remain in effect as long as the corporation owns property subject to restrictions on use and assignment. The duration of the public service obligation imposed on the borrower thus ranges from 30 to 40 years, depending on the project. As stated in the Commission's SGEI Decision, a period of entrustment exceeding 10 years is justified in the area of social housing, where the significant investment required needs to be amortised over a longer period, even several decades, in accordance with generally accepted accounting principles.
Explanation of whether (typically) exclusive or special rights are assigned to the undertakings.
None are assigned.
Which aid instruments have been used (direct subsidies, guarantees, etc.)?
Interest subsidy and guarantee, possibly also direct grant (see below).
Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.
ARA selects housing projects eligible for interest-subsidy loans on the basis of the

applications submitted to it and only approves a loan as an interest-subsidy loan if the applicant and the housing project meet the requirements, laid down in the legislation, for granting interest subsidies. A condition for the approval of an interest-subsidy loan is that ARA approves the construction plans and costs before work starts. A subsidy is thus paid only to the extent required by the fulfilment of the public service obligation imposed on the undertaking. In addition, the borrower must observe competition and public procurement rules when implementing a subsidised project. New construction and renovation must be put out to tender, and contracts for interest-subsidy housing loans can only be awarded through competitive tendering. Interest subsidies are paid by another national authority, the State Treasury.

Depending on the project being financed, the amount of an interest-subsidy loan is 80-95 per cent of the approved construction, purchase or renovation costs of the project. Self-financing by the borrower thus accounts for 5–20 per cent of the costs. In addition, the borrower must always pay a certain percentage of the interest payable on the loan. In 2014 and 2015, the borrower's own remaining basic liability for the interest was 1.0-3.5 per cent, depending on the project. If the interest on the loan exceeds the amount of the borrower's own basic liability, a certain percentage of the excess is paid in interest subsidy to the credit institution that granted the loan. The amount of the interest subsidy paid gradually declines to zero over a period of 23 years. The interest charged by the lender on an interest-subsidy loan may not exceed the interest generally applied to loans with a similar risk and terms in each case. Interest subsidies are used entirely for the benefit of the residents, and the owner receives no profit on them. In accordance with the provisions of the Act on the determination of rent and the recognition of income as income to the owner, a non-profit corporation can charge its tenants a reasonable profit on the equity invested by the owner, and the corporation may not enter, as income for its owner, anything other than a reasonable profit on the funds invested by the owner in the corporation.

In 2014 and 2015, projects financed by interest-subsidy loans were also granted start-up grants in the Helsinki area on a fixed-term basis. All provisions and restrictions that are applied to interest-subsidy loans, and to their recipients and projects receiving loans, also apply to these grants. The aim of the start-up grants has been to boost the production of ordinary rental dwellings in the Helsinki area, which has been lagging behind other areas in recent years, and to compensate for construction costs that are higher than in the rest of Finland. The amount of the grant was EUR 10,000 per dwelling.

In addition, a State guarantee (guaranteed loan) was in place in 2014 and 2015 for the construction of rental housing as a form of aid to supplement the interest-subsidy loan. In the largest growth regions in Finland, the shortage of reasonably priced housing is a chronic problem. The supply of rental housing cannot meet demand; this means higher rents, places low- and middle-income service-sector employees in a particularly difficult position on the housing market, and prevents employees from moving to areas where the demand for labour is highest. Guaranteed loans have represented an attempt to address this problem. Ultimately, the aim of these guaranteed loans is also to secure housing for people in a vulnerable position. Such housing can therefore, too, be considered social housing, although there is no obligation to apply criteria for tenant selection when assigning dwellings similar to those applied for interest-subsidy loans. A guaranteed loan takes the form of a deficiency guarantee and applies to loans used for the construction of new rental dwellings. The main differences between interest-subsidy

loans and guaranteed loans are as follows: in the case of guaranteed loans, the borrower is only required to be sufficiently able to repay the loan and attend to its rental housing business, and the dwellings must be used as rental dwellings for the duration of the guarantee period, for at least 20 years. No other use restrictions or non-profit obligations are applied. However, the provisions on the obligation of borrowers to subject their contracts and financing to competitive tendering and observe public procurement rules also apply to guaranteed loans. Furthermore, the terms and conditions of the loan and the interest and other loan-related costs charged by the lender must be reasonable when compared with the terms and conditions, interest and the costs of loans generally granted for similar purposes. State guarantees are only in effect on condition that the lender administers the guaranteed loan and its collateral in accordance with the law and sound banking and recovery practices. Only a small number of guaranteed loans were approved in 2014 and 2015, compared to the number of interest-subsidy loans approved during the same period.

Typical arrangements for avoiding and repaying any overcompensation.

The interest-subsidy scheme is so constructed that State aid is channelled entirely for the benefit of residents, in the form of cheaper rents. This is mainly achieved through three complementary mechanisms: ensuring that subsidies are of the right amount, imposing non-profit obligations and applying restrictions on the use and assignment of dwellings. ARA supervises the process by means of price-quality control, to ensure that the dwellings are correctly located in terms of regional development and demand, that they are of high quality and that prices are correctly estimated. Price-quality control and other areas of legislation are important factors in ensuring that housing costs remain at reasonable levels and that residential areas become diverse and attractive.

Subsidy legislation and the terms and conditions of the decisions made by public authorities prevent the overpayment of subsidies. ARA, the State Treasury and the local authorities ensure that the beneficiaries observe the conditions and restrictions laid down by law. Activities in violation of the provisions may lead to the termination of the subsidy payments, excessive or unjustified subsidies may be recovered and the borrower may have to pay a penalty. All data on subsidised projects is kept for 50 years. Checks have shown that, with just a few exceptions, the subsidies paid and the relevant activities have mainly been in accordance with the law and the official decisions taken.

A brief explanation of how the **transparency requirements** (see Article 7 of the 2012 SGEI Decision) for aid above 15 million euro for undertakings that also have activities beyond the scope of the SGEI are being complied with. In your answer, please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and, if so, provide the link to this website), or alternatively explain if and how publication takes place at the level granting the aid (e.g. central, regional or local level).

No aid amounts above EUR 15 million were granted in 2014 and 2015 or previously. Should such high amounts be granted, ARA would publish the relevant information on its website (www.ara.fi).

Amount of aid granted

Total amount of aid granted (in millions EUR). This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C)

2014	2015
Interest subsidies paid for the entire interest-subsidy loan portfolio (EUR mill.) 5.0	Interest subsidies paid to the entire interest-subsidy loan portfolio (EUR mill.) 3.5
Interest-subsidy loan portfolio covered by State guarantee (EUR mill.) 890	Interest-subsidy loan portfolio covered by State guarantee (EUR mill.) 1,167
Start-up grants (EUR mill.) 12.5	Start-up grants (EUR mill.) 11.2
Loan portfolio approved as guaranteed loans (EUR mill.) 121	Loan portfolio approved as guaranteed loans (EUR mill.) 114
Aid is only granted by the national central authority, ARA.	Aid is only granted by the national central authority, ARA.
Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings)	
2014	2015
Number of dwellings financed by interest-subsidy loans 7,836	Number of dwellings financed by interest-subsidy loans 10,480
- new construction 5,989	- new construction 7,955
- renovation 1,757	- renovation 2,435
- acquisition 90	- acquisition 90
Number of borrowers (projects) 188	Number of borrowers (projects) 224
Number of dwellings financed by guaranteed loans 817	Number of dwellings financed by guaranteed loans 836
Number of borrowers (projects) 18	Number of borrowers (projects) 16

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clearly as possible.

2) GRANTS AIMED AT IMPROVING THE HOUSING CONDITIONS OF SPECIAL NEEDS GROUPS (the interest-subsidy loan referred to in section 1 is always a precondition)

Grants aimed at improving the housing conditions of special needs groups may be provided for the construction, acquisition and renovation of rental dwellings financed by interest-subsidy loans and intended for persons within such groups. The following categories are considered special needs groups: the homeless, the disabled, elderly persons with memory disorders or who are in poor health, people recovering from mental health problems or intoxicant problems, students and young people in need of special support. The purpose of special needs grants is to enable the most vulnerable people to acquire accommodation that meets their needs. The grants are used to compensate for the special investment costs incurred in meeting the need for common and service facilities in accommodation for special needs groups, and in providing other special solutions regarding space, facilities and equipment. The grant is only for accommodation and housing and is not awarded, even partially, for care and nursing services for the elderly or disabled residents in sheltered housing, for example.

A condition of receiving a grant is that an interest-subsidy loan as referred to in section 1 has been granted for the same project. Thus, all of the legal provisions on interest-subsidy lending, its beneficiaries and recipient projects, such as those relating to the criteria for selecting residents, and the principle of cost price rents and non-profit obligations, also apply to special needs projects in receipt of the grant and to those implementing such projects. There is also a 20-year special use restriction relating to projects in receipt of a grant, during which time the accommodation must be specifically used for the special needs groups referred to in the decision to award the grant.

Explanation of the (typical) **forms of entrustment**. If standardised templates for entrustments are used for a certain sector, please attach them.

The Finnish Act on Subsidies for Improving the Housing Conditions of Special Groups (1281/2004) and the Finnish Act on the Interest Subsidy for Rental Housing Loans and Right of Occupancy Housing Loans (604/2001) provide for the general conditions for awarding grants and the content of the public service obligation imposed on beneficiaries. In addition, there are provisions on the general requirements for awarding grants in the Act on Discretionary Government Transfers (688/2001), which applies as a supplementary Act to all grants granted from State resources in Finland. Detailed provisions on all the conditions for granting and paying the grants and the parameters used in the calculation, control and adjustment of the amounts paid are laid down in these Acts. The authority that decides on the award of grants, ARA, makes a decision in writing on all grants it approves for the beneficiary, which includes details of the public service obligation imposed on the beneficiary and the compensation paid for it, as well as the relevant terms and conditions.

Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were

entrusted with a duration exceeding 10 years and explain how this duration is justified?
The restrictions on the use and assignment of dwellings financed by interest-subsidy loans remain in effect for 30–40 years, depending on the purpose of the loan. The non-profit obligations imposed on the borrower remain in effect as long as the corporation owns property subject to restrictions on use and assignment. The duration of the public service obligation imposed on the borrower thus ranges from 30 to 40 years, depending on the project. As stated in the Commission’s SGEI Decision, a period of entrustment exceeding 10 years is justified in the area of social housing, where the significant investment required needs to be amortised over a longer period, even several decades, in accordance with generally accepted accounting principles.
Explanation whether (typically) exclusive or special rights are assigned to the undertakings.
None are assigned.
Which aid instruments have been used (direct subsidies, guarantees, etc.)?
Direct grant.
Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.
The grant is awarded and paid by ARA. A condition for awarding the grants is that the rented accommodation is suitable for use by special needs groups and that the relevant individuals have a long-term need for accommodation in their area. ARA selects housing projects eligible for grants on the basis of the applications submitted to it and only approves grants if the applicant and the housing project meet the requirements for awarding grants laid down by legislation. In addition, the beneficiary must observe competition and public procurement rules when implementing a subsidised project. ARA adopts the same price-quality control process in the awarding of grants as it does in the granting of interest-subsidy loans. Aid is thus paid only to the extent required by the fulfilment of the public service obligation imposed on the undertaking. The size of the grant is always agreed on a case-by-case basis, to reflect the additional cost incurred in delivering solutions for facilities, space and equipment for special needs groups that differ from normal requirements for residential buildings. The maximum amounts of the grants (10%, 25%, 40% or 50% of the ARA-approved construction, acquisition or renovation costs) are graded in accordance with the needs of the target group. The largest grant, at most 50%, is intended for the construction of dwelling arrangements for the long-term homeless suffering from intoxicant, mental health or other similar problems and for disabled people requiring exceptional or expensive facilities or equipment. Grants are only awarded at the maximum rate permitted under law if the estimated housing costs cannot be reduced to a reasonable level in any other way.
Typical arrangements for avoiding and repaying any overcompensation .
The interest-subsidy scheme is so constructed that State aid is channelled entirely for the benefit of residents in the form of cheaper rents. This is mainly achieved through three complementary mechanisms: ensuring that subsidies are at the right amount, imposing non-profit obligations and setting restrictions on the use and assignment of dwellings.

ARA supervises the process by means of price-quality control, to ensure that the dwellings are correctly located in terms of regional development and demand, that they are of high quality and that prices are correctly estimated. Price-quality control and other areas of legislation are important factors in ensuring that housing costs remain at reasonable levels and that residential areas become diverse and attractive.

Subsidy legislation and the terms and conditions of decisions made by the public authorities prevent the overpayment of subsidies. ARA, the State Treasury and local authorities ensure that the beneficiaries observe the conditions and restrictions laid down by law. Activities in violation of the provisions may lead to the termination of the subsidy payments, excessive or unjustified subsidies may be recovered and the borrower may have to pay a penalty. All data on subsidised projects is kept for 50 years. Checks have shown that, with a few exceptions, subsidies paid and the relevant activities have mainly been in accordance with the law and the official decisions taken.

A brief explanation of how the **transparency requirements** (see Article 7 of the 2012 SGEI Decision) for aid above 15 million euro paid to undertakings that also have activities beyond the scope of the SGEI are being complied with. In your answer, please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how publication takes place at the level granting the aid (e.g. central, regional or local level).

No aid amounts above EUR 15 million were granted in 2014 and 2015 or previously. Should such high amounts be granted, ARA would publish the relevant information on its website (www.ara.fi).

Amount of aid granted

Total amount of aid granted (in millions EUR).

2014	2015
120	120

Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings)

2014	2015
Number of dwellings 3,001	Number of dwellings 4,264
- new construction 2,546	- new construction 2,780
- renovation 455	- renovation 1,394
- acquisition 0	- acquisition 90
Number of beneficiaries (projects) 103	Number of beneficiaries (projects) 96

Clear and comprehensive description of how the respective services are organised in your Member State
Explanation of what kinds of services have been defined in the respective sector as SGEI in your Member State. Please list the contents of the services entrusted as SGEI as clearly as possible.
<p>3) SOCIAL HOUSING LOANS GRANTED BY THE STATE</p> <p>Loans were previously granted through State resources for the construction, acquisition and renovation of rental and right-of-occupancy dwellings. These ‘ARAVA’ loans ended in the 2000s, but the loan stock and housing stock financed using the loans still exist. ARAVA loans were granted to the same organisations to which interest-subsidy loans are currently granted; their recipients were bound by similar, non-profit status obligations and accommodation for which ARAVA loans had been granted were bound by the same restrictions on use and assignment as described in section 1.</p> <p>Certain supplementary forms of aid, which are possible to award if the statutory requirements are met, may be associated with ARAVA lending. Just a few of these are granted each year – mainly for near-empty rented blocks in remote areas. Without these subsidies, the loan terms and conditions based on when the ARAVA loans were granted would be unreasonably onerous for the rental property companies and rents would become too high for the residents, owing to under-occupation of the accommodation.</p>
Explanation of the (typical) forms of entrustment . If standardised templates for entrustments are used for a certain sector, please attach them.
Although ARAVA loans are no longer granted, the legislation on them is still in force on account of the current loan and housing stock. The Finnish Act on State-subsidised Housing Loans (ARAVA Act, 1189/1993) and the Finnish Act on the Use, Assignment and Redemption of State-Subsidised (ARAVA) Rental Dwellings and Buildings (1190/1993) provide for the general conditions for granting ARAVA loans and the content of the public service obligation imposed on borrowers. The supplementary subsidies associated with them, the conditions for granting them and the conditions of the subsidies themselves are provided for in separate, special laws. A decision in writing was issued to borrowers on the granting of ARAVA loans, including details of the public service obligation imposed on the borrower and the compensation paid for it, as well as the relevant terms and conditions. Furthermore, a specific official decision for beneficiaries is taken on supplementary subsidies. Detailed provisions on all the conditions related to approving and paying ARAVA loans and the supplementary subsidies and the parameters used in the calculation, control and adjustment of the amounts paid are laid down in legislation and documents issued by the authorities.
Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified?

The restrictions on the use and assignment of dwellings financed by interest-subsidy loans remain in effect for 30–40 years, depending on the purpose of the loan. The non-profit obligations imposed on the borrower remain in effect as long as the corporation owns property subject to restrictions on use and assignment. The duration of the public service obligation imposed on the borrower thus ranges from 30 to 40 years, depending on the project. As stated in the Commission’s SGEI Decision, a period of entrustment exceeding 10 years is justified in the area of social housing, where the significant investment required needs to be amortised over a longer period, even several decades, in accordance with generally accepted accounting principles.
Explanation whether (typically) exclusive or special rights are assigned to the undertakings.
None are assigned.
Which aid instruments have been used (direct subsidies, guarantees, etc.)?
Low interest rate, amendment to the loan terms and conditions, direct grant (see below)
Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.
<p>ARA selected the housing projects eligible for ARAVA loans on the basis of the applications submitted to it. The loan was paid by the State Treasury. The same authorities decide on the supplementary subsidies on the basis of the applications submitted and approve them if the applicant and the housing project meet the requirements laid down by law for granting the subsidy.</p> <p>The amount of the ARAVA loan granted can, at most, be between 80% and 95% of the approved construction, acquisition and renovation costs, depending on the project in question. Approximately EUR 5.9 billion of the ARAVA loan stock remained at the end of 2015. The State aid element in ARAVA lending was the low interest rate charged compared with normal market rates. However, owing to the low rate of interest on the market, ARAVA loans did not represent any aid at all in the form of low interest rates in 2014 or 2015. The supplementary subsidies associated with ARAVA lending are for the temporary amendment to the loan terms and conditions, partial forgiveness of the loan, and the granting of financial assistance to rental housing corporations for restructuring or demolition costs. These supplementary subsidies are for rented property that has been under-occupied for a long period as a result of an unexpectedly dramatic fall in the population. Supplementary subsidies are paid only to the extent required by the continued activities of the undertaking and the fulfilment of its public service obligation, or by a controlled wind-up of the activities safeguarding the position of residents.</p>
Typical arrangements for avoiding and repaying any overcompensation.
The interest-subsidy scheme is so constructed that State aid is channelled entirely for the benefit of residents, in the form of cheaper rents. This is mainly achieved through three complementary mechanisms: ensuring that subsidies are of the right amount, imposing the non-profit obligations and setting restrictions on the use and assignment of dwellings. ARA supervises the process by means of price-quality control, to ensure that the dwellings are correctly located in terms of regional development and demand, that

they are of high quality and that prices are correctly estimated. Price-quality control and other areas of legislation are important factors in ensuring that housing costs remain at reasonable levels and that residential areas become diverse and attractive.

Subsidy legislation and the terms and conditions of decisions made by the public authorities prevent the overpayment of subsidies. ARA, the State Treasury and the local authorities ensure that the beneficiaries observe the conditions and restrictions laid down by law. Activities in violation of the provisions may lead to the termination of the subsidy payments, excessive or unjustified subsidies may be recovered and the borrower may have to pay a penalty. All data on subsidised projects is kept for 50 years. Checks have shown that, with a few exceptions, the subsidies paid and the relevant activities have mainly been in accordance with the law and the official decisions taken.

A short explanation of how the **transparency requirements** (see Article 7 of the 2012 SGEI Decision) for the payment of aid above 15 million euro to undertakings that also have activities beyond the scope of the SGEI are being complied with. In your answer, please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and, if so, provide the link to this website), or alternatively explain if and how publication takes place at the level granting the aid (e.g. central, regional or local level).

No aid amounts above EUR 15 million were granted in 2014 and 2015 or previously. Should such high amounts be granted, ARA would publish the relevant information on its website (www.ara.fi).

Amount of aid granted

Total amount of aid granted (in millions EUR).

2014	2015
Average interest rate on ARAVA loans 2.85%	Average interest rate on ARAVA loans 2.60%
Aid included in ARAVA loans in the form of low interest rates (euros) 0	Aid included in ARAVA loans in the form of low interest rates (euros) 0
Compositions and financial assistance for restructuring or demolition costs relating to ARAVA loans (EUR mill.) 2.1	Compositions and financial assistance for restructuring or demolition costs relating to ARAVA loans (EUR mill.) 1.7
<u>Total compensation paid for social housing</u>	<u>Total compensation paid for social housing</u>
Interest subsidies and grants paid (EUR mill.) 139.6	Interest subsidies and grants paid (EUR mill.) 136.4
Loan portfolio covered by guarantees (EUR mill.)	Loan portfolio covered by guarantees (EUR mill.)

1,011	1,281
Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings)	
2014	2015
Number of beneficiaries (projects) granted compositions or financial assistance for restructuring or demolition costs 15	Number of beneficiaries granted compositions or financial assistance for restructuring or demolition costs 11

Clear and comprehensive description of how the respective services are organised in your Member State

Explanation of what kinds of services in the respective sector have been defined as SGEI in your Member State. Please list **the contents of the services entrusted as SGEI** as clearly as possible.

4) ENSURING THE ELECTRICITY SUPPLY – Tunturiverkko Oy and Enontekiön Sähkö Oy

The public service obligation, which applies to all electricity system operators in Finland and thus also to Tunturiverkko Oy and Enontekiön Sähkö Oy, is provided for in the Finnish Electricity Market Act (588/2013). Electricity system operations are natural monopolies and provisions on them are included in the Electricity Market Act. General obligations concerning system operations are defined in Chapter 3 of the Act. These include the obligation to develop the electricity system. Electricity system operations entail the establishment of an electricity system for those who need the transmission of electrical power and other network services. They include the design of the electrical network, its construction, maintenance and use, connecting the electrical equipment of customers to the mains, the measurement of electricity consumption, and other operations as required for the transmission of electricity and for other network systems.

To deliver electricity system operations, the company needs an electricity system licence under the Electricity Market Act. An electricity system licence is granted if the applicant has the technical, economic and organisational capabilities required for conducting its electricity system operations. The licence granted to an electricity system operator specifies the licensee's geographical area of responsibility, in which the company has an exclusive right to operate. The licence is granted by the national regulatory authority, the

Energy Authority.

The electricity system operator has obligations associated with its activities, the main ones being the obligation to develop the electricity system, the obligation to connect electricity consumption sites and power generating installations, and the obligation to transmit electricity. It is the task of the Energy Authority to ensure that operators fulfil their obligations. It also uses pre-established methods to ensure that the charges collected for electricity system services are reasonable.

Explanation of the (typical) **forms of entrustment**. If standardised templates for entrustments are used for a certain sector, please attach them.

1) Tunturiverkko Oy

The entrustment was given under the decision of the Ministry of Employment and the Economy of 10 December 2009. The public service obligation was given in the electricity system licence issued pursuant to the Electricity Market Act.

The entrustment aims to ensure that the charges for the transmission of electricity in the Utsjoki area remain moderate, by helping the local electricity network company Utsjoen Sähköosuuskunta (Utsjoki Electricity Cooperative) to merge with Inergia Oy. The aid is being granted to the new company Tunturiverkko Oy, which is formed from these two undertakings.

The municipality of Utsjoki is located in northern Lapland, one of Europe's most sparsely populated areas according to Eurostat. The population density there is approximately 0.2 inhabitants per square kilometre, while the EU average is 117 and in Finland it is 17.9. For this reason, the Utsjoki region has more than twice the quantity of electricity system per inhabitant compared to the average for other electricity network companies in Finland. Furthermore, the municipality's population has fallen by almost 10 % in the last 10 years, which has in turn reduced the customer base of the company. These unusual circumstances make it challenging to run an electricity system in the area profitably and at a competitive price.

The electricity networks in the Utsjoki region were mainly constructed in the 1960s and 1970s from a State contribution of more than 80%. Without such aid, the network would not have been built to its current extent. The technical service life of its components (40–50 years) has been exceeded in many places and the network requires urgent refurbishment in order to maintain reliability at the level required by law.

2) Enontekiön Sähkö Oy

The entrustment was given under the decision of the Ministry of Employment and the Economy of 4 February 2014.

The entrustment aims to ensure that charges for the transmission of electricity collected by Enontekiön Sähkö Oy remain moderate. Even at the moment, charges collected by Enontekiön Sähkö Oy are among the highest in Finland. The company operates in the municipality of Enontekiö, which is located in northern Lapland and is the most sparsely populated area in Europe, according to Eurostat. The population density there is approximately 0.2 inhabitants per square kilometre, while the EU average is 117 and in

Finland it is 17.9. For this reason, Enontekiön Sähkö Oy has more than twice the quantity of electricity system per inhabitant compared to the average for other electricity network companies in Finland, which increases the need for investment by the company. Furthermore, the municipality's population has fallen by almost 10 % in the last 10 years, which has in turn reduced the customer base of the company. These unusual circumstances make it challenging to run an electricity system in the area profitably and at a competitive price.

The electricity networks of Enontekiön Sähkö Oy were mainly constructed in the 1960s and 1970s, with a State contribution of more than 80%. Without such aid, the network would not have been built to its current extent. The technical service life of its components (40–50 years) has been exceeded in many places and the network requires urgent refurbishment in order to maintain reliability at the level required by law. For this reason, over the forthcoming years the company will have to make considerable replacement investments in its network compared to its net sales. The need for investment is estimated at EUR 10–15 million over the next 10 years. The annual net sales of the company total around EUR 1 million and consist exclusively of transmission charges collected from customers. Enontekiön Sähkö Oy has not made a profit in recent years. The investments required mean that charges for the transmission of electricity would have to be raised by more than 100%. Such an increase would have a significant impact on the economy and customers in the area.

The entrustment is for a single large investment to replace a single 20-kV electric line that supplies the Kilpisjärvi area and is approximately 110 km long, and to increase the connection's capacity. The connection is very poor in terms of its technical condition and requires immediate refurbishment. The line supplies electricity to the village of Kilpisjärvi and Saana Fell, which form a nationally important cultural site and tourist destination. This area also accounts for most of the growth in electricity consumption in the region. The investment required to refurbish the line is approximately EUR 8 million. It would be almost impossible for the company to acquire such funds from within its own resources.

Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified?

1) Tunturiverkko Oy

The entrustment was given for the period 2011–2019.

2) Enontekiön Sähkö Oy

The entrustment was given for the period 2014–2016.

Explanation whether (typically) **exclusive or special rights** are assigned to the undertakings.

In Europe, electricity system operations are viewed as natural monopolies, in whose case it is not economically viable to construct competing electricity networks. The entrustment does not extend the scope of the duties and rights described for the company

in the Electricity Market Act
Which aid instruments have been used (direct subsidies, guarantees, etc.)?
Direct grants.
Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.
<p>1) Tunturiverkko Oy</p> <p>Tunturiverkko Oy was granted a total of EUR 1,000,000 in subsidies by a decision of the Ministry of Employment and the Economy dated 10 December 2009. This aid has been granted to cover the investment costs incurred, in order to replace the electricity system in the area covered by Utsjoen Sähkösuuskunta, by the network company set up following the merger of Utsjoen Sähkösuuskunta and Inergia Oy. The grant will amount to no more than 50% of the total costs of each area/site. The operator will be liable for the remainder. Payments are being made in the period 2011–2019.</p> <p>2) Enontekiön Sähkö Oy</p> <p>Enontekiön Sähkö Oy was granted State aid by a decision of the Ministry of Employment and the Economy, dated 4 February 2014, to replace the Kilpisjärvi electrical line. The grant is 60% of the final costs of the investment, however no more than EUR 4.6 million. Payments are being made annually over three years in arrears, based on the actual and verified costs. The company will be liable, from its own resources, for the remainder of replacement investments in its network.</p>
Typical arrangements for avoiding and repaying any overcompensation.
<p>In order to avoid overcompensation, decisions taken to grant aid define the maximum percentage of aid as part of the eligible costs. For Tunturiverkko Oy, this is 50% and for Enontekiön Sähkö Oy 60%.</p> <p>The provisions on the repayment and claw-back of discretionary Government transfers in the Finnish Act on Discretionary Government Transfers (688/2001) apply. In addition, the Energy Authority ensures that the transmission charges collected by the companies are reasonable.</p> <p>The grant was granted to Tunturiverkko Oy in 2009 and this took account of Commission Decision 2005/842/EC on the application of Article 86(2) of the EC Treaty to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest. The arrangement also accords with the latest Commission SGEI decision.</p> <p>The grant was granted to Enontekiön Sähkö Oy in 2014 and this took account of Commission Decision 2012/21/EU on the application of Article 106(2) of the Treaty on the Functioning of the European Union to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest.</p>
A short explanation of how the transparency requirements (see Paragraph 60 of the

<p>2012 SGEI Framework) are being complied with. In your answer, please include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and, if so, provide the link to this website), or alternatively explain if and how publication takes place at the level granting the aid (e.g. central, regional or local level).</p>	
<p>The Finnish Act on the Openness of Government Activities (621/1999) applies to decisions granting aid, while the Finnish Act on financial transparency within certain undertakings and their obligation to provide information applies to beneficiaries (19/2003).</p>	
<p>Amount of aid granted</p>	
<p>Total amount of aid granted (in millions EUR). This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C)</p>	
2014	2015
EUR 0.5 million	EUR 1.1 million
<p>A: Total amount of aid granted (in millions EUR) paid by national central authorities</p>	
2014	2015
EUR 0.5 million	EUR 1.1 million
<p>B: Total amount of aid granted (in millions EUR) paid by regional authorities</p>	
2014	2015
-	-
<p>C: Total amount of aid granted (in millions EUR) paid by local authorities</p>	
2014	2015
-	-
<p>Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available)</p>	
2014	2015
Direct grants EUR 0.5 million	Direct grants EUR 1.1 million
<p>Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings)</p>	
2014	2015
Number of beneficiaries: 2	Number of beneficiaries: 2
Average aid amount: EUR 0.25 million	Average aid amount: EUR 0.5 million
Size of the undertakings: small	Size of the undertakings: small

Clear and comprehensive description of how the respective services are organised in your Member State
Explanation of what kind of services in the respective sector have been defined as SGEI in your Member State. Please list the contents of the services entrusted as SGEI as clearly as possible.
<p>5) PILOTAGE SERVICES IN THE SAIMAA CANAL AND THE SAIMAA WATERWAYS</p> <p>In the Saimaa Canal and the Saimaa waterways, pilotage services are provided by the State enterprise Finnpiilot Pilotage Ltd. The company mainly operates in sea areas, but exceptionally also in the large inland water area of Saimaa. The purpose of pilotage is to ensure safe access for vessels from the Saimaa area to the sea. Due to geographical conditions, fees would be higher than those charged for sea transport. Piloting assignments are considerably longer in the Saimaa area than in the case of sea transport.</p> <p>In the Saimaa Canal and the Saimaa waterways, a pilotage fee based on a reduced unit price is charged. The loss of profits incurred by Finnpiilot Pilotage Oy due to the reduced unit price is compensated for by the State with a budget appropriation. Thanks to such price support, inland waterway transport in the Saimaa area pays as much in pilotage fees as sea transport, in proportion to the volumes transported.</p>
Explanation of the (typical) forms of entrustment . If standardised templates for entrustments are used for a certain sector, please attach them.
In Finland, the State enterprise Finnpiilot Pilotage Ltd has an exclusive right to provide pilotage services. In the case of inland waterways transport, without the compensation paid by the State for the service the costs would be higher per tonne transported than for sea transport.
Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified?
The aid granted is ad hoc aid paid to the State enterprise Finnpiilot Pilotage Ltd, which holds a monopoly.
Explanation whether (typically) exclusive or special rights are assigned to the undertakings.
The exclusive right of Finnpiilot Pilotage Ltd is based on the Finnish Act on transforming the State Pilotage Enterprise into a limited liability company (1008/2010). Provisions on the provision of pilotage services and the related tasks and obligations are laid down in the Finnish Pilotage Act (940/2003). Provisions on compulsory pilotage in the Saimaa area are issued by Government Decree (246/2011).
Which aid instruments have been used (direct subsidies, guarantees, etc.)?

Direct grant.	
Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.	
Compensation paid monthly based on the cost allocation method.	
Typical arrangements for avoiding and repaying any overcompensation .	
Finnpilot Pilotage Ltd keeps a set of separate accounts for costs and revenues arising in the Saimaa area. The ratio of aid to costs is monitored when payments are made and any overcompensation must be repaid to the State, if necessary.	
A brief explanation of how the transparency requirements (see Article 7 of the 2012 SGEI Decision) for aid above 15 million euro paid to undertakings that also have activities beyond the scope of the SGEI are being complied with. In your answer, please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and, if so, provide the link to this website), or alternatively explain if and how publication takes place at the level granting the aid (e.g. central, regional or local level).	
N/A.	
Amount of aid granted	
Total amount of aid granted (in millions EUR). This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C)	
2014	2015
4,259,047.47	4,106,101.69
A: Total amount of aid granted (in millions EUR) paid by national central authorities	
2014	2015
4,259,047.47	4,106,101.69
B: Total amount of aid granted (in millions EUR) paid by regional authorities	
2014	2015
0	0
C: Total amount of aid granted (in millions EUR) paid by local authorities	
2014	2015
0	0

DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI FRAMEWORK

No arrangements were approved under the SGEI Framework in Finland during the reporting period 2014–2015.

COMPLAINTS BY THIRD PARTIES

In spring 2015, the Supreme Administrative Court issued three decisions relating to social housing in response to complaints made by ARAVA loan recipients against the Housing Finance and Development Centre of Finland (ARA). The complaints concerned the revocation of the designation of the non-profit corporations granted ARAVA loans as non-profit corporations after the 40-year restrictions on the use and assignment of the dwellings owned by them had ceased, as well as the supervision of non-profit status. In all three cases, the Supreme Administrative Court decided in favour of the corporations that made the complaints. The Court stated that ARA should not have rejected the revocation of the designation of the corporation as a non-profit corporation on the grounds that ARA presented, and that ARA's supervision powers did not cover certain corporations with non-profit obligations. On the basis of the decisions, ARA revoked the designation of the corporations that made the complaints after the restrictions on use and assignment of the dwellings had ceased. The latter decision triggered a legislative amendment process to fill a gap in legislation. ARA's supervisory powers will be extended to cover all corporations with non-profit obligations and provisions on supervision will otherwise be improved.