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Innovation funding agency Business Finland


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# Funding call for industrial projects related to low-carbon circular economy, digitalization, and service development

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Appendix 1: Further information on the DNSH requirement (“Do No Significant Harm”)

## **1. Background and aim of the funding call**

The aim of the funding call is to significantly increase industrial low-carbon and circular economy solutions, the digital renewal of industries, as well as industrial service exports while also taking groundbreaking and new technologies into account. The financed projects must involve significant development and modernization of companies' low-carbon and/or circular economy solutions or service business models. The applications are assessed according to the funding criteria of the Sustainable Growth Program for Finland and the funding criteria of Business Finland. The funding is intended for companies of all sizes registered in Finland, excluding a sole trader.

Finland aims to be carbon-neutral by 2035 and carbon-negative by 2050. Finland's transition to carbon neutrality will be industry-driven; the development of low-carbon industrial products, services, and circular economy solutions plays an important role in achieving climate goals and a low-carbon society. The low-carbon operations of large companies and the provision of low-carbon products and services play an essential role in achieving national targets. In addition to emissions from their own operations, large companies have a significant impact on the emissions of their entire value network. Finnish companies can lead the way in promoting industrial low-carbon and circular economy solutions while also generating new business and jobs by utilizing new solutions and technologies. Recyclability, renewable materials, and a low carbon approach are already significant competitive advantages, and businesses and societies are in particular looking for new business models and business potential in disruptions and cross-industry interfaces.

## **2. Description of the funding call**

The funding call implements the Sustainable Growth Program for Finland, which is part of the EU's Recovery and Resilience Facility (RRF). Projects promoting the green transition must meet the following requirement: "Research and innovation processes, technology transfer between companies and cooperation that focuses on the low-carbon economy and the ability to cope with and adapt to climate change". The long-term goal is to provide Finland with new company-driven growth ecosystems that target global growth markets and seek net sales in the range of billions of euros.

The funding call is intended for companies seeking international growth and research organizations engaged in joint projects. The funding call is open to companies of all sizes registered in Finland that pursue growth and internationalization and have sufficient financial resources, versatile expertise, and a team for it. In addition, the companies must have a competitive advantage on the international market. Research organizations may apply for this funding only as part of a co-innovation joint project.

## **3. For which themes can funding be applied?**

The projects must be research and development projects on topics such as:

- the development of industrial low-carbon services and service business models, such as products as a service (PaaS)

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- the utilization of industrial digital renewal and data economy in areas such as low-carbon value chains
- the development of an industrial hydrogen ecosystem that uses renewable energy, in which hydrogen is recycled both as energy and as building material for end products (e.g., chemicals, new proteins)
- the capture, storage, and re-use of carbon dioxide produced in industrial processes.

#### **4. Key assessment criteria**

Key application criteria include pursued international net sales and impact on the company's renewal, pursued significant reduction in carbon dioxide emissions for both the company's own products and consequently for its customers' products, circular economy and digital renewal, the possible formation of a mutual offering, as well as the company's expertise and ability required to implement the project, and the project implementation plan.

#### **5. For which projects can funding be applied?**

The funding is intended for companies' independent research and development projects or Co-Innovation projects carried out in cooperation with research organizations. In a Co-Innovation project, the collaboration must involve at least two companies. If one or more research organizations are involved in a Co-Innovation project, the collaboration must also involve at least three companies, at least two of which have applied for Business Finland's funding for their research and development project. Projects must be completed by December 31, 2025.

Projects funded through aid:

- create new competence and information for companies and partnership networks
- take greater risks than normal and, if successful, involve a high market potential
- often require more development afterwards to commercialize the results

Business Finland may provide funding for up to 50% of the total project costs for the research and development projects of SMEs. For midcap and large companies, the funding is up to 40% of the total cost of the project, while the funding typically covers 70% of the project costs of research organizations.

Read more about research and development funding:

- SMEs and midcaps: <https://www.businessfinland.fi/en/for-finnish-customers/services/funding/research-and-development/research-development-and-piloting>
- Large companies: <https://www.businessfinland.fi/en/for-finnish-customers/services/funding/research-and-development/research-development-and-piloting-big-companies>
- Research organizations: <https://www.businessfinland.fi/en/for-finnish-customers/services/funding/cooperation-between-companies-and-research-organizations>

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## 6. Special criteria for RRF funding under the Sustainable Growth Program for Finland

In addition to Business Finland's funding criteria, each project funded under the Sustainable Growth Program for Finland must meet the following criteria:

1. The selection and eligibility criteria set out in the "Do No Significant Harm" (DNSH) technical guidance 2021/C58/01 (Annex 1).
2. The relevant and binding environmental regulations valid in the EU and at the national level.

Due to environmental objectives, certain types of content or applications are not eligible for funding. Funding is not granted for:

- **Activities related to fossil fuels, including refining and further use.** Exceptions include such projects for electricity and/or heat generation using natural gas and for the related transfer and distribution infrastructure that correspond to the DNSH principle set out in Annex III of technical guidance 2021/C58/01.
- **Measures within the scope of the EU Emissions Trading System (ETS) that have an estimated greenhouse gas emission impact exceeding the applied reference value.** If the greenhouse gas emissions achieved in supported activities are not clearly below the applied benchmark values, the reasons why this is not possible must be described. The benchmark values for greenhouse gas emissions applied to activities within the scope of ETS are set out in Commission Implementing Regulation (EU) 2021/47.
- **Measures related to landfill sites, incineration plants,\*) and mechanical biological treatment plants\*\*)** \*) The restriction does not apply to measures carried out at plants that are exclusively specialized in the processing of non-recyclable hazardous waste, and at existing plants in which the goal of the measures is to increase energy efficiency, the recovery, storage or use of flue gases, or the recovery of material from waste incineration plants' ashes, provided that the measures do not increase the plant's waste processing capacity or extend the plant's service life; with proof demonstrated at a plant level.
- **Measures involving long-term disposal of waste that may harm the environment**

## 7. Business Finland's general funding terms and conditions

The funding is subject to Business Finland's general funding terms and conditions for companies' research and development projects. The funding instruments used are compatible with the State aid rules. Funding is not granted for projects that do not meet the requirements of the State aid rules.

After the funding decision has been made, the name of the beneficiary will be published, along with the amount of funding and the public description of the project. During reporting, other public funding (granted by the Government, municipality or other public organization, institution, or foundation) must also be reported. In addition, funding granted from the EU's resources must be reported. The proportion of funding obtained from Business Finland or other public funding must not exceed the maximum amount of public funding permitted for the project. If necessary, Business Finland will reduce its funding so that the maximum amount is not exceeded.

**For more information about Business Finland's funding terms and conditions:**

[https://www.businessfinland.fi/4b1263/globalassets/finnish-customers/01-funding/08-guidelines--terms/funding-terms/yritysten tutkimus- ja kehitystoiminnan rahoituksen ehdot.pdf](https://www.businessfinland.fi/4b1263/globalassets/finnish-customers/01-funding/08-guidelines--terms/funding-terms/yritysten_tutkimus- ja kehitystoiminnan rahoituksen ehdot.pdf)

**8. How to apply for funding?**

Basic applicant and application information is completed normally in Business Finland's online service.

Select the funding service.

- Companies: "Research, development and piloting" or "Co-innovation"
- Research organizations: "Co-innovation" under "Programs and other connections", select "RRF – Finland's Sustainable Growth Program" and then the "Funding call for industrial projects related to low-carbon circular economy, digitalization, and service development" identifier from the menu.
- Respond to the questions related to environmental impact. Each project funded through the Sustainable Growth Program for Finland must meet the "Do No Significant Harm" requirements. The EU RRF requires that no measures do any significant harm to the environment.

**9. Funding schedule**

According to the preliminary plan, a total of EUR 4 million of funding will be granted. Business Finland will make funding decisions following normal selection criteria. **Applications must be submitted by June 30, 2022 for funding granted in 2022.**

**10. Contact us**

Please contact your Business Finland contact person or our customer service (Label your email with: RRF – Funding call for industrial projects related to low-carbon circular economy, digitalization, and service development) well before submitting the application.

If you are a new customer, please visit the [Become a customer page](#).

**11. Further information**

Maarit Kokko and Sakari Karppinen. Email addresses: [firstname.lastname@businessfinland.fi](mailto:firstname.lastname@businessfinland.fi)

NOTE! The date of the info session on the funding call will be specified at a later time.

Sustainable Growth Program for Finland: <https://vm.fi/en/sustainable-growth-programme-for-finland>

## **APPENDIX I: Further information on the DNSH requirement (“Do No Significant Harm”)**

Each project funded through the Sustainable Growth Program for Finland must meet the “Do No Significant Harm” (DNSH) requirements.

The EU Recovery and Resilience Facility (RRF) requires that no measures do any significant harm to the environment. Economic activities are considered to cause significant harm to the following:

- (a) the mitigation of climate change – if the activity in question leads to significant greenhouse gas emissions;
- (b) adaptation to climate change – where that activity leads to an increased adverse impact of the current climate and the expected future climate, on the activity itself, or on people, nature or assets
- (c) the sustainable use and protection of water resources and marine resources where such activities adversely affect: – the good status or the good ecological potential of water bodies, including surface waters and groundwater; or – in the case of marine waters, the good environmental status;
- (d) the circular economy, including the prevention and recycling of waste, where: – the activity in question results in significant inefficiencies in the use of materials or in the direct or indirect use of natural resources, such as non-renewable energy sources, raw materials, water and land, at one or more stages of the life cycle of the products, including in terms of their durability, repairability, upgradability, reusability or recyclability; – the activity in question significantly increases the generation, incineration or disposal of waste, with the exception of the incineration of hazardous waste which is not recyclable; or – the long-term disposal of waste may cause significant and long-term damage to the environment;
- (e) the prevention and reduction of pollution of the environment: – where the activity results in a significant increase in emissions of pollutants into air, water, or soil compared to the situation prior to the commencement of the activity; or
- (f) the protection and restoration of biodiversity and ecosystems, where such activities: – significantly undermine the good status and resilience of ecosystems; or – undermine the conservation status of natural habitats and species, including those of Union interest.

Guidance and examples of responses to the DNSH questions can be found in: [https://eur-lex.europa.eu/legal-content/FI/TXT/PDF/?uri=CELEX:52021XC0218\(01\)&from=EN](https://eur-lex.europa.eu/legal-content/FI/TXT/PDF/?uri=CELEX:52021XC0218(01)&from=EN)