

SIXTH FRAMEWORK PROGRAMME
SPECIFIC TARGETED RESEARCH PROJECT n° SSPE-CT-2006-044403



AGRIGRID

**Methodological grids for payment calculations in rural development
measures in the EU**

LFA Questionnaire:
**THE NATURAL HANDICAP PAYMENT SCHEMES
FOR MOUNTAIN AREAS (211) AND OTHER AREAS
WITH NATURAL HANDICAPS (212)**
Including Model Responses
Case: Finland

WP3

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I. Basic data

The purpose of this part of the questionnaire is to obtain basic information about the whole structure of natural handicap payment schemes for mountain areas (211) and other areas with natural handicaps (212) such as the uptake of the measures, the level of the payments in the different measures and schemes, the existence of payment differentiation and changes with respect to the last programming period. Basic data also include additional information about the eligibility criteria and objectives of the natural handicap payment schemes.

Question 1: Overview of the natural handicap payment schemes. Fill in Table 1 following instructions given below the table.

Table 1: Overview of the natural handicap payment schemes

a	b	c	d	e	f
Different payment schemes and payment categories	Actual payment amount		Targeting	Objectives of the measure	Previous existence of the measure
	EUR/ha	% of calculated payment amount			
Area A	150	nr		To ensure the	=
Areas B1, B2 and C1	200	nr	Three	agricultural	=
Areas C2, C3 and C4	210	nr	regions	use of land	=
				despite the adverse	
				natural conditions	

Instructions to fill in Table 1 and model answers concerning Finland:

- a) *Different payment schemes and payment categories.* The purpose is to describe the general structure of the natural handicap payment schemes in a concise way. Indicate whether the question is about a natural handicap payment for mountain areas (211) or for other areas with natural handicaps (212). If there are varying payment amounts or other differentiating elements inside a certain payment category, indicate what they are and explain the logic behind them.

In Finland, natural handicap payments are not differentiated by region according to classification of mountain and other areas with natural handicaps. Instead the plan for the regional allocation of the support for arable crops, in which natural conditions have been taken into account, is applied to the entire cultivated area. The regionalisation plan of the support for arable crops is no longer used for its original purpose.

For the classification of natural handicap, Finland is grouped into three regions. These regions consist of former arable crops support areas. The level of payment is 150 €/ha in area A, 200 €/ha in areas B1, B2 and C1, and 210 €/ha in areas C2, C3 and C4. See the map (Question 22 Additional Information).

In addition, the province of Åland (i.e. Åland Islands) is classified as area B2 and thus the level of natural handicap payments there is 200 €/ha. Åland is an

autonomous Swedish-speaking region of Finland located in islands between Sweden and south-west Finland. It has a different Rural Development Programme than the Finnish mainland.

Finnish agriculture is characterised by northern climatic conditions and remote location compared to the core areas of the European market. The natural handicaps for agriculture result mainly from unfavourable production conditions caused by the country's northern location. They do not result from topology, since Finland is relatively even and flat country.

Finland is located between the 60th and 70th latitudes. A quarter of Finland's area lies to the north of the Arctic Circle. Of the total land area, 86% is covered by forests and approximately 9% is agricultural land. The surface area of inland waters is around 10% of the total surface area. The large number of watercourses and islands in Finland is unique in Europe.

Finland is located between the maritime and continental climates, and the considerable annual variation in the length and thermal conditions of the growing season is a serious problem in crop production. In southern Finland, the growing season is 160–180 days and in northern Finland 110–150 days. The maximum pasture season is 120 days.

The effective temperature sum of the growing season varies between 500 °C and 1,400 °C. Considering Finland's northern location, the thermal conditions are better than the location implies due to the effect of the Gulf Stream coming from the Atlantic and the mild south-westerly winds, which raise the temperature in Finland by about 3–4 °C compared to what is typical in these latitudes.

Precipitation in the growing period is 340–370 mm in southern Finland and 220–280 mm in northern Finland. The annual precipitation clearly exceeds the evaporation, and the evaporation is higher only at midsummer. However, the timing of the rains is unfavourable for most of the crops. In the winter, snow forms a protective layer on arable land and melting water keeps the soil humid in the spring, but it also has negative effects on farming. In southern Finland, the land is covered with snow for an average of 110–150 days and in northern Finland for 190–200 days a year.

In summary, the northern climate conditions raise production costs, narrow down selection of cultivated crops, and lower yield levels. Growing season is shorter and heat summation is lower in the northern Finland than in southern Finland. In measuring the condition and productivity of agricultural land, the criteria based of national indices of soil and land quality is used. In addition, also remoteness of the region, island location, socio-economic factors such as economic situation of farms within the region and structural development of the agriculture have been taken in account when defining and differentiating the natural handicap payment levels in Finland.

- b) *Actual payment amount. EUR/ha.* Presumption is €/ha, if different units are used, please provide an explanation. For countries, where euro is not used, specify the applied exchange rate here: _____

Euro has been used in Finland since January 1, 2002. Natural handicap payment rates are 150 €/ha in area A, 200 €/ha in areas B1, B2 and C1, and 210 €/ha in areas C2, C3 and C4. In practice, the level of the area based payment depends on which municipality the field in question lies.

- c) *Actual payment amount. % of calculated payment amount.* The percentage level of actual payment amount compared with the calculated payment amount. Presumption of the level is 100%; the lower means calculated payment amount is not paid in total (undercompensation); the higher means overcompensation. If the level is differing from 100%, specify the reasons in footnotes below Table 1.

It is impossible to size up under- or overcompensation, since the final decision concerning the regional natural handicap support levels was a political decisions (a result of negotiations between the Commission and the representatives of Finland). Several calculations and indices were used during the preparation of the decision.

- d) *Targeting.* Determine the area/region where it is possible to enter into a payment scheme or payment category. Preferably also use a map.

Although a large percentage of the land area lies north of the 62nd parallel, the regional classification of natural handicap payments is based on three geographical regions in accordance with the plan approved earlier for the regional allocation of the support for arable crops (area A, areas B-C1, and areas C2-C4). Each municipality in Finland belongs to the one of the regions. See the map. (Question 22 Additional Information).

- e) *Objectives of the measure.* Describe main objectives of the payment scheme / payment category.

The objective of natural handicap payments in Finland is to ensure the agricultural use of land in less favoured areas and thus to contribute to the maintenance of viable rural communities, maintain rural areas, and maintain and promote sustainable farming systems that take environmental protection requirements particularly into consideration.

- f) *Previous existence of the measure.* Existence of a payment scheme or payment category before the year 2007 and changes in the payment levels. If the measure has existed in the programming period 2000/2004-2006, fill in the column by following marks: 0 measure didn't exist, ↑ increase of payment, ↓ decrease of payment, = same payment. Specify also in percentage terms, how much the payment amount has decreased or increased compared to the new level. Specify reasons for increase or decrease in footnotes below Table 1.

In Finland, the similar payment scheme and the same payment levels existed also before the year 2007 in the programming period 2000-2006.

Question 2: Are natural handicap payments to be applied differentiated somehow (e.g. by regional, farm type or some other basis)?

☒ YES
☐ NO

In Finland, natural handicap payments are differentiated by region.

If YES, make sure that the logic behind the differentiation has been explained in Table 1 in the column a) *Different payment schemes and payment categories*.

If there has not been any differentiation, specify reasons for that:

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.....

Question 3: Have differentiated natural handicap payments (compensatory allowances) been implemented in past but not in the 2007-2013 RDP?

☐ YES
☒ NO

We have had regionally differentiated natural handicap payments (compensatory allowances) since 1995 when Finland joined the European Union.

If YES, specify why the differentiation was given up.

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Question 4: Have differentiated natural handicap payments (compensatory allowances) been discussed in-house but not been implemented?

- ☒ YES
☐ NO

If YES, specify why they have not been implemented.

In Finland, natural handicap payments are differentiated by region, but they are not differentiated in plant species or production lines. This kind of differentiation has been discussed and implemented by means of national payments.

II. Methodology of the natural handicap payment calculations i.e. “How natural handicap payment levels are calculated”

The purpose of this part of the questionnaire is to obtain information about the methodology and principles how the actual monetary compensation levels of natural handicap payments have been determined. The objective is to identify variables and parameters and their values used in calculations, the central focus being on identification of foregone income, additional costs and possible cost savings due to the participation to the natural handicap payment schemes.

It is important not to forget the connection between payments and so-called “baselines” (conditions resulting from the national law, GAEC and cross-compliance), which are not possible to pay out within the RD measure payments.

Question 5. Identification of the commitments entering into the natural handicap payment scheme and a description of the actual payment calculations.

Specify in the following order:

- A) Write the *name of a natural handicap payment scheme or payment category* [Use the same categorisation and naming as in Table 1 in the column a)].
- B) Define the *eligibility criteria* (Describe the eligibility criteria for the natural handicap payment scheme or payment category that a farmer or his farm must fulfil in order to be entitled to apply for the payment).
- C) Describe *possible special commitments or contractual prerequisites* concerning the natural handicap payment scheme or payment category.
- D) Describe necessary *land use/management practice changes* resulting from these possible commitments or prerequisites and identify those which have to be taken into account in the payment calculations (for those which are not included in the payment calculations, specify reasons).
- E) Describe the *process of payment calculation* for every natural handicap payment scheme or payment category (preferably in Table 2). The aim is to identify particular items of payment and how they have been calculated, their data source and applied reference period.
- F) Provide an *explanation of the process of payment calculation* in more detail and explain how the different numerical values in Table 2 have been calculated or determined

A) *Name of a natural handicap payment scheme or payment category:*

Natural handicap payments to farmers in mountain areas (211) and payments to farmers in other areas with handicaps (212) are handled jointly in Finland, because the natural handicap payments scheme has not been differentiated according to the classification of less favoured areas. The regional differentiation is based on the plan approved earlier for the regional allocation of the support for arable crops.

B) Eligibility criteria:

In Finland, the eligibility criteria include restrictions on farmers under 18 and over 65 years of age from receiving natural handicap payments.

Strictly speaking, the farmer or his/her spouse must be at least 18 but no more than 65 years of age on December 31 of the year preceding the commitment and the contract. Persons who are under 18 may be eligible for payments only if they are married or practise agriculture as joint owners of the farm together with their parents or one of these or if there are other special reasons for granting the payments/special payments. In cases where agriculture is practised jointly by several farmers or as a corporation, payments/special payments may be granted only if at least one of the said farmers, partners, members or shareholders meets the age criterion.

The minimum farm size eligible for the payments is 3 hectares and there is also a requirement to farm the area continuously for the entire period of commitment (i.e. 5 years from the date of the first payment).

Wild pastures, wild meadows, and open grazing grounds are not accepted as eligible areas or areas under commitment, nor are areas covered by an undertaking to withdraw arable land permanently from agricultural production under section 6(2)(3) of the Farm Closure Pension Act (16/1974), section 9 of the Farm Closure Compensation Act (1330/1992) or section 12 of the Act on Farmers' Early Retirement Aid (1293/1994).

In addition, natural handicap payments are subject to cross-compliance in accordance with Council Regulation (EC) 1698/2005. Cross-compliance consists of two parts: statutory management requirements and good agricultural and environmental condition.

With regard to the statutory management requirements, Annex III of Council Regulation (EC) No 1782/2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers lists the Council directives and regulations, including specific articles, that must be followed as part of cross-compliance. These directives and regulations have been implemented nationally in Finland.

Good agricultural and environmental condition relate to the management of cultivated arable land, soil erosion, the organic matter in the soil, the structure of the soil and the minimum level of maintenance that must be taken into account and followed on agricultural holdings. (Please refer to the answer of Question 7 a) for the detailed description of GAEC in Finland)

C) Possible special commitments and contractual prerequisites

Natural handicap payments are conditional on cross-compliance, which consists of statutory management requirements and good agricultural and environmental condition.

All of Finland is covered by the natural handicap payments measure and the country is divided into three areas for the administration of natural handicap payments. The payment category (and the level of the area based payment) depends on which municipality the field lies. The list of municipalities according to the payment categories is confirmed through the national legislation.

D) Land use /management practice changes

Natural handicap payment measures do not include any land use or management requirements, but, as mentioned earlier, natural handicap payments are subject to cross-compliance in accordance with Council Regulation (EC) 1698/2005 including the good agricultural and environmental condition.

E) Table 2. Process of payment calculation.

Components	EUR/ha*	Data source	Reference period
Additional costs and income foregone			
Effective temperature sum		Finnish Meteorological Institute	
Taxable income subtracted by the most important regional supports		National Board of Taxes	
Taxable income in agriculture subtracted by the most important regional supports		Statistics Finland	
Per hectare yield of barley		Information Centre of the Ministry of Agriculture and Forestry	
Quality of the field		A survey	
Soil type		A survey	
Potential accessibility		Statistics Finland	
Unemployment rate		Ministry of Labour	
Net migration		Ministry of Interior	
Total additional costs			
Cost savings			
Total cost savings			
Income foregone			
Total income foregone			
Proposed amount of payment			

* For countries, where euro is not used, specify the applied exchange rate here: _____

Since it is not straightforward to evaluate additional costs and income foregone due to natural handicap, we only represent in Table 2 some components which reflect differences among geographical regions in Finland.

These variables have been used in the determination of the plan for the regional allocation of the support for arable crops and also in the determination of the natural handicap payments. (cf. Nikula, J. 1985. Hintapoliittisen tuen perusteet. Tutkimus hintapoliittisen tuen jakautumisen perusteista. Maatilahallitus. Helsinki. In English: Nikula, J. 1985. Study on the pricepolitical support in agriculture)

F) Explanation of the process of payment calculation. Explain calculation of numerical values provided in E) Table 2. List also all data sources which are used.

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Question 6. If it is not possible to describe the process of payment calculation for particular natural handicap payment schemes or payment categories in your country by using the procedure suggested in Question 5, explain used methodologies of calculation below in as detailed manner as possible. In other words, it is expected to provide here something like “an instruction manual”.

In Finland, handicaps in farming increase from the south towards the north of the country and the length of the growing season is identified as one the single most important indicator of differences in the level of natural handicap. Also socio-economic indicators (such as population density, taxable incomes and unemployment rate) have been used to measure the handicaps in farming.

In the mid-1990s when Finland joined the EU, the regional differentiation of natural handicap payments was made utilising the plan for the regional allocation of the support for arable crops. It is, however, important to realise that also the other farming subsidies have been taken into account when deciding the level of natural handicap payments within geographical regions. Therefore, natural handicap payments in Finland also compensate low CAP payments.

Question 7. Describe commitments defined in the baseline requirements which have an impact on natural handicap payment calculations:

- a) Describe your system of good agricultural and environmental conditions (GAEC) and their relation to the natural handicap payment scheme.

Natural handicap payments are subject to cross-compliance, which includes good agricultural and environmental conditions. This means briefly that aspects and measures which relate to the management of cultivated arable land, protection of soil erosion, preservation of the organic matter and the structure of the soil as well as the minimum level of maintenance must be taken into account and followed on agricultural holdings.

In detail, GAEC in Finland require:

Cultivated arable land

Cultivated arable land means arable land that is cultivated for the purpose of crop production in accordance with good agricultural practices by taking the local conditions into consideration. Arable land shall be tilled, fertilised and sown or planted in an appropriate manner to enable even germination and growth. The cultivated plant species and varieties shall be suitable for the area. Sowing or planting shall take place not later than 30 June. The farming practice also includes ensuring plant protection, which can be implemented through crop rotation, mechanically, biologically or chemically. Farmers shall aim at producing harvestable and marketable crops. If the arable land is not harvested, the growth produced by it shall, where necessary, be taken care of in order to enable growth in the arable land in the following year, as well.

Protecting the soil from erosion

Arable parcels alongside watercourses and main ditches must have an untilled headland of at least 0.6 m, to which fertilisers and plant protection products are not applied.

In Class I and II groundwater areas, compulsory set-asides shall be plant-covered set-asides. It is, however, possible to derogate from the plant cover requirement for specific reasons, for example in cases where the agricultural condition of arable land is improved by killing weeds that are difficult to eliminate or by taking short-term restoration measures. Set-asides with plant cover mean green set-asides, set-asides for feeding wild animals, same as game set-asides, landscape set-asides and non-food set-asides. Of the weight of the seed mix for plants on a new compulsory set-aside to be established in Class I and II groundwater areas, a maximum of 20% may be seeds of nitrogen-fixing plants. Stubble set-asides and untilled bare set-asides must be managed annually by mowing or by some other means, so as to prevent weeds from spreading.

When planning and implementing mowing, the protection of wild birds and mammals must also be taken into account. Bare set-asides and stubble set-asides shall not be fertilised. Short-term restoration measures may be

implemented on compulsory set-asides. Managed uncultivated arable land means arable land not used for production. Managed uncultivated arable land shall be kept in such a condition as not to endanger its use for agricultural purposes.

Managed uncultivated arable land may be commercially exploited. Managed uncultivated arable land must be kept covered in grass and plant growth must be rotated, where necessary. Managed uncultivated arable land may also be sown with the same plants as game and landscape set-asides. Of the weight of the seed mix for plants on new managed uncultivated arable land to be established in Class I and II groundwater areas, a maximum of 20% may be seeds of nitrogen-fixing plants. It is possible to derogate from the plant cover requirement for managed uncultivated arable land for the same specific reasons as from the plant cover requirement for compulsory set-asides in Class I and II groundwater areas.

Compulsory set-asides with grass cover and managed uncultivated arable land must be mown once during the growing period. When planning and implementing mowing, the successful control of weeds and the protection of wild birds and mammals must be taken into account. The requirement for mowing does not apply to landscape or game set-asides or areas of managed uncultivated arable land that are sown with the same plants as game and landscape set-asides.

Preserving the amount of organic matter in the soil

Straw in arable land should not be burned. Straw may be burned only if it is essential for successful sowing or the destruction of wild oats and other weeds, plant diseases or vermin

Preserving the structure of the soil

Driving heavy machinery on wet arable land and on managed uncultivated arable parcels, in particular, should be avoided to prevent the soil from becoming compacted.

Minimum level of maintenance

The control of wild oats must be ensured on reference parcels that have been contaminated by wild oats.

Small groups of trees and bushes as well as patches of rocks located within arable land must be retained in order to preserve the characteristic features of the arable environment. These patches may not be cleared for arable land. For reasons of cultivation technique, substantial impediments to farming can be removed in individual cases. However, the municipal rural business authority must be notified of the removal and its grounds in advance in writing.

Land that was permanent pasture in 2003 must mainly be used for the same purpose. If parcels that have been reported to be permanent pasture are not pastured, they must be kept bare by mowing. For the parts of a parcel that cannot be mown, saplings and seedlings shall be grubbed up, where necessary.

- b) Describe any other prerequisites resulting from the national law or cross-compliance which can not be compensated within the natural handicap payment scheme.

Wild pastures, wild meadows, and open grazing grounds are not accepted as eligible areas or areas under commitment, nor are areas covered by an undertaking to withdraw arable land permanently from agricultural production under section 6(2)(3) of the Farm Closure Pension Act (16/1974), section 9 of the Farm Closure Compensation Act (1330/1992) or section 12 of the Act on Farmers' Early Retirement Aid (1293/1994).

Natural handicap payments may be granted for all areas that can be set aside in accordance with Council Regulation (EC) No 1782/2003 and are eligible for natural handicap payments. Set-aside entitlements may be established or transferred.

Farms for which no set-aside entitlements have been established or transferred may receive a natural handicap payment for a maximum of 50% of the total eligible arable area reported on the annual aid application form as managed uncultivated arable land for which single farm payment is granted and which is managed in accordance with the requirements for cross-compliance. For natural handicap payments to be granted for set-aside entitlements and managed uncultivated arable land, their total area may, however, not exceed 50% of the entire area that is annually eligible for natural handicap payments.

Farms that have acquired set-aside entitlements in excess of the 50% limit referred to above are not eligible for natural handicap payments for managed uncultivated arable land for which single farm payment is granted and to which the annual statutory management requirements specified in the single payment scheme apply. Natural handicap payments are, however, granted for the entire set-aside entitlement area that is eligible for natural handicap payments.

Farmers who have applied for natural handicap payments for the areas described above may report on the annual aid application form up to 50% of the total area eligible for natural handicap payments as managed uncultivated arable land referred to above. The payment is conditional on cross-compliance.

Question 8. Is your country going to provide any payments within the natural handicap payment scheme which exceed the maximum limits stated in the EC Regulation nr. 1698/2005 (eventually any national limits)?

- ☐ YES
☒ NO

If YES, describe them and write reasons:

.....

Question 9. Are there any national payment ceilings or other maximum/minimum criteria applied which impact on the payment levels within the natural handicap payment scheme?

- ☐ YES
☒ NO

If YES, describe the limits, particular schemes/payment categories by which are used and reasons for setting these limits:

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.....

Question 10. Are there any mechanisms in place which limit possible combinations of natural handicap payment schemes with other rural development measures?

No, there are no such mechanisms in Finland.

Question 11. Are there any linkages or interdependencies between natural handicap payments and other rural development measures, which affect the payment level of natural handicap payments?

No.

Question 12. What problems were encountered during the specification and calculation of natural handicap payment levels?

Since natural handicap is a complex issue, we have to use several indicators to measure it. The problem is to determine witch indicators to use and how to weight them. When indicators are weighed differently, different results about the severity of the natural handicap are received.

Question 13. What solutions were developed to solve these problems?

A research project has been launched to study the indicators of the less favoured status and, thus, the need for updating the territorial division of payments in Finland. The results of the project are not yet published, but we will interview the researchers to get some preliminary results.

Question 14. Which issues did remain unsolved and why?

Please refer to the answer for the previous question (Question 13).

III. Data sources

The purpose of this part of the questionnaire is to identify data sources, which are used in payment calculations of the natural handicap payment schemes. The objective is to compare availability of data and to found out which data sources are used and for which purposes.

Question 15. Fill in Table 3 according to the instructions below:

- Specify *data source* used for calculation of particular natural handicap payment scheme;
- Write *organisation responsible* for data source;
- Periodicity* (it means how frequently are they up-dated, published or reproduced);
- Spatial aggregation level* (it means how data are used within payment calculation, not in which form exist);
- Purpose of the source usage* (write briefly the main range of usage within payment calculation);
- Estimated extent of usage* of particular data source (it is expected to provide an expert estimate and sum should be 100%; the fulfilment of this column is voluntary).

Table 3. The list of the data sources necessary for payment calculation and their usage

a	b	c	d	e	f
Data source	Organisation responsible	Periodicity	Spatial aggregation level	Purpose of the source usage	Estimated extent of usage (%)
Effective temperature sum	Finnish Meteorological Institute	Annually	Municipality	Climate conditions	
Rainfall	Finnish Meteorological Institute	Annually	Municipality	Climate conditions	
Proportion of different soils	Soil Analysis Service	A survey done in the 1980s	Municipality	Agricultural land quality	
Average field plot size	Information Centre of the Ministry of Agriculture and Forestry	A survey done in 2000	Municipality	Agricultural land quality	
					Sum = 100%

Question 16. List all the interviewees and their positions and affiliations.

<i>Name</i>	<i>Position</i>	<i>Affiliation</i>
Maija Puurunen	Professor	MTT Agrifood Research Finland
Tiina Malm	Senior Officer, Agricultural Affairs	Ministry of Agriculture and Forestry
Tiina Pääsky	Senior Officer, Agricultural Affairs	Ministry of Agriculture and Forestry

Question 17. Which additional data would have been required for a more thorough and precise calculation of payment levels and to what extent did the lack of such additional data restrict the choice of calculation methods? Please specify.

A research project has been launched to study the indicators of the less favoured status in Finland. The results of the project are not yet published, but we will interview the researchers to get some preliminary results.

IV. Contextual information

The purpose of this part of the questionnaire is to provide subsidiary information which makes statistical comparisons between natural handicap payment schemes and countries possible. In addition, payment administration aspects are added in order to investigate administrative complexity of the payment calculations (i.e. how many institutions are involved into the calculation and a list of valid legislative rules created).

Question 18. Statistical comparison – indicators of “uptake”. Fill in the information requested in Table 4.

Table 4. Indicators of “uptake”

	2004		2005		2006	
Total UAA, ha	2,253,400 ^{A)}		2,267,000 ^{A)}		2,293,800 ^{A)}	
	UAA,ha	% of total UAA	UAA,ha	% of total UAA	UAA,ha	% of total UAA
Area of agricultural land (UAA, ha) under the natural handicap payment scheme for mountain areas (211)	1,178 ^{B)}	52%				
Area of agricultural land (UAA, ha) under the natural handicap payment scheme for other areas with natural handicaps (212)	1,067 ^{B)}	48%				
Total number of holdings / farms	72,054 ^{C)}		69,517 ^{C)}			
	number	% of total number	number	% of total number	number	% of total number
Number of holdings / farms entering into the natural handicap payment scheme for mountain areas (211)	42,980 ^{D)}	57%				
Number of holdings / farms entering into the natural handicap payment scheme for other areas with natural handicaps (212)	31,970 ^{D)}	43%				
Total expenditure for the RDP (EUR)	715.9 ^{E)}		708.8 ^{E)}		708.8 ^{E)}	
	EUR	% of total expenditure	EUR	% of total expenditure	EUR	% of total expenditure
Financial expenditure for the natural handicap payment scheme for mountain areas (211) (EUR)			235.5 ^{E)}	33%		
Financial expenditure for the natural handicap payment scheme for other areas with natural handicaps (212) (EUR)			185.1 ^{E)}	26%		

A) *Yearbook of Farm Statistics 2006. p. 106.*

B) *1000 ha in 2003. Institute for European Environmental Policy (2006) Available:*

- C) http://www.ieep.eu/publications/pdfs//LFA_evaluation_report_full_text_en.pdf
Active farms, which have field under cultivation. Yearbook of Farm Statistics 2006. p. 57.
- D) *In 2003. Institute for European Environmental Policy (2006) Available:*
http://www.ieep.eu/publications/pdfs//LFA_evaluation_report_full_text_en.pdf
- E) *€ million. Finnish Ministry of Agricultural and Forestry.*

Question 19. Describe the administrative complexity of reviewed payment calculations.

- a) How many institutions are involved into payment calculation:

- ☒ 1
☐ 2 – 3
☐ more than 3

Specify their names: *MTT Agrifood Research Finland*

- b) How many institutions are involved in making observations / controlling / testing of payments:

- ☐ 1
☐ 2 – 3
☒ more than 3

Specify their names: *Ministry of Agriculture and Forestry*

Ministry of the Environment

Ministry of Finance

Regional Environmental Centres

The Central Union of Agricultural Producers and Forest Owners

The Central Union of Swedish-Speaking Agricultural Producers in Finland

MTT Agrifood Research Finland

Question 20. Specify those items of national legislation which define the natural handicap payment scheme in your country.

Laki luonnonhaittakorvauksesta, maatalouden ympäristötuesta sekä eräistä muista ympäristön ja maaseudun tilan parantamiseen liittyvistä tuista (1440/2006). *In English:*

The Act Concerning Natural Handicap Payments, Agri-Environmental Payments and some other Support Measures

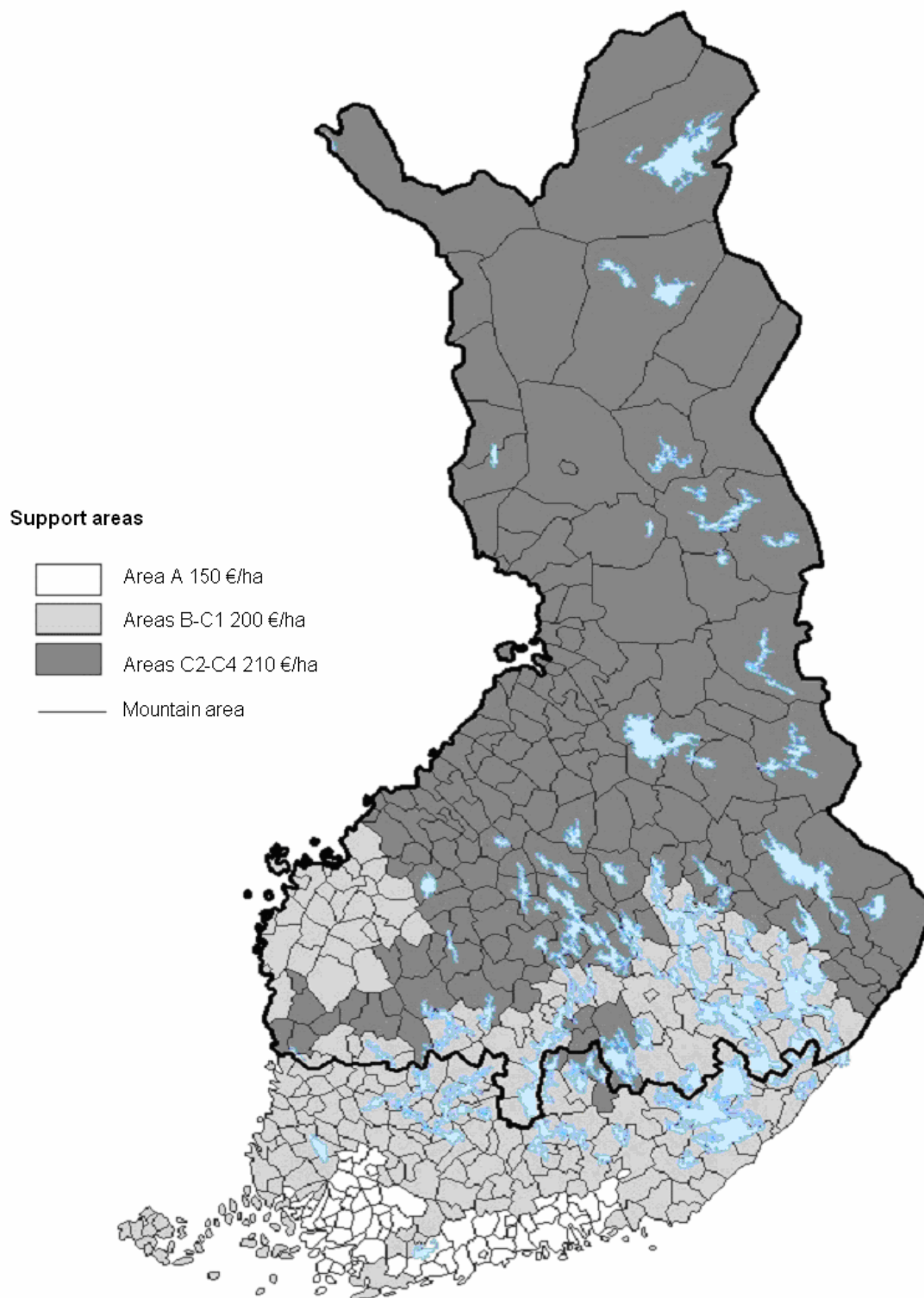
Later in 2007, after the EU has passed the Finnish Rural Development Programme for the Mainland Finland, there will be given Government and Ministerial Decrees.

Question 21. If you have any additional comments on the survey, please use this box.

(It is expected to add here: remarks and comments of the interviewee that cannot be included in the questionnaire, own observations and reflections on the interview, etc...)

V. Additional information

Question 22. Add here any relevant piece of information (texts, graphics, pictures, maps etc.) (in English, please) which supplements the presented material about the natural handicap payment schemes, payment level calculations and their other characteristics.



Regional differentiation of natural handicap payments in Finland