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D1 - Inception Report

REFORM/SC2022/063

DO NO SIGNIFICANT HARM (DNSH) GUIDELINES FOR
IMPLEMENTING THE GREEN TRANSITION IN FINLAND

28.9.2022

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List of Abbreviations

Abbreviations	Descriptions
CSRD	Corporate Sustainability Reporting Directive
DNSH	Do No Significant Harm
ERDF	European Regional Development Fund
ESIF	European Structural and Investment funds
EU	European Union
GHG	Green House Gases
JE	Junior Expert
JTF	Just Transition Fund
LTS	Long-term strategies
NECP	National Energy and Climate Plan
NFRD	Non-Financial Reporting Directive
PM	Project Manager
RRP	Recovery and Resilience Plan
RDI	Research, Development, and Innovation
SE	Senior Expert
SGP	Sustainable Growth Programme
TSC	Technical Screening Criteria
EAFRD	European Agricultural Fund for Rural Development
EGD	European Green Deal
EMFF	European Maritime and Fisheries Fund
RRF	Recovery and Resilience Facility
TEG	Technical Expert Group

1. Project Summary

1.1 Project context

As part of its contribution to the 2050 climate neutrality target at European level, to be delivered by the European Green Deal (EGD), Finland has set itself the ambitious target to be carbon-neutral by 2035 and to be the world's first fossil-free welfare state. Reaching this goal requires bold actions and large investments in various sectors. Sectoral climate roadmaps have been prepared in 2020, in close cooperation between public and private sector stakeholders, outlining the main sectoral actions to be taken and their according investment needs[1]. Some of the sectoral climate roadmaps are planned to be updated in 2023[2]. A new national climate change act came into force on 1.7.2022 replacing the previous one from 2015. The new act lays down provisions on climate change policy planning and the related monitoring, and sets the national climate objectives[3]. A new national energy and climate strategy, which outlines the main actions to take to reach the climate neutrality goals, was accepted in Finnish Parliament on 30.6.2022. Next to this new strategy, an inter-ministerial working group on financing the green transition has been established on 18.1.2022 with the mandate to provide recommendations around boosting the green transition in Finland. The inter-ministerial working group intends to publish its recommendations in November 2022. The recommendations are anticipated to define the priority sectors in need of public funding, different policy actions needed related to funding and recommendations related to the roles and co-operation of different organisations. The total and sectoral investment gaps are large, but there is also a lot of uncertainties on how much total investments are needed[4].

The Sustainable Growth Programme (SGP) for Finland sets out a plan of policies and investments to boost competitiveness, RDI activities as well as measures to raise skill levels. Finland's Recovery and Resilience Plan (RRP) forms part of the SGP and the funding for the Programme will mainly come from the EU's recovery package "Next Generation EU", with the Recovery and Resilience Facility (RRF) being its largest funding programme. Finland has allocated about 50% of the total RRF funds to support the domestic green transition in Finland.

The Regulation establishing the RRF provides that no measure included in the national RRP should lead to significant harm to environmental objectives as defined by Article 17 of the Taxonomy Regulation. Therefore, every measure and investment included in Finland's RRP needs to comply with the Do No Significant Harm (DNSH) principle. For Finland, the reforms and investments contained in their RRP are in principle deemed to be DNSH-compliant, resulting in the endorsement of Finland's RRP by the European Commission on 29.10.2021. However, the implementation phase of the Finnish RRP and its subsequent monitoring requires further work and detailed guidance throughout the investment process in order to safeguard the continuous compliance with the applicable

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[1] Summary of Sectoral Low-Carbon Roadmaps, published 12.02.2021
[2] VNS 6/2022 vp, Valtioneuvoston selonteko - Hiilineutraali Suomi 2035 – kansallinen ilmasto- ja energiastrategia, published 30.6.2022
[3] https://ym.fi/en/the-reform-of-the-climate-change-act
[4] Ministry of Economy Affairs and Employment, e.g., has initiated a study to assess the investment needs in energy-intensive Finnish industries towards green transition. The results from this study would be available in December 2022.

DNSH principle and criteria as defined in the Finnish Council Implementing Decision[5], following Finland's RRP via (in depth) DNSH assessments.

DNSH criteria should also be seen as a useful tool to ensure that the reforms and investments are in line with EU and national climate and environmental targets. Next to the DNSH criteria and their interpretation, there are a lot of technical and operational questions and issues to be solved that are related to, for instance, data requirements and management. An important recent development, increasing the need for DNSH related capacity building and training, is the new temporary law that would give a priority order in the environmental permitting processes for those investments that have completed a DNSH assessment[6].

As outlined in the request for services, Finland intends to increase its administrative capabilities and knowledge on the application of the DNSH principle by drawing inspirations notably from the DNSH assessment conducted in the context of the RRF. The project will therefore in first instance focus on the application of the Commission's Technical Guidance on DNSH within the context of the RRF, and will enhance this guidance towards the application and potential extension of DNSH principles to other EU funds and programmes, as well as actions by national authorities to apply DNSH principles on a voluntary basis (e.g., Finnish Climate Fund). For instance, a DNSH assessment is done at programming stage already for the Cohesion policy funds. The resulting guidelines and lessons learned benefit also other EU Member States, since all are at the moment in the same position with integrating DNSH principles into those funding programmes that require DNSH assessment.

While there is a strong need for support in developing guidelines for the application of DNSH principle in the relevant RRF investments to date, it should be appreciated that further technical screening criteria, including DNSH criteria, for new and other economic activities, and/or for other environmental objectives may be adopted via for instance the 2nd Delegated Act (Taxo4 environmental objectives) for establishing screening criteria under the Taxonomy Regulation throughout the implementation period of this technical support project. **In order to complete the requested support to the beneficiary within the timeframe specified in the Request for Services, the project team will develop DNSH guidelines based on the DNSH criteria adopted before the end of 2022. The DNSH guidelines will be developed in a flexible template and manner such that further and new DNSH criteria stemming from the 2nd DA on the Taxo4 environmental objectives, can be replicated in 2023 or beyond.**

1.2 Impact and aim of the technical support

The general objective of this service contract is to contribute to institutional, administrative, and growth-sustaining structural reforms in Finland, in line with Article 3 of the TSI Regulation. The specific objective of this service contract as outlined in the Request for Services is:

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[5] https://ec.europa.eu/info/sites/default/files/com2021624_annexe_en.pdf

[6] Hallituksen esitys eduskunnalle eräiden vihreän siirtymän hankkeiden väliaikaisesta etusijamenettelystä aluehallintovirastojen lupakäsittelyssä vuosina 2023—2025 ja hallintotuomioistuimissa vuosina 2023—2027, consultation round closed 7.6.2022

- to assist national authorities in improving their capacity to design, develop and implement reforms;

- to assist national authorities in improving their capacity to prepare, amend, implement, and revise recovery and resilience plans pursuant to Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility

Specific project impacts are the following:

- Finnish public sector authorities have good comprehension of the orientation of public funds towards climate and environmental objectives and understanding of DNSH values (at which points the harm becomes significant) requires clear guidelines, materials, and efficient data and monitoring systems. Long term impacts are visible in, e.g., clear progress towards reaching national climate targets.

- There is increased capacity in all relevant funding /public sector organisations to integrate the DNSH principle into public investments in Finland (requires clear guidelines, and successful trainings organised with relevant participants who have then capabilities to take the knowledge ahead in building the capacities further). Long term impacts are reached when all funding organisations have integrated the DNSH principle to be part of their normal processes and basic training.

- Project will contribute to the implementation of the European Green Deal (requires that the results produced in the project are useful for other EU Member States, good practices and lessons learned are shared, and there is a clear follow-up plans to take ahead the results). Long term impacts are measured by the progress in which EU Member States take the guidelines and lessons learned ahead.

1.3 Inception phase

The inception phase started immediately after signing the contract on **26th June 2022**. A **kick-off meeting** was held on **30thJune 2022** and two other preparatory meetings were held (14.7.2022 and 12.8.2022). A total of **10 technical consultation interviews** were completed with the relevant Finnish authorities that focused on the expectations towards the project, identifying criteria for sector selection in D2, and getting background information needed for the project planning. Project management practices internally within the team and with the Contracting Authority and the beneficiary (described in Section 5), and the Steering Committee Meeting 1 were set up.

The Steering Committee's 1st Meeting was held on **30th August 2022** via videoconference (agenda, list of participants and meeting notes in Annex 1). A presentation of the project objectives and activities was led by the implementing team, followed by a discussion on questions raised by DG REFORM and the Steering Committee members.

Key decisions made during the inception phase that deviate from the RfS are the following:

- The work of the inter-ministerial working group on financing the green transition has been prolonged until November 2022. The conclusions and priorities set by the working group were expected to provide guidelines for the D2 work. Implications and adjustments due to this change are the following:

- o It was agreed during the kick-off meeting on 30.6.2022 that **the extension of the working group's timetable should not affect the overall timetable of the project** and the Work Package I (D2) work can start as planned (see details in Section 2).

- o In the SC 1st meeting it was agreed that the **D2 timetable is extended by 3 months** (end by month 10 instead of month 7, but no overall contract extension).

- o One of the main tasks of the inception phase as defined in the RfS was to select the sectors to be analysed for D2. It was decided in the SC 1st meeting that **the final selection of the sectors will be part of D2 work** and done in a more interactive manner. The work done in the inception phase for creating a framework for supporting sector selection is described in Section 2.2.

- o An additional workshop will be held specifically on D2 sector selection and added as a Task 2.0 to D2. The date for the workshop is **17th October 2022**.

- In the SC 1st meeting it was discussed that the new Finnish law of providing the priority order in environmental permitting process for investments that have completed DNSH assessment[7] creates **further priority for D3** to cover governance related issues, technical details, and potentially increases the number of authorities to be trained under D5. Priority order would probably be given to projects that are related to **renewable energy, low-carbon hydrogen production, carbon capture, and battery cluster**, as these projects are particularly within scope of the above-mentioned new law. Implications of these choices affect the D3 work timetable so that the D3 work needs to cover the considerations of this change from the beginning, adds some new tasks to D3 completed in close collaboration with beneficiaries (e.g., close collaboration with the working group set for planning the implementation of the new las), and can also be taken into account in selecting sectors for D2. Increased need for resources in D3 and D5 due to this new law should be taken into account in scoping D2 work (e.g., limit the number of sectors selected to maximum of 3). The re-resourcing of D2 will be further discussed with Ministry of Environment and will remain an on-going issue.

- During the SC 1st meeting, the D4 task to co-develop technical requirements for the database was discussed, in terms of the interpretation based on the RfS. After the SC 1st meeting there were further consultations with the beneficiaries. Rather than co-developing technical requirements, there is particularly a need to further co-develop and understand the **user needs and potential use of the data**. In Finland there is a larger development project ongoing, improving the administration of discretionary government grants[8], and the DNSH related data should be linked to that over a longer time horizon. The D4 task description in this revised inception report is reformulated to reflect better the needs at the moment.

- In the SC 1st meeting it was agreed that the **D5 is extended with 1 month** to continue until month 15 from the start of the project instead of 14 to take into account the summer holiday

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[7] https://valtioneuvosto.fi/hanke?tunnus=YM019:00/2022
[8] https://vm.fi/en/improving-the-administration-of-discretionary-government-grants

period of Finland when it is not practical to organise trainings (but no overall contract extension).

2. Work plan

2.1 Overview

Our work plan is structured around eight deliverables (D1 – D8) divided over three Work Packages. Figure 1 presents an overview of the deliverables and the type of activities deployed under each of them. The detailed tasks per deliverable are described in the following sections. An overview of the timetable is in Section 3.

Each deliverable will consist of a concise report in English supported by a supplementary material. We anticipate each core summary deliverable to be max 40 pages long. The planned content with annotations will be presented and agreed with the Steering Committee in the kick-off meeting for each deliverable working phase (see detailed timetable for those in Section 3).

Project team is prepared to work in close collaboration with key stakeholders and under the Steering Committee guidance in an iterative manner within the resources budgeted for the work. The cases to be selected for piloting in D6, for example, are best to be decided after Work Package II results are available.

Figure 1: Overview of deliverables
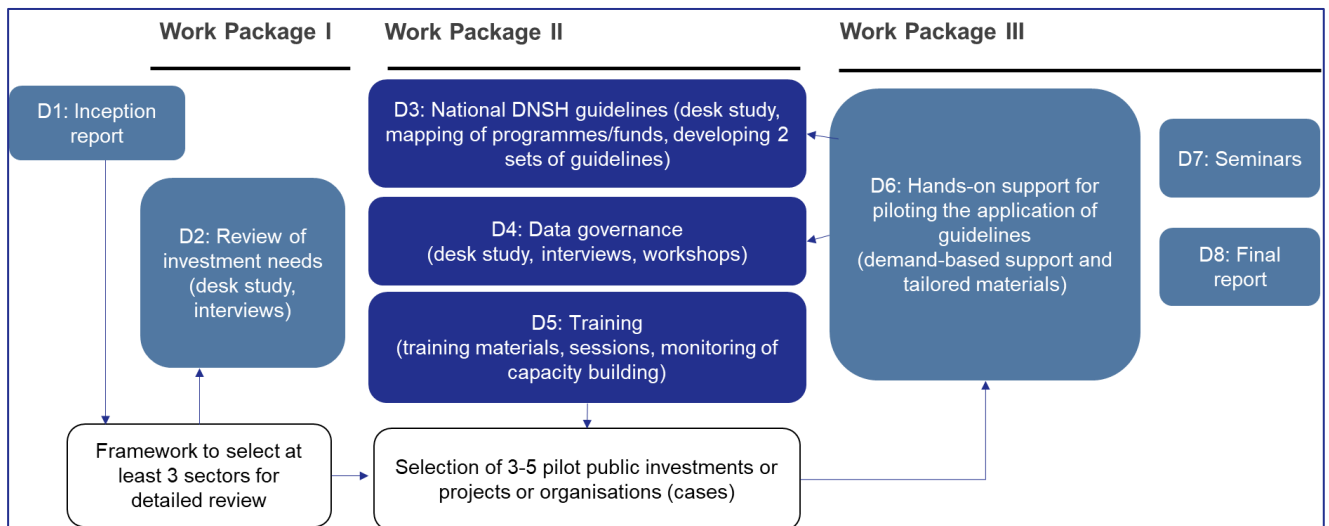
2.2 Scoping for selecting sectors in D2

The request for service (RfS) outlined that the inception phase should identify at least 3 sectors as use-cases for the assessment of the contribution of the planned public investments and financing in these (D2) and later on select 3-5 public investments or projects from different sectors and funding sources for piloting and further developing guidelines (D6). Selection of sectors was planned to be

built on the recommendations of the inter-ministerial working group on financing for the green transition, however, as described in Section 1, these have been delayed. The interim report of the inter-ministerial working group in March 2022 linked their work to the priority areas defined in the Sustainable Growth Programme for Finland (SGP). The programme highlights especially the need for transition in energy, transport, buildings & construction, industry, and sustainable environmental management areas.

As the timetable of the working group was prolonged until November 2022, it was agreed in the SC 1st meeting that **the final selection of the sectors will be done as a part of D2 and a scoping workshop will be added for this interactive discussion (to be held on 17.10.2022)** . Also, it was agreed during the inception phase meetings that the detailed work of D2 will focus on the climate and energy targets. National environmental policy targets will, however, be reviewed and a brief summary of the existing knowledge of the expenditures and investment gaps summarised.

During the inception phase, multiple technical consultation interviews and a high-level desk study were completed to support the scoping of the over-arching NACE sectors, which will serve as a baseline for the final sector selection in D2. Technical consultations focused on defining criteria for selecting sectors and on getting general feedback on the expectations towards the project results. Technical consultations did not yet cover the detailed scoping for sector specific analysis, i.e., whether the most useful analysis should be at a macro level or in-depth assessment of some sub-sectors and economic activities.

The framework for pre-selecting sectors is based on i) set of criteria for the selection and ii) long list of sectors to select from. Based on the technical interviews conducted, four main criteria were identified for pre-selecting the sectors:

I.   Potential to contribute to the achievement of climate and energy targets – both at the shorter time period (urgency for actions) and over the longer time.

II.   Need for public sector intervention (for the gap analysis the focus is on the need for public financing and the role of public intervention to leverage private financing, but also the need for other measures to boost green transition needs to be taken into account)

III. Data availability to the extent that it is meaningful to do the assessment (e.g., available estimations of investment gaps, public expenditures etc.)

IV.   Overlap with other ongoing studies in Finland (not to select sectors for which there is a risk of doing same work)

Overall, it was highlighted in the consultations that the pre-selected sectors together with insight further gathered in D3 should provide a basis for selecting the most challenging pilot cases (in D6) and show varying dimensions of applying DNSH criteria.

In order to have compatibility with other on-going EU work, the list of potential sectors to choose from are the macro NACE sectors as defined in the EU Taxonomy (taking into account that the more relevant definitions are included in the specific economic activities), with an entry-point in both the Climate DA and the published TWG report on the proposed Taxo4 technical screening criteria:

- Forestry[9]

- Environmental protection and restoration

- Manufacturing

- Energy

- Water and Waste management

- Transport

- Information and communication

- Construction and real estate

Based on the technical consultation interviews (listed in Annex 2), desk study of the key policy documents (see Annex 2), expert assessment of the project team, and discussions with the Steering Committee (minutes included in Annex 1), the following macro sectors will be covered as a starting point. The selection of the economic activities to be considered will be made in a subsequent phase of the project by the project team, depending on a more detailed assessment of the data available and relevance for Finland:

- **Energy:** The transition to a fossil fuel free energy system is a priority for Finland, as the energy sector is the country's largest source of emissions and is thus key to achieving climate neutrality by 2035. Public intervention will be crucial for this transition in the short-term, considering the ambitious commitments of the Finnish energy sector such as halving the emissions of district heat and the related electricity generation by 2030.[10] According to the low-carbon roadmap for the energy sector, significant investments are needed fast to expand the electricity production and transmission capacity. Given that the use of low-carbon energy is of cross-sectorial interest, the application of DNSH criteria for energy-sector projects will provide interesting case studies applicable to several industries[11]. There are relevant information and data available, and a risk of overlapping of the work with other on-going work exist, but this can be avoided with careful coordination.

- **Environmental protection and restoration**: Emissions from agriculture in Finland have not decreased for years and in 2020 accounted for 14% of the country's emissions.[12] As a result, the sector is receiving increased attention to accelerate emissions reduction. Given that 75% of the emissions come from soil and field use, the restoration of wetlands, and in particular, peatlands, is a key measure for achieving climate neutrality for the agriculture sector in Finland by 2035 (it prevents the conversion of forests into other types of land and enhances

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[9] The NACE-macro sector is A - Agriculture, forestry and fishing. However, the Climate DA only includes Technical screening criteria for the sector *Forestry.* Relevant activities for the agriculture sector were partly included under the sector *Environmental protection and restoration*

[10] Low-carbon roadmap for the Finnish energy sector

[11] One basis for this are the projects that will be funded by energy investment aid under Finland's RRP. The first decisions will be made in September 2022.

[12] Annual Climate Report – monitoring Finland's emissions in 2021

carbon sequestration)[13]. The sectorial low-carbon roadmap highlights that guidelines and funding are needed for farmers to cover any profits lost due to, among others, a loss of subsidies on low-profit peatlands taken out of farming use. Public sector intervention is therefore crucial, and the application of DNSH criteria is central for the acquisition and management of the investment flows needed. Relevant studies exist or are on-going[14] but also information caps exists that the project will identify and address.

- **Forestry:** Forestry is a key economic sector in Finland. In-depth assessment would be beneficial as regards DNSH and compliance with EU regulation under FF55 objectives (i.e., Finnish LULUCF and ESR targets by 2030). While the whole LULUCF sector was a net source of emissions in Finland in 2021, forestry itself was a net sink although a lot smaller sink than in previous years[15]. Public intervention will be crucial in the coming years to leverage financing to enhance active forest management. One should note in the forestry sector in Finland the large share of private individuals who own the forests and have the forest management responsibility. In addition, investments are needed to develop forest business with higher added value and new export products, according to the sectorial roadmap.[16] The relevance of DNSH questions for the forestry sector (e.g., considering potential impacts of the use of bioenergy and wood-based replacing fossil fuel-intense products) renders it of value for further analysis. Within forestry sector there is wealth of information, but one should also note that targeted investment gap analysis of, e.g. related to forest industry, fall under the sub-sectors under manufacturing and energy.

- **Manufacturing sector's** potential to contribute to achieving climate and energy targets in Finland is high, as emissions from industrial processes and products increased by 6% in Finland in 2021 (accounting for approximately 11% of the total emissions)[17]. Accordingly, priority areas that have been highlighted by the Ministerial working group include low carbon hydrogen and carbon dioxide recovery and exploitation, as well as electrification and transition to low carbon of industrial processes; industries should be able to use zero-emission energy and utilise all side streams (energy, raw materials and heat) as efficiently as possible. Hence, the need for public intervention is assessed as high, among others because financing mechanisms for pilot and demonstration projects are especially needed, and public procurement can play a significant role.[18] Depending on the sub-sectors the availability and access to relevant information sources vary, and coordination is needed to avoid overlapping of the work with some other on-going analysis efforts. For example, Ministry of Economic Affairs and Employment has ordered a study on the investment needs of energy intensive industries and the results from that study should become available towards the end of the year.

- **Construction and real estate:** In Finland the built environment in total including also construction of buildings and infrastructure as well as heating accounts for over one-third of the

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[13] Low-carbon roadmap for Finnish agriculture
[14] E.g., projects funded by Hiilestä kiinni -programme
[15] Kasvihuonekaasupäästöjen raportoinnissa alkaa uusi kausi
[16] Finnish forest industry climate roadmap
[17] See (2022) Kasvihuonekaasupäästöjen raportoinnissa alkaa uusi kausi
[18] Climate neutral roadmap for the Finnish chemical sector

GHG emissions and consumed energy, and it is consequently, a sector with high potential to contribute to the achievement of the country's climate and energy targets. For this reason, the Sustainable Growth Programme for Finland contemplates the adoption of new technologies, services and practices in this sector as a focus area. According to the construction industry's low-carbon road map, this includes in particular the elimination in the short term of fossil fuels in local heating.[19] From the side of real estate[20], regional and city planning, and management of individual properties is crucial (e.g. promoting smart automation and control systems). Since the role of individual stakeholders is very relevant for the reduction of emissions in this sector, its further analysis will provide useful case studies for the application of DNSH guidelines by varying types of stakeholders, not to mention that public procurement has a principal role in creating demand for low-carbon construction solutions. There is wealth of information on this sector, and coordination with other efforts needs to be ensured.

2.3 Work Package I

Deliverable 2 – Review report on contribution of selected expenditures to climate and environmental policy targets ad further investment needs (Month 10)	
Aim	• Assess the potential role of the public sector to accelerate investments based on Finland's' current and planned expenditure, EU regulatory developments, national and EU climate and energy targets and associated investment gaps.
Activities	• Finalising the selection of sectors (including scoping workshop) • Assessment of current expenditure and planned investments against the EU Taxonomy, and EU and national climate and energy targets • Assessment of the investment gap in key sectors and contribution of planned public investments in the key sectors. • Assessment of potential public sector interventions to accelerate investments and close the investment gaps of key sectors
Lead	• Trinomics / Jeroen van der Laan
Deliverables: Review Report D2	

Task 2.0: Finalising the sector selection

The final selection and scope for the sectors to be analysed in D2 will be done in a workshop scheduled for 17.10.2022 (agreed in the Management Committee meeting on 1.9.2022). All SC members are invited, and they can also suggest other participants for the discussion. The workshop will be organised in a hybrid mode. The workshop objectives are to **1) select sectors for the analysis** (tentatively 3 can be covered taking note on the increased need for resources in D3), **2) have a**

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[19] Low-carbon roadmap for the Finnish construction industry
[20] Low-carbon roadmap for the Finnish real estate owners and developers

shared understanding of the format and content of the final analysis results based on the scoping of the selected sectors.

Based on the inception phase work described in Section 2.2, the project team will prepare more detailed suggestions of sub-sectors/economic activities that could be chosen for the analysis and examples of the outcomes from the analysis depending on the scope for the sector selection (i.e., macro level broad sectors selected vs. detailed sub-sector or economic activities). The material will be delivered beforehand. Workshop discussion will focus on the information needs of the beneficiaries in order to produce value added from the work.

Task 2.1: Assessment of current expenditure and planned investments against the EU Taxonomy, and EU and national climate and energy targets

As a first step, we will collect information and data on public expenditures from Finnish national authorities for the selected key NACE economic sub-sectors and activities during the workshop in Task 2.0. The information collection for the selected sectors has already started during the inception phase with the review of the key policy documents and statistics. The documents reviewed and key take-aways are summarised in Annex 2. Further information collection for each sector will continue together with the help of the beneficiaries. When deemed relevant, we will collect data from key stakeholders of selected public institutions via targeted interviews. Some relevant parallel studies are proceeding at the same time over autumn 2022 and coordination with those will be done through direct contacts.

After having identified the planned investments, **we will map selected expenditure items against the EU Taxonomy** We will conduct this screening based on the NACE macro-sector of the investment, which will allow us to assess whether each of the planned investments falls under the scope of the Taxonomy Regulation. As a result of the mapping, we will identify whether the (planned) expenditures are aligned with an EU-Taxonomy-priority activity and contribute substantially to any of the environmental objectives considering the DAs (i.e., climate change mitigation, climate adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems). This assessment will be based on the list of economic activities per NACE macro-sector available in the EU Taxonomy Compass, considering that some NACE-macro sectors contain more than one activity. In parallel, **we will include an assessment of the alignment of the selected investments with the DNSH criteria**. As already mentioned in the request for service, this analysis has been already conducted for the investments envisaged under the RRP.[21] We will use this analysis as a reference to assess DNSH alignment for the selected investments.

In addition to the EU Taxonomy and DNSH screening, we will provide a high-level analysis of the interlinkage of the current and planned investments with selected national and EU climate and energy targets. In parallel, we assess whether the current and planned investments **contribute to achieving the national and EU climate and energy targets**. The analysis will be developed qualitatively in a form of a **heatmap** where the investments' interlinkage with and contribution to the revised targets will be presented. We propose to conduct this assessment on a three-

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[21] See SYKE (2022) *Implementation of the DNSH principle for measures set out in Finland's recovery and resilience plan.*

point scale (i.e.., 'high', 'medium', 'low'), which will largely consist of expert judgement based on the information gathered in the previous steps. To ensure an objective assessment, the parameters that will be considered for the three-point evaluation scale will be clearly defined.

Concerning targets at the national level, next to the RRP (Sustainable Growth Programme for Finland), we will consider the targets set in Finland's Integrated Energy and Climate Plan, Low-carbon roadmaps 2035 for the key sectors, New national energy and climate strategy, sector relevant strategic programmes, new targets proposed under FF55 proposals for 2030 for ESR/LULUCF sectors at national level, among others. Summary of the key targets identified over the inception phase is provided in Annex 2. Further analysis focuses on the climate and energy targets, but at this phase also other national environmental targets will be reviewed and a summary of the existing knowledge of the investment gaps summarised. At the EU level, we will consider, for instance, targets outlined in the EU Energy System Integration Strategy, the EU Hydrogen Strategy, the EU Renovation Wave, and the recently announced REPowerEU Plan.[22] The complete set of EU and national climate and energy targets to consider for this analysis will be defined based on the selected key sectors including, e.g., the European Semester – Finland country report and Country Specific Recommendations published in May 2022.

Task 2.2: Investment gap and contribution of public investments

This second step will provide an analysis of the investment gaps for the key sectors identified in the inception phase and give an indication of the extent to which current and planned public investments are bridging these gaps. For this assessment, we will build on our team's experience gained through comparable public expenditure assessments of some of our ongoing projects on the **Belgian Sustainable Finance Strategy** and the **Croatian Development Bank's sustainable finance strategy** for DG REFORM.

Our analysis will start with a desk review aimed at the **consolidation of available estimations of the investment needs,** considering benchmarks to reach climate neutrality of key economic sectors. This desk-review will be performed following a logical framework that will synthesize the literature available according to some key elements (incl. narrative summary, investment estimations, key assumptions). The description of investment needs provided by Finland's Integrated National Energy and Climate Plan (NECP)[23], Finland's Long-term Low GHG Emission Strategy (LTS)[24], new national Energy and Climate Strategy[25] and the RRP for each pillar of the strategy will be a key source for this review. The desk-review will be followed up by a stakeholder consultation activity that will target representatives of the selected sectors (e.g., industry representatives) to understand current and foreseen investment needs, and whether additional estimations of investment needs exist. Depending on the sectors selected, the approach to estimate investment needs will be tailored. For instance, in case the intervention is in the energy sector (e.g., MW to be installed), relevant unit investment costs will be applied per the type of technology. The outcome of this analysis depends

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[22] On May 18th, 2022, the EC presented the REPowerEU Plan aimed at reducing dependence on Russian fossil fuels. See: https://ec.europa.eu/commission/presscorner/detail/en/ip_22_3131
[23] As described under section 5.3 of the NECP *Overview of investment needs*
[24] As described under section 6.1 of the LTS *Estimates of investment needs*
[25] https://tem.fi/ilmasto-ja-energiastrategia

largely on the available data. The consultation with stakeholders will allow us to make the required assumptions to bridge these potential data gaps. Depending on the sector scoping and existence of suitable mailing lists, we might conduct this consultation through an online questionnaire to ensure a larger outreach.

Our team will subsequently **assess qualitatively developments of the Finnish context that potentially have an impact on the available estimations of investment needs**, including events that were not considered in previous analysis. For instance, the NECP's and LTS' estimations were calculated before the COVID-19 pandemic and thus before the recovery and reconstruction priorities for Finland were set. Moreover, Finnish economy and energy system will be seriously affected by the on-going energy market crisis in EU. Those impacts need to be taken into account as far as there exists information for the project purposes and at least the major uncertainties for the analysis will be noted. Next to that, parliamentary elections are also close (April 2023) and the results and new political priorities will possibly have implications for future public investments. To complement the information available, we will conduct key stakeholder' consultations via targeted interviews to fill gaps as needed. As an outcome of our analysis, we will provide an estimation of the investment financing gap in Finland for the selected sectors.

Once the investment gap analysis has concluded, **we will assess the contribution of the planned public investments to filling the investment gaps in the key sectors**. Similar to Task 2.1., this contribution analysis will be developed in a form of a **matrix diagram or heatmap** on a three-point scale (i.e.., 'high', 'medium', 'low') for each of the selected sectors. Based on the analysis of the investment needs, a short list of the main financial requirements per sector will be drawn up and used as input for the contribution analysis. These diagrams will compare the main public interventions against the main financial requirements per sector. This will allow the identification of the most effective public sector intervention targets considering current investment needs. To ensure an objective assessment, the parameters (i.e., benchmarks) that will be considered for the three-point evaluation scale will be clearly defined. For this analysis, we will take into consideration the current and envisaged contributions of other national and EU funds and programmes, such as the EU Cohesion policy funds.

Task 2.3: Public sector interventions to accelerate investments and close investment gaps

This third step will seek to identify the most effective public sector interventions and possible remedial action with the highest potential to accelerate investments and close the investment gaps identified in Task 2.2. This task will also cover the analysis of the coherence of the legal frameworks to support green transition as requested in Request for Services (RfS).

First, **we will conduct a desk review and engage with key stakeholders to identify the current obstacles and thus most pressing needs to accelerate public sector investments**. There are a number of recent studies and working group reports that will be reviewed and sector specific issues will be highlighted[26]. If needed, we will conduct gap-filling interviews with key actors.

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[26] E.g., The report of Ministry of Economic Affairs and Employment from June 2022 Financing of the Green Transition as Part of Growth Policy covers relevant status information and lists some of the key stakeholders

After having identified the most significant barriers and gaps, we **will propose a set of recommen-dations and concrete actions** that can be suggestions of resource allocations and specific calls or regulatory changes (suited to be potentially adopted by the new Government programme), including the role of co-financing mechanisms and foreseeable resource allocations. Our group of experts will assess the concrete actions and overall recommendations provided against specific criteria such as 1) coherence with the sectorial legal framework and 2) coherence at the higher level of the green transition in terms of EU and Finnish ambitions, legal framework, political and technical feasibility, and resources needed, among others. This higher level of regulatory elements refers to the mobili-zation of the green transition, which differs to the type of EU and national environmental law (and their legal coherence) covered in D3. An example of relevant Finnish legal framework changes is the up-coming new law for public RDI financing. A parliamentary working group has been set up for this renewal in 2022 and their work should be finalised over autumn 2022. National aim is to increase R&D expenditures to 4% level and to link more RDI funding to sustainability goals.

The findings of Tasks 2.1, 2.2 and 2.3 will be summarised in a Review Report D2.

2.4 Work Package II

Deliverable 3 – National Guidelines (Month 9)	
Aim	• Develop operational guidelines on the application of the DNSH principle for public authorities managing public investments and for project implementers/beneficiaries
Activities	• Review DNSH applicability for national and EU level funds and programmes • Analyse coherence of EU and national environmental legislation • Identify and review best practices in the EU • Identify and review existing DNSH guidelines/mechanisms in Finland • Analyse how to best govern the implementation of the DNSH guidelines • Develop tailored draft guidelines for the application of the DNSH principle
Lead	• Trinomics /Jeroen van der Laan
Deliverables: Report on DNSH guidelines	

Task 3.1: Review of EU and national funds and programmes for which DNSH apply

In Task 3.1 we will **review the scope of funding programmes at EU and national level for which the DNSH assessments are applicable and hence guidelines** will/may be needed. The aim is to develop a strong understanding of the DNSH requirements for projects receiving funds via the Finn-ish RRP[27], and inform how DNSH requirements may differ across funds, programmes, and instru-ments. Where D2 zooms in on three sectors, D3 will extend the focus to capture the Finnish econ-omy as a whole including all sectors for which DNSH criteria exist.[28] We intend to scope the work

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[27] EC (2021) Annex to the Proposal for Council Approval on the RRP of Finland
[28] i.e. the sectors and activities listed in the EU Taxonomy Compass: Forestry; Environmental protection and restoration; Manufacturing; Energy; Water and Waste management; Education; Transport; Construction and real estate; Information

according to the existing DNSH criteria as part of the Climate Delegated Act and Complementary Delegated Act under the Taxonomy Regulation.

First, we will scope relevant EU/national funds by collecting data on funds/programmes and their governing regulations[29] that are relevant to Finland due to their current use as part of Finland's Sustainable Growth Programme (SGP) or as a prospective funds for DNSH. On the EU level, On the EU level, this is predominantly the RRF, but also the Just Transition Fund (JTF), the European Regional Development Fund (ERDF), and e.g., the European Agricultural Fund for Rural Development (EAFRD) and InvestEU. Other EU funds may also be deployed and warrant a (in-depth) DNSH assessment, whilst national funds will be subject to a voluntary DNSH application and can be screened-in, e.g., if they have a green financing component (e.g., The Finnish Climate Fund has decided to voluntarily apply DNSH criteria in making their funding decisions). The project will at the minimum cover EU funds for which a DNSH assessment is mandatory, but will also identify funds/programmes where projects being financed may conflict with the DNSH principle.

The Finnish authorities which are administering RRP related funds, most of these administering also other EU funds as well as national funding, are listed in the following[30]. Generally, in Finland there are more than 90 government grant authorities including all the ministries and about 30 central agencies and regional state administration. In addition to these organisations administering funding, the Regional State Administrative Agency (AVI) is administering environmental permits. As a part of Task 3.1, the most relevant authorities that need or potentially would need DNSH guidelines will be further identified.

- Business Finland
- Ministry of the Environment
- Ministry of Employment and the Economic Affairs
- Ministry of Social Affairs and Health
- Ministry of Transport and Communications
- Ministry of Finance
- Åland Provincial Government
- KEHA Centre
- Academy of Finland
- Housing Funding and Development Centre
- Centre for Economic Development, Transport and the Environment (ELY) for
  - Etelä-Savo
  - Häme
  - Keski-Suomi
  - Pirkanmaa
  - Varsinais-Suomi
- Traficom, Transport and Communications Agency
- Ministry of Agriculture and Forestry

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and communication; Professional, scientific and technical activities; Financial and insurance activities; Human health and social work activities; Arts, entertainment and recreation

[29] New law for governing RRF has been approved 4.7.2022 and provides a basis for this task, Laki Euroopan unionin elpymis- ja palautumistukivälineen hallinnoinnista, valvonnasta ja tarkastuksesta 537/2022.

[30]https://www.valtiokonttori.fi/tilastot-ja-raportit/tietoa-suomen-elpymis-ja-palautumissuunnitelman-toimeenpanosta/

- Finnish National Board of Education
- Ministry for Foreign Affairs
- Energy Agency
- Service Centre for Continuous Learning and Employment
- Finnish Immigration Service
- National Land Survey
- Patent and Registration Board
- Transport Infrastructure Agency

Second, we will outline the differences in requirements for the DNSH application of scoped funds and programmes. Several reference documents from the request for services[31] will help inform the review, along with other practices for DNSH assessments such as guidance material under the InvestEU Programme.[32] These documents portray the close link to Task 3.3, where hand-books and guidelines related to DNSH will be screened and assessed in depth. We will search for differentiated approaches to DNSH requirements across funds as well as within funds, which may depend on for instance the objective of the project, the size and nature of the project, and the sector in which it belongs. For several EU funds, there are cases where a simplified DNSH assessment might be conducted, for instance when:

1) Measures that do not have a significant harmful impact (the project can be considered DNSH compliant);

2) Projects meet the assessment criteria for 'substantially contributing' to an environmental objective set out in the EU Taxonomy Regulation and the related DNSH criteria (the project can be considered DNSH compliant);

3) Measures that are tracked as contributing 100% to an environmental objective under Annex VI of the RRF Regulation (2021/241) (can be considered as DNSH compliant).

The RRF will be the centrepiece for the review due to its significance in funding the Finnish SGP as well as it being the common reference point[33] for DNSH requirements across EU funds including both Cohesion funds and Invest EU.

Key questions for the review will include:

- How do the key regulations (e.g. Common Provisions Regulation, RRF Regulation and Invest EU Regulation) describe DNSH requirements?

- How does the guidance material[34] of each regulation portray DNSH requirements (e.g. *guiding principles for DNSH, exclusion* from DNSH, *thresholds* for DNSH assessment, *simplified*

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[31] E.g. EC (2021) RRF Technical Guidance on DNSH; EC (2021) Application of DNSH under Cohesion Policy
[32] EC (2021) Invest EU SPG Guidance; EC (2021) Environmental proofing; EC (2021) Social proofing
[33] In other words, DNSH requirements for Cohesion funds and Invest EU funds are coherent with DNSH requirements of the RRF, and vice versa the Invest EU SPG can be used for compliance against DNSH under RRF.
[34] E.g. EC (2021) Technical guidance on the application of "do no significant harm" under the Recovery and Resilience Facility Regulation; EC (2021) Application of the DNSH Principle under Cohesion Policy; EC (2021) Invest EU Sustainability Proofing Guidance

approaches to DNSH, *checklists* or step-wise approaches to DNSH assessments, *methodological stringency* for different objectives and (sectoral) activities, relevance of *European and national law,* and *applicability of Taxonomy TSC*)?

- How are DNSH requirements at the EU level translated into national requirements via national implementation of fund-specific regulations and EU environmental legislation (link to Task 3.2)? What is the effect of national implementation of EU regulations (e.g. EIA and SEA) on DNSH application across sectors and activities?

- What lessons can be learned so far regarding the most effective approach to encourage DNSH compliance? (e.g., from RRF which is the most exhaustive Regulation in terms of ensuring DNSH compliance throughout the projects' life)

Task 3.2: Legislative analysis of environmental regulation

In Task 3.2 we will analyse the **coherence of EU and national environmental legal frameworks with the DNSH principle**, the DNSH framework of the Taxonomy Regulation and, where relevant, the Technical Screening Criteria (TSC) within Taxonomy Delegated Acts.

To start with, we will collect information from EU and national environmental legislation and from stakeholders. Figure 2 illustrates how EU legal frameworks connect to DNSH in a generic sense or specific manner, and which serve implementing regulations on national level. Stakeholder feedback will be collected through interviews with key stakeholders of Finnish national authorities and key legal experts on legal coherence and/or its implementation with regards to DNSH. We foresee roughly **5-10 stakeholder interviews** prepared according to findings from secondary information and the team's expert knowledge. Some of the relevant ongoing regulatory changes are the major renewal of nature protection legislation (three streams including, e.g., ecological compensation regulatory framework) which has been approved by Parliament on 12.5.2022 and is expected to come in effect on 1.1.2023 and the major renewal of land use and construction legislation which is expected to come in effect in 1.1.2024[35]. The project will cover legislation reflecting their current status by the end of 2022 and list relevant anticipated forthcoming changes.

Relevant forthcoming changes to EU environmental law, which will be considered along with the key EU Directives in Figure 2 include:

- The European Commission's proposal for a Nature Restoration Law, which comes as a key component of the EU Biodiversity Strategy to 2030 commitments and will impose legally-binding restoration targets for all EU Member States on multiple ecosystem types, ensuring the Member States will develop restoration plans and implement actions to improve the condition of degraded ecosystems.

- Amendments to the Water Framework Directive (WFD) in relation to the pollutant types to be considered, and in turn measures for monitoring and measuring such pollutants.

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[35] Detailed information of these can be found from https://ym.fi/lsuudistus and https://mrluudistus.fi/.

- Amendments to the Urban Wastewater Treatment Directive (UWWTD), which e.g. will require energy audits for plants, changes to reporting mechanisms, solutions for urban run-off, and stormwater management.

Figure 2: Overview of EU Environmental Legislation Relevant for DNSH Criteria and Guidelines
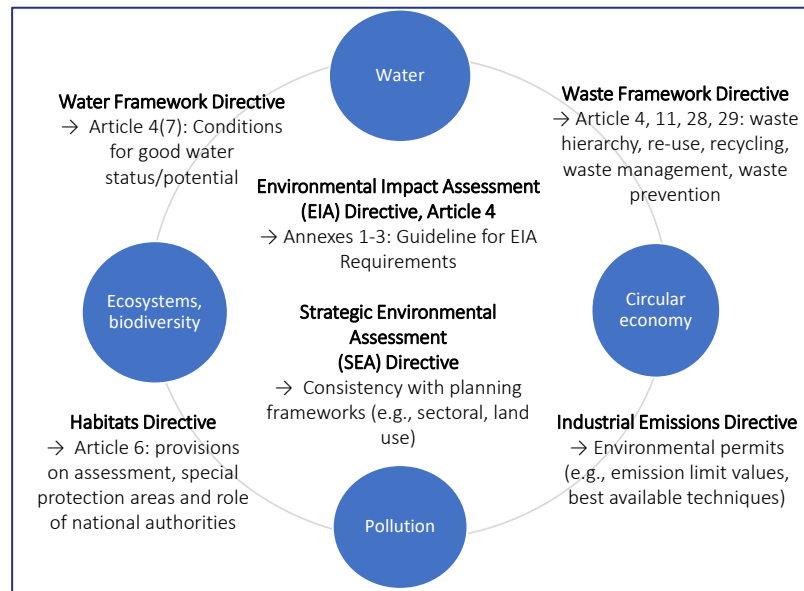
Following the data collection, we will analyse the environmental legal coherence according to identified indicators determining the usability of EU and national environmental legislation to support the DNSH principle and its implementation[36]. This information will be categorised in a tabular format following the specifications in your request for services:

- Environmental legislation mapped against the DNSH principle, in order to determine coherence, usability, challenges etc.

- The coherence between environmental legislation and the DNSH Framework of the Taxonomy Regulation (e.g., in relation to DNSH areas such as depicted in Figure 2).

- The coherence between environmental legislation and TSC embedded within areas of DNSH (e.g., the ability of referenced legal frameworks and their implementation in Finland to showcase DNSH alignment).

As a separate sub-task the implications from the new law to give priority order in environmental permitting process for investments that have completed DNSH assessment is reviewed.

Task 3.3: Review DNSH guidelines and mechanisms

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[36] Relevant work for this has already been done SYKE (2022) RRP DNSH Guidelines

In Task 3.3 we will conduct a critical review of existing guidelines/mechanisms for the application of DNSH, based on identified good practices in the EU, and lessons learnt from the RRP preparation in Finland.

To first identify best practices in the EU and lessons learned in Finland we will collect a range of secondary information[37] while utilizing the project team's country-specific understanding of the Finnish context and evolving thinking on the subject. EU good practices will capture guidelines and mechanisms on a high level while the gathering of lessons learnt from Finland will take into account various country-specific perspectives and the specific utility of different elements of guidelines and mechanisms as part of the preparation of Finland's RRP. It will be necessary to collect information from those involved in the RRP preparation and experts with a critical view and understanding of the current challenges and how they can be solved.

The critical analysis will be of guidelines and mechanisms, the key takeaways, methods, and concepts within them, derived from EU good practices and lessons learnt from Finland, that can help create recommendations for how to shape the DNSH guidelines at national level, in compliance with EU legislation. The project team's work on several assignments for other EU Member States, e.g., Spain, and Croatia, with the support of DG REFORM, will come in handy as we will prepare a long-list of good practices and lessons and analyse their challenges and opportunities. We thereafter short-list the most interesting aspects of guidelines/mechanisms based on, e.g., their relevance and applicability to Finland.

Task 3.4: Governance analysis of DNSH implementation

Task 3.4 will **analyse how the Finnish authorities can best govern and steer the implementation of the DNSH guidelines** by the project implementers/beneficiaries.

Interviews will be conducted with the relevant bodies doing the actual work, representatives from the governing ministries, State Treasury, and the organisations responsible for implementing the funding programmes (see Task 3.1). The interviews will be done at the same time as the information collection for Task 3.1. The overlaps between Task 3.4 and D4 will be taken into consideration as we cover aspects related to data management in interviews under this sub-task that can effectively feed into D4 and vice versa.

The analysis will start from describing the existing governance and steering processes and the critical mechanisms and rules that should govern the collection and management of data as part of the implementation of the DNSH guidelines. The description of governance structures for implementing DNSH includes assessment of the resources used, related information systems (link to D4), steering mechanisms, and co-operation practices. The interviews will be used for identifying planned and on-going governance related development efforts, potential bottlenecks, and also good practices different funding organisations use. One important on-going development work is the implementation of the new law for priority order. The governance issues related to this will be covered in

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[37] E.g. FS-UNEP et al. (2021) DNSH Handbook; SYKE (2022) RRP DNSH Guidelines; Design Evaluation report of Business Finland's RRF – to be finalized in September 2022.

close collaboration with the Ministry of Environment. Part of the governance is also the organisation of internal trainings and the information gathered related to this over this task feed also into D5.

Governance analysis will also cover data management practices. A key element will be to ensure that reporting templates and proxies for reporting are consistent with the data structures and output needed to ensure adequate assessments of DNSH alignment. For this, we can build on work from previous sub-tasks, in particular the key regulations and guidance material that will govern the **methods and standardized processes underlying the data reporting**. On a higher level, we will also investigate the potential implications of the proposal for a European Single Access Point (ESAP) for the governance and management of data in Finland. This may include how the governance structure should help overcome barriers in using data, e.g., by facilitating commonalities through structured and comparable data (for which applicable reporting frameworks under the EU Corporate Sustainability Reporting Directive, as well as EIA reports and simplified approaches to reporting, may provide insights). The governance analysis can also target ideas for how to build **the future data warehouse**, and tools/systems for **data verification** as well as **practices related to updating the guidelines.** In practice, we understand the simultaneous delivery of D3 and D4 and the overlaps between this sub-task and D4 from the request for services, to aim for integration of governance issues in the (draft) DNSH guidelines (Task 3.5).

Task 3.4 conclusions of the good governance practices, identified areas for improvement, and suggestions for changes will be drawn based on the project team work.

Task 3.5: Development of DNSH guidelines

In Task 3.5 we will utilize the findings from previous sub-tasks to develop 2 sets of DNSH Guidelines: (1) guideline for **authorities managing public investments**, and (2) guideline for **project implementers/grant beneficiaries** who have to apply the DNSH principle. In the guidelines we will highlight how DNSH may be applied differently across investments (e.g. different funds/programmes and sectors).

In addition to these 2 sets of guidelines requested in the RfS, the applicability and utilisation of these for the process for providing a fast track in environmental permitting process for investments that have done DNSH assessment is assessed in close collaboration with the beneficiaries (Ministry of Environment).

The guideline for authorities managing public investment will cover at least:

- Recommendations for **methods to screen & assess investments** against the DNSH principle (full assessment may only be needed after risks are identified in screening)
    - Examples are carbon footprinting, monetization of GHG emissions, natural capital accounting, environmental impact assessment, life cycle analysis etc.

- Recommendations for **DNSH requirements that could be standardised** in public procurement procedures, terms of reference, calls for proposals, financial tools set-up, etc. to maximise DNSH compliance and ensuring its application throughout the implementation process of funds.
    - Given the various objectives of different investments and their different nature, it will be key to integrate differences in requirements into a standard guideline that can be effectively used by authorities that manage public investments

- o Special attention will be given for the practices and process for future updates of guidelines.

- Identification/mapping of **data needs (for a future data warehouse) to be collected from project implementers** to report and assess against the DNSH principle taking into account also the needs for auditing and control processes.

  - o This part of the guideline will include and build further on sub-task 3.4 and D4 with a key focus on identification/mapping of data needs, while taking into account fragmented data sources, formats, and frequencies. The reporting requirements based on the identified data needs will feed into pilots in D6.

- Recommendations for **reporting and ex-post verification mechanisms** that can be used to demonstrate and justify DNSH compliance

  - o For public authorities, it is necessary to ensure compatibility between reporting and verification systems, the structure of the future data warehouse, data needs, and mechanisms that will be available for project implementers/grant beneficiaries to justify DNSH (as indicated below).

The guidelines for project implementers/grant beneficiaries will cover at least:

- **Technical and legal requirements** and possibilities for how to **demonstrate and report** on alignment/compliance with DNSH.

  - o We will list a coherent set of **key legal compliance requirements** (EU and national), and the **key technical criteria** (e.g., environmental, and social) that apply across funds and programmes.

  - o The above will have implications for the demonstration of DNSH alignment e.g., in the form of **methods, screening and risk assessments**, and subsequently **how to report in different circumstances** (inter alia, we will create reporting templates for various cases, based on differences in requirements).

  - o The guidelines should take into account the administrative burden for project implementers and take into account especially SMEs point of view.

- **Identification/mapping of data needs to be collected at the project level** that can be used to justify alignment with the DNSH principle

  - o **Data needs may differ across funds/programmes** and **according to sectoral activities**. For example, if sector risks are low and risk screening identifies few material risks, data requirements can be less stringent

  - o We will consider **the practical consequences of fragmented data sources, formats, and frequencies**, which have implications for data needs as well as for the recommendations on suitable mechanisms below. Special attention will be given to address the point of view and cost-efficiency for SMEs to fullfill the DNSH requirement.

- **Recommendations for mechanisms to feed into the reporting, ex-ante, and ex-post verification systems**

o Recommendations on mechanisms on monitoring and scrutiny during the implementation process when it is unclear for some projects what would be the concrete impacts.

o **Mechanisms that would help solve data problems** and **address the concept of proportionality** by fostering **smart and flexible reporting options.**

o We will analyse and propose how to **utilize existing EIA reports and procedures** and existing **Environment and Social Management Systems**

o We will identify and recommend **simplified methods and proxies for DNSH justification.**

Deliverable 4 – Report on recommendations for data governance structure for DNSH (Month 9)	
Aim	• Create recommendations on how to optimise the access to and governance of data for the purposes of monitoring DNSH alignment/compliance.
Activities	• Mapping of DNSH related monitoring obligations • Identify the minimum level of data needed for reporting purposes from 1) entities managing public investments and 2) project implementers/grant beneficiaries • Analyse how to best govern and steer the collection and management of data • Create recommendations and also engage key stakeholders to co-development in the design and testing of the recommendations
Lead	• Gaia / Mari Hjelt
Deliverables: Report on recommendations for data governance structures for DNSH	

Task 4.1: Review and mapping of data governance structures

D3 results in an overview of the Finnish funds and programmes for which DNSH needs to be applied (Task 3.1) and also assesses the data needs from the project implementers (Tasks 3.4 and 3.5). **The related data requirements in order to comply with reporting obligations, minimum level of the data needed to report on the implementation of the DNSH principle, and the existing data collection mechanisms and practices are reviewed and mapped.** The mapping will take into account both levels: 1) entities managing public investments; and 2) project implementers/grant beneficiaries.

The status and details of the data management systems that are used or could be used for handling DNSH related data will be reviewed through a **desk study and by interviews** with the responsible persons as well as with demonstrations of the used data management systems if needed. It should be noted that State Treasury has prepared a national data management system for RRP which is being taken into use during autumn 2022. As a part of this process, the grant provider authorities are in the process of describing in writing and submitting to the Ministry of Finance their management and oversight practices as part of the national RRF legislation requirements. There exists also the national 'Hankesalkku" project management system, different authorities have their own systems, and one should note the on-going national development of improving the administration of discretionary government grants by creating uniform, digitalised government grant processes.

A clear description with the visualizations of the data flows, data management system and monitoring requirements is produced. The description will include the minimum data requirements and also the potential gaps in the data management systems that needs to be filled or are in the process of being filled. Special attention will be paid to describe the format in which the project implementers provide DNSH related data, practical ways of applying guidelines and handling the project applications (linking to the analysis and suggestion for practical ways to update the guidelines in the future), and format of data submitted.

Task 4.2: Analysis of best practices for data governance

As part of D3 (Tasks 3.4 and 3.5) **interviews with Finnish key stakeholders are completed to analyse the DNSH data governance and also the users' needs for data**. These interviews will also be used to identify the bottlenecks and recommendations for improvement. Additional interviews are planned to be done as part of D4 to complete the overall analysis of how to best collect and manage data towards EU Taxonomy alignment. If the need is identified, the analysis will also cover the data management issues related to the impact (or pressure) indicators for each of the six environmental objectives. **Next to the interviews with Finnish key stakeholders, the project team will also bring in the experience, discussions, and good practices around data governance solutions gathered via various other DG REFORM funded projects**.

Special attention in the analysis will be paid to **identify the pre-conditions and main issues that need to be solved for a potential common platform for sharing and storing data**. Also, different needs (user cases) for a common data platform and different alternatives for its governance need to be identified. This task will also cover the issue of the best options for maintaining and provide access to DNSH guidelines. The focus should be on analysing and assessing various user perspectives. It is important to note that fulfilling the DNSH requirements should be efficient, clear, and fair to all project implementers.

Task 4.3: Recommendations for data collection and management

Task 4.2 results will be used for **organising a working meeting with key stakeholders assessing the feasibility and drafting of recommendations for a common database** ~~for relevant data collection~~. The meeting will be designed together with the beneficiaries and especially with the State Treasury to link this with their work on implementing a common RRP data governance system, among other systems they have responsibility over. Project team has responsibility for planning the content for the working meeting and organising the practicalities. The working meeting is anticipated to be half-day long and it is also used for deciding on the next steps for co-developing of technical requirements for the common platform or database.

The findings of Tasks 4.1, 4.2 and 4.3 will be summarised in a Report D4.

Deliverable 5 – Training sessions supported by training and awareness material (Month 14)	
Aim	• Develop training and awareness raising material and organise training sessions
Activities	• Develop training and awareness raising material for 1) authorities managing public investments and 2) project implementers / grant beneficiaries • Awareness raising communication activities • Conducting at least 6 hands-on capacity building training sessions

Lead	• Gaia / Mari Hjelt
Deliverables: Completed training sessions, ready-to-use training and awareness raising material	

Task 5.1: Identification and engagement of participants to training

Relevant stakeholder groups are the funding organizations and their training needs as well as the persons/organization to be involved are further refined over D3 and D4. Training will be organized following the "training-of-trainers" approach, which requires a clear identification of the key persons from each funding organization. **The identification of the key persons or departments that have the training responsibility or could take that role will be done by contacting the organisations directly**. This has already been done as a part of Task 3.1. Task 3.1 also identifies the funding authorities that are the most relevant due to the volume and type of the funding they are providing (e.g., Business Finland, Ministries, Regional Centres for Economic Development, Transport and the Environment (ELY) being the most relevant first tier). It is anticipated that the potential participants would be persons involved with the processes related to funding process, communication (information delivery towards project applicants) and HR (organizational training planning).

The training and needs for engaging the project implementers/grant beneficiaries into training will be further refined during D3 and D4. Business Finland for example has organized a lot of training already for their project specialists handling funding applications, and also their communication to project applicants has been assessed to be at a good level[38]. We propose that from the perspective of project implementers the focus of D5 would be on supporting the creation of training and awareness raising material and tailored training for project implementers is done in D6.

In order to design effective trainings and supporting materials, a survey is designed and distributed among the funding organisations' potential participants before the training. The survey would collect initial expectations for the training, their views how further training is organised or should be organised, topics for which the training of the trainers needs are most urgent, and also suggestions for practical matters for organising the trainings. One important design parameter is to decide if the trainings would be organized separately for different organisations or whether it would be more interesting to enhance learning across organisations by mixing the participants from different funding organizations. Our basic assumption is to organise the trainings separately for each organisation, but we leave here some flexibility to make the final decision during the course of the work.

Task 5.2: Preparing training materials and programme

Based on the D3 results and Task 5.1 work, **we will prepare finalised training material and programme for training sessions. We plan the trainings in a way that they follow the same structure and content so that they can effectively be repeated to respond to the demand and also be repeated later by others.** The project will include at least 6 sessions of trainings of two-days

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[38] Based on the feedback collected over spring 2022 in the Design Evaluation project for Business Finland's RRF. Final report will be available later in autumn 2022.

each. We tentatively suggest that these two-day sessions are broken up in one-day sessions, al-lowing a couple of weeks in-between, in order to embed some hands-on training tasks for the participants and create a feedback loop in order to reflect on lessons learned between the sessions. The selection of the language to be used for trainings will be decided as part of Task 5.1. The main deliverables from D3 are in English with relevant translations and the training materials are mainly in English but discussions in trainings can be organised in Finnish, Swedish and in English and as hybrid so that some video material for example is in English and training takes place in Finnish.

To engage the participants and also to maximize the capacity building potential, we organize a more extensive communication of the training opportunity together with the key stakeholders using their communication channels. The trainings should be made open and available for a relatively large audience incorporating also those funding bodies which plan to incorporate DNSH guidelines in their operations voluntarily.

We plan to have training sessions virtually. We will use different **learning platforms for the trainings which enable effective distribution of training materials and creation of learning tasks for participants.** Gaia has extensive experience of using "Howspace platform" that was originally developed for education purposes but has later evolved to be a generic and flexible virtual platform supporting participatory processes.

We also suggest to take into account the possibility to develop a future training package of DNSH into Finnish eOppiva environment which is used for public sector trainings[39].Training materials and guidelines prepared for the trainings could with some adjustments fit into eOppiva -model, which would then serve as an introductory course into DNSH for whole of government. One should note that the detailed eOppiva preparations are not included in the work package, but only the summary of steps that need to be done if this is seen appropriate for the future.

Task 5.3: Feedback and monitoring of follow-up

Throughout the training sessions **we will collect feedback from the participants and incorporate also tasks related to further capacity building actions in the training as well**. We will also design tools for monitoring the technical capacity building after the completion of the project.

Deliverables will include training materials and a summary report D5 of the execution of trainings and collected feedback.

2.5 Work Package III

Deliverable 6 – Report in pilot application of guidelines with updated guidelines following the pilot and ad-hoc support (Month 16)	
Aim	• Provide tailored and hands-on support to the selected authorities in the application of the guidelines and draw recommendations based on the lessons learned from these pilots.
Activities	• Provide ad-hoc sector specific support in piloting the use of the guidelines on 3-5 pilot investments

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[39] https://www.eoppiva.fi/

Deliverable 6 – Report in pilot application of guidelines with updated guidelines following the pilot and ad-hoc support (Month 16)	
	• Develop training material tailored for pilot sectors • Revise guidelines and recommendations for data collection systems based on lessons learned • Drawings recommendations on ways to scale up the pilots
Lead	• Gaia / Mari Hjelt
Deliverables: Report on the lessons learned from pilots and recommendations for scale-up	

Task 6.1: Finalizing the selection of pilot cases

Sectors analysed in-depth in D2 provide a basis for selecting 3-5 pilot public investments or projects for D6. Also D3 points out the most challenging areas where the pilots could be targeted to and also covers various types of funding sources. Further input for the selection of pilots will come from the discussions to be held as a part of trainings in D5. The support for these pilot cases needs to be demand-driven and thus the work to finalise the selection of the pilot cases will be done together with the key stakeholders. **We suggest organising a workshop for this work.** The trainings organised in D5 provide also better understanding of the topics where there is most need for support. The final selection of the pilot cases will be done with the Steering Committee.

Task 6.2: Modification of training material to the pilot cases

It is assumed that many of the stakeholders participating in the work with the pilot cases have already participated in the trainings organised in D5. Those trainings have also provided input around the needs to modify training materials or guidelines and also raised in-depth questions that are related to specific type of projects. **Training materials and guidelines tailored for the pilots will be modified by our team**. **We are also prepared to organise separate training for pilot cases if needed.** These trainings would also cover project implementers.

Task 6.3: Ad-hoc sector-specific support

The request for services specifies that resources need to be set aside for ad-hoc support based on needs of selected authorities. **The project is resourced to provide a minimum of 200 hours for this type of expert support and handholding during the assessment of the pilot investment projects and cases.** Next to the proposed core team, we have lined up a dedicated team of thematic senior experts with deep senior expertise in among others in the key areas and sectors of interest in the RRF, and environmental impacts around specific DNSH themes.

We suggest that a working platform will be put up (e.g., design one on the HowSpace platform) where the selected authorities can write down ad-hoc needs by a pilot case as they emerge and our expert team will address those also in the writing. This provides a transparent way to disseminate the information to all and also provides a record of the activities. Next to this also a person as a contact point to coordinate the requests and the responses to these is provided.

Task 6.4: Revising guidelines and recommendations for data collection systems

Our team will collect and analyse the results from pilot cases. Revisions to the guidelines developed in D3 will be made to the extent that the pilot cases point out the need for them. The revisions will only cover the guidelines developed in D3.

Task 6.5: Recommendations to scale up

Our team will collect and analyse the lessons learned over pilot cases of the differences and similarities in order to scale-up the refined results to other sectors. In this work we also use lessons learned from other countries.

We propose to **organise an online focus group session** with various peers in other EU Member States, in order to have a plenary discussion on our recommendations, Member States representatives bringing in their experience and they may take away something from what they've heard from the Finnish experience. This could be also organised as a face-to-face meeting in Finland if there would interest towards this and, e.g., TAIEX (Technical Assistance and Information Exchange) funding available.

The results from 6.3 will be summarised in Report D6.

Deliverable 7– Summary report from seminars on Exchange of good practices (Month 20)	
Aim	• Organise at least two one-day seminars for the exchange of good practice and sharing of lessons learned
Activities	• Organise the seminars (planning, identification of invitees, marketing) • Develop seminar agendas, materials, identification of experts in close coordination with the beneficiary authority and DG REFORM • Facilitating the seminars and producing draft communication materials • Drafting and submitting the reports from seminar discussions and key recommendations
Lead	• Gaia / Mari Hjelt
Deliverables: Seminar materials and summary report from seminar discussions	

Task 7.1: Seminar preparation tasks

Based on experience, we suggest that the anticipated seminar dates and venues are being booked (at least under option) already in the very beginning of the project. **We will nominate Gaia support staff to be the main contact points for practicalities and logistics of organising the seminars in close cooperation with ministries**. The aim is to have physical seminars, or in hybrid form if this would be preferred, and approximately 50-80 participants are foreseen for each seminar. **Our core project team will work with the design of seminar contents, develop seminar agendas and details of working methods as well as seminar promotion materials.** We anticipate the agenda-setting for the two seminars to be somewhat different in terms of content and discussion material, and at least during one of the seminars thematic experts and peers from other EU Member States will be invited. Pre-communication and promotion of the seminars will be started early.

Task 7.2: Seminar facilitation

Our team will facilitate and lead the work in the seminars according to the plan. The seminars would have clear working sessions using different facilitation methods. We will have sufficient amount of project team members participating facilitating the work and complete rapporteur tasks for seminar reporting purposes.

Task 7.3: Reporting

Seminar discussions and recommendations will be **summarized in a separate seminar report**. Also, communication activities will be executed according to the communication plan.

Deliverable 8– Final report and Communications (Month 22)	
Aim	• Report on project activities, provide recommendations and conclusions
Activities	• Elaborate final report and communication material
Lead	• Gaia / Mari Hjelt

Deliverables:

- Draft and final report

- Communication material including presentation and factsheet (1 to 3 pages) summarising the project's context, objectives, delivered support and achieved results.

Task 8.1: Preparing final report

The final report will be prepared summarising the work carried out during the different phases of the project, challenges encountered and the way they were overcome, the outcomes achieved as well as the recommendations for further actions, including evaluation and monitoring of project outcomes.

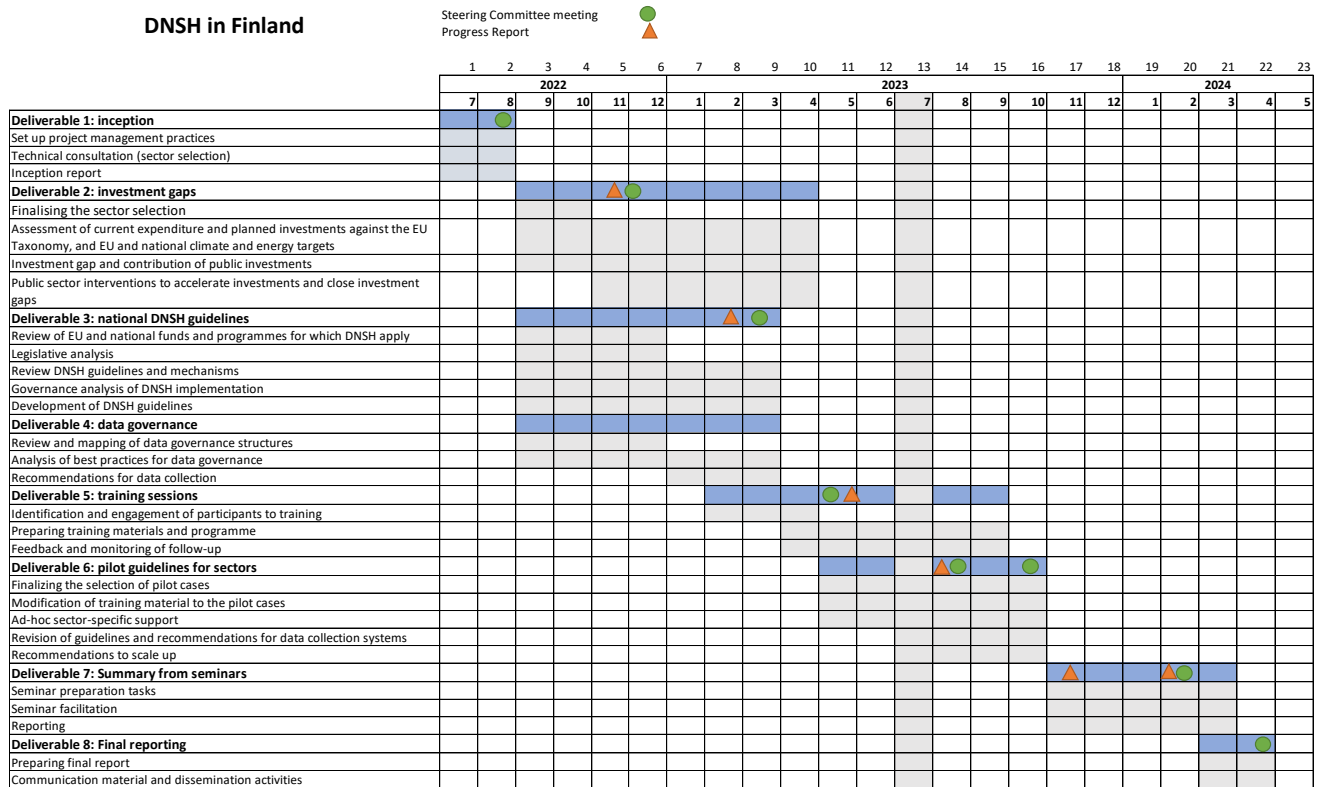**Task 8.2: Communication material and dissemination activities**

During the inception phase a separate communication plan has been prepared and is in Annex 3.

3. Timetable

The overall timetable for the project is provided in Figure 3. Project started from the beginning of July 2022 (contract signed 26.6.2022). It has been agreed with the Steering Committee that the project progress reports will be submitted quarterly – first by the end of November 2022 after the inception report.

Timetable for deliverables follows the timeline as defined in RfS, with the exceptions of D2 and D5. In the Streering Committee 1st Meeting it was agreed to extend the duration of D2 by three months (until month 10 from the start instead of 7) and D5 by a month (until month 15 instead of 14).

Figure 3: Overview of the project timetable

DNSH in Finland

Steering Committee meeting ●
Progress Report ▲

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
	2022						2023												2024				
	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5

Deliverable 1: inception
Set up project management practices
Technical consultation (sector selection)
Inception report
Deliverable 2: investment gaps
Finalising the sector selection
Assessment of current expenditure and planned investments against the EU Taxonomy, and EU and national climate and energy targets
Investment gap and contribution of public investments
Public sector interventions to accelerate investments and close investment gaps
Deliverable 3: national DNSH guidelines
Review of EU and national funds and programmes for which DNSH apply
Legislative analysis
Review DNSH guidelines and mechanisms
Governance analysis of DNSH implementation
Development of DNSH guidelines
Deliverable 4: data governance
Review and mapping of data governance structures
Analysis of best practices for data governance
Recommendations for data collection
Deliverable 5: training sessions
Identification and engagement of participants to training
Preparing training materials and programme
Feedback and monitoring of follow-up
Deliverable 6: pilot guidelines for sectors
Finalizing the selection of pilot cases
Modification of training material to the pilot cases
Ad-hoc sector-specific support
Revision of guidelines and recommendations for data collection systems
Recommendations to scale up
Deliverable 7: Summary from seminars
Seminar preparation tasks
Seminar facilitation
Reporting
Deliverable 8: Final reporting
Preparing final report
Communication material and dissemination activities

Tentatively it is proposed that the Steering Committee meets 8 times during the project in addition to the kick-off meeting organised 30.6.2022. Additional meetings will be organized if needed. The topics and timing for the Steering Committee meetings are the following.

- Meeting 1 (month 2 from the start): Comments to the draft of the Inception Report (Meeting was held 30.8.2022 and reported in this inception report).

- Meeting 2 (month 5): Progress reporting of the work done in D2 – D4, approval of the annotated outlines for D2, D3 and D4, agreement of the updated workplan for D2 after sector selection (workshop to be held 17.10.2022), set the tentative dates for seminars in D7.

- Meeting 3 (month 9): Commenting and approval of D3 and D4, presentation of the draft of D2 and agreement of commenting process (D2 deadline month 10), presentation and approval of the training plan for D5 (covering results from task 5.1), approval of the annotated outline for D5, presentation and approval of the plan for selecting pilots (workshop to be organised in Task 6.1), guidance for detailed planning of the execution of D6.

- Meeting 4 (month 11): Finalising the selection of pilot cases for D6, presentation and approval of the implementation plan for D6, approval of the annotated outline for D6, practicalities related to work planning over the summer vacation period, status report of the trainings.

- Meeting 5 (month 14): Progress reporting of the work done in D5 and D6 and decisions of corrective actions if needed.

- Meeting 6 (month 16): Commenting and approval of D5 and D6, presentation and approval of the detailed plan for seminars in D7 and status report of the preparation of them.

- Meeting 7 (month 20): Summary from seminar results, presentation, and approval of D7, planning of the final steps for the project.

- Meeting 8 (month 22): Presentation and approval of D8.

4. Technical team

The Technical project team consists of a core project team members and of thematic experts. The thematic experts support the team work especially in D6 by providing ad-hoc support. The project team members and their responsibilities are shortly listed in the following table.

Technical Team Member Profiles	Role & Responsibilities
Mari Hjelt (SE), Gaia (Finnish). Dr. Hjelt has more than twenty years of experience of strategic consulting both for the public and private sector and has recently led several assignments supporting, facilitating, and evaluating green transition policies and funding. Throughout her working history, she has supported governments, agencies, businesses and the RDI sector with policy analysis, business development and strategic consulting. She is an extremely experienced project director for demanding multistakeholder projects. Mari has excellent networks with Finnish public funding organisations and has worked for all Finnish ministries.	✓ Team Leader ✓ Overall methodological lead and quality responsibility ✓ Main contact point with Steering Committee ✓ Leader especially for D1, D4, D5, D6, D7 and D8.
Mirka Lummaa (SE), Gaia (Finnish). Ms. Lummaa is Director at Gaia leading Gaia's sustainable finance team. Mirka has a solid experience in financial world from both corporate and banking perspectives over 25 years. At Gaia she has led a number of projects for companies on their EU taxonomy eligibility and alignment by identifying relevant economic activities and their alignment with Technical Screening Criteria for climate change mitigation and adaptation as well as how they do no significant harm (DNSH) to the remaining environmental objectives and how they meet minimum social safeguards.	✓ Senior finance expert ✓ DNSH and EU Taxonomy specialist
Anna Laine (SE), Gaia (Finnish). Ms. Laine has worked with climate finance, climate policy and SDG impacts over 15 years. She has closely worked in developing pioneering national roadmaps for carbon neutrality in several key sectors in Finland, engaging a broad number of stakeholders. She has also extensive experience of climate issues in construction sector and has worked with several companies with their carbon roadmaps.	✓ Thematic expert for D6 ad-hoc support based on demand
Juha Vanhanen (SE), Gaia (Finnish). Dr. Vanhanen has in-depth experience on the energy transition, and the energy and finance sectors. He has more than 20 years of experience in energy and climate poli-	✓ Thematic expert for D6 ad-hoc support based on demand ✓

Technical Team Member Profiles	Role & Responsibilities
cies, technologies, the regulatory environment, and sustainable business development. He has worked with more than 100 companies on technology, market, energy, and environmental issues.	
Piia Pessala (SE), Gaia (Finnish). Dr. Pessala is experienced in corporate sustainability and risk assessment with focus on process and chemical industries. She has solid expertise in the Finnish environmental regulation and has led numerous assignments comparing and weighting sustainability issues to enable informed decisions in relation to purchases, process planning and corporate strategies. She is also an experience Quality Controller and will support the project core team in a QA role.	✓ Thematic expert for D6 ad-hoc support based on demand ✓ Quality Assurance for all Deliverables ✓
Jeroen van der Laan (SE), Trinomics (Dutch). Mr. v.d. Laan is a Senior Manager at Trinomics and leads Trinomics' work around sustainable finance strategies & investments. Jeroen identifies and designs climate and environmental finance solutions for organizations and stakeholders that want to develop and implement low emission and climate resilient actions for over 13 years now, which provides him with in-depth experience in the fields of sustainable finance strategies & roadmaps, EU regulations for sustainable finance (e.g. EU Taxonomy, SFDR and CSRD), ESG data and benchmarks, capital market ecosystems, as well as strategy design, program and project development in the context of sustainable finance.	✓ Team Leader for Trinomics ✓ Senior sustainable finance expert, and expert on public funding ✓ Leader for D2, D3, and providing senior inputs to other all Deliverables
Hussein Anooshah (SE), Trinomics. (U.S.A). Mr. Anooshah is a Senior Sustainable Finance Expert with experience advising banks on sustainable finance strategies, ESG risk integration, EU Taxonomy alignment, InvestEU guidance, SFDR and NFRD regulations, and EBA and ECB guidance on ESG risk management and disclosures. He is currently advising the Croatian Development Bank on ESG risk integration and impact monitoring and assessment per EU Taxonomy, CSRD, and InvestEU requirements. Similarly, he has supported Erste Group with their approach to EU Taxonomy alignment and abiding by SFDR for their SME portfolios. He has supported and led the development of an EU Taxonomy Quick Check Tool and DNSH Handbook when being at UNEP-FS.	✓ Senior sustainable finance expert ✓ DNSH specialist
Peter Janoska (SE), Trinomics (Slovak). Mr. Janoska is an energy and climate change economist with 13+ years of work experience with government, international organizations, and consulting firms. He has an extensive experience in sustainable finance and mobilization of public and private climate and energy finance. His assignments range from portfolio evaluations to environment and climate risk assessment and sustainable finance regulatory alignment. His current projects in-	✓ Senior energy & climate economist ✓ Public funding expert

Technical Team Member Profiles	Role & Responsibilities
clude a sustainable finance transformation and EU taxonomy alignment of the Croatian Development Bank; development of Spain's RRP green financing tools and sustainable finance screening criteria; scenario development and investment gap analysis to inform Latvia's NECP and sustainable finance mobilisation needs.	
Marine Gorner (SE), Trinomics (French). Ms. Gorner is an energy and transport analyst with six years of experience from the International Energy Agency. Her expertise spans from data analysis to techno-economic and policy assessments and publications in the energy and transport sectors. She has authored the IEA report 'Global EV Outlook' since 2016, led the 2020 IEA edition of 'Entering the Decade of Electric Drive?', and supported the 2019 'Future of Rail' and the IEA flagship report on 'Energy Technology Perspectives' in 2020. She has worked closely with a multitude of stakeholders across 15 member countries of the Clean Energy Ministerial Electric Vehicles Initiative, aimed at knowledge sharing, capacity building and implementation of effective clean transport policies.	✓ Thematic expert for D6 ad-hoc support based on demand
Riina Pursiainen (JE), Gaia (Finnish). Ms. Pursiainen is experienced in working with the Finnish Government and administrative sectors on sustainable development and green transition policies, strategies, and funding, and is well familiar with DNSH principles. She is an experienced project coordinator and has worked extensively with the implementation and monitoring of Agenda2030, and multi-channel communication and event production.	✓ Project coordinator for all phases ✓ Supports Team Leader and Project Manager in day-to-day project management tasks ✓ Main responsibility for communication activities during the project and coordination of seminars in D7
Virve Viertiö (JE), Gaia (Finnish). Ms. Viertiö is specialized in biodiversity and the ecological impacts of climate change. At Gaia, she has specialised in sustainable finance, incl. EU taxonomy. Prior to Gaia, she has worked with Finnish corporate sustainability networks, coaching and training in sustainability, and has versatile experience of collaboration of the public, private and NGO sectors and a holistic understanding on the different aspects of sustainable development and their interaction.	✓ DNSH guidelines and ecological impacts ✓ Focus of the work in D2 and D3 ✓ Organising trainings D5 ✓ Coordinator of D6 ad-hoc support
Tatiana Cuervo Blanco (JE) Trinomics (Colombian). Tatiana is a consultant at Trinomics' climate team and a trained expert in Sustainable Finance. Tatiana currently supports the Belgian authorities in developing policy options for a Sustainable Finance Strategy that will guide the financial sector and the Federal Government toward sustainable investments. For the development of the policy options, recommendations to overcome the main barriers faced by Belgian stakeholders including financial institutions and supervisors are being provided taking into account the EU sustainable finance regulatory framework. In addition, Tatiana currently provides support to the Croatian Development	✓ Support to investment analysis under D2 ✓ Focus on EU funds and regulations under D3

Technical Team Member Profiles	Role & Responsibilities
Bank to reorient its operations towards sustainable financing implementing the EU Taxonomy, CSRD, InvestEU SPG, among others. Tatiana holds a Master of Science in Management and Engineering of Energy and Environment awarded jointly by the KTH Royal Institute in Sweden and the Technical University of Madrid in Spain. In addition, Tatiana is a certified expert in Sustainable Finance by the Frankfurt School of Finance & Management.	
Susanna Sepponen (PM1), Gaia (Finnish). Ms. Sepponen is specialised in supporting and evaluating policy development and funding instruments and has versatile expertise in sustainable development and circular economy. She has led numerous studies on public funding instruments and Strategic Environmental Assessments for the Finnish ERDF and JTF (ongoing) programmes. She has led an extensive study on the low-carbon circular transition in the Nordic region and is an experienced facilitator and project manager.	✓ Close collaboration with Team leader and Project Manager responsibilities, Deputy for Team Leader. ✓ Sector expertise on circular economy, public funding
Nicholas Holmes (PM2) AARC (Irish). Mr. Holmes has over 10 years' experience in managing similar projects involving the design and implementation of policy monitoring systems. Previous PM experience with DG REFORM projects, and excellent communication and management skills. Nicholas will contribute to all activities, in Project Management level, in Inception Report, in the communication plan creation, in the risk management plan creation, in the final report and in the project quality assurance. He holds a 1st class honours Postgraduate Diploma in Management Practice from the Smurfit Graduate Business School, University College Dublin, a MSc. in Business and Entrepreneurship, and a Bachelors' in Engineering from Trinity College Dublin.	✓ Administrative Project Manager ✓ Contract and financial administration towards DG REFORM

5. Project governance and management

Governance: The **Steering Committee (SC)** is comprised of representatives of the project team, DG REFORM, and the Finnish authorities. The main purpose of the SC is to oversee the strategic orientation and key decision making of the Project (such as the selection of sectors for D2 and piloting cases for D6), reviewing project working plans, providing guidance & feedback to the project team, and reviewing and providing feedback on key project outputs. SC will meet about every three months. SC members are listed in Annex 1. Next to the SC a **Management Committee (MC)** work has been established that consists of the representatives for a more frequent and operational coordination of the work. Core MC members are Emma Terämä and Eeva Alho (Ministry of environment), and Riikka Torppa (DG Reform), and few additional persons are always invited to the meetings. MC will be closely involved in engaging the key persons and organisations in the work and participates in practical planning of the trainings and seminars together with the project team. MC has agreed

to have biweekly status meetings. All meeting materials and notes from MC meeting are distributed to all SC members.

Management: As a contractual partner, AARC has overall responsibility for the successful implementation of the project. AARC's Project Manager will be **Nicholas Holmes** and he has responsibility over contractual administration, sub-contracting, financial control of project expenditures including submission of invoices, and other administrative work. Gaia Consulting and Trinomics have formed a project management group which works closely to coordinate the work in both organisations and have responsibility of preparing Steering Committee meetings and work with Management Committee as well as inform AARC of the progress of the work. **Dr. Mari Hjelt** will be the Team Leader, supported by **Jeroen van der Laan** (Team Leader of Trinomics team) and **Susanna Sepponen** (Deputy for the Team Leader). Gaia Consulting takes the main leading responsibility of project management. **Riina Pursiainen** will be the Project Coordinator and has responsibility over day-to-day project tasks and is also the dedicated communication expert. Figure 4 presents an overview of the project management.

Gaia Consulting also takes care of the project supporting tasks including:

- Providing backstopping support for administrative and logistical aspects of the project, including the organisation of workshops and seminars, setting up and managing IT tools (e,g., shared file management platform, use of virtual working platforms) and the provision of interpretation and translation services (if needed).
- Quality Control of key deliverables and activities (**Dr. Piia Pessala** has a quality controller role) ensuring the delivery within the 22-month timeframe of all project activities, outputs, and deliverables.
- Overseeing that project activities are implemented in compliance with GDPR and data storage regulations and taking into account any confidentiality requirements.

Figure 4: Project management
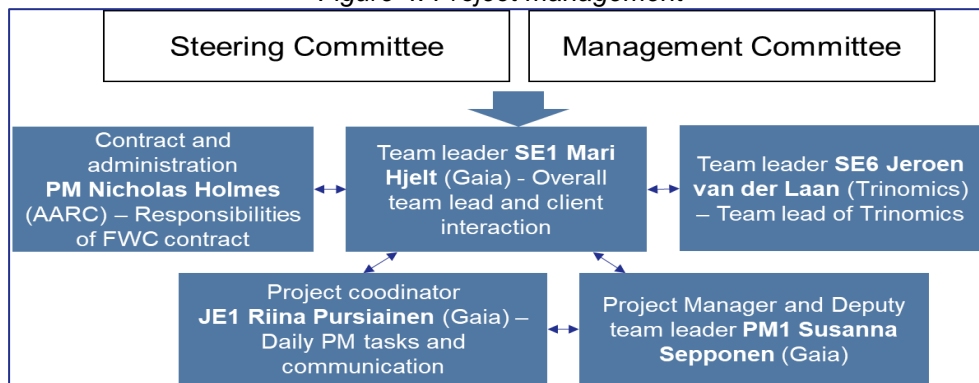
Reporting: We will submit quarterly written progress reports to DG REFORM. The SC will also meet on quarterly basis or as needed. Tentative meeting schedule and topics for meetings are outlined in Section 3. Technical progress reporting is organised with the MC. Project management group will prepare all meeting agenda and write short meeting notes within few working days. Howspace platform has been set up for information dissemination with the SC and MC.

6. Quality control and risk management

Project managers (PM1 and PM2) and Team Leader will monitor progress against agreed quality control checklist which will be presented with progress reports to the Steering Committee. Specific indicators will be developed in the Inception Phase, reported on, and updated as needed throughout the project. Our documented procedures relate to the following quality controls: pre-emptive, proactive, language & readability, completeness, and continuity of services. We also have an effective complaint procedure if required. These are specifically applied to this project as described in the table below.

Table 1: Quality control

Quality Controls	Quality Indicators
Proactive: on-time progress and completion	All Deliverables completed on time in 22 months, feedback received on reports, and approved by the Steering Committee. Quarterly progress reports prepared to highlight progress and any emerging issues. PM1 and PM2 to complete quality control checklist based on this table, PM1, PM2 & TL update throughout the project and include in project progress reports.
Pre-emptive: stakeholder expectations	Understand stakeholder expectations during Inception Phase. In particular, we will present proposed outline structures of D2, D3 and D4 reports at an early stage in the project (Meeting 2 of the Steering Committee), and request feedback on these, to help ensure the final content and level of details of the reports will be in line with what the stakeholders require.
Pre-emptive: effective stakeholder engagement	Agree on full list of stakeholders to be engaged during the Inception Phase and agree on communication & engagement protocols and on the use of communication tools/platforms to facilitate stakeholder involvement and inputs into each Deliverable.
Proactive: training	Secure the Steering Committee agreement on the proposal and approach for D5 training sessions, helping to maximise transfer of knowledge to beneficiary staff.
Proactive: understanding the current situation	Secure stakeholder feedback and agreement on the content of the D2 and D3 analysis as an essential quality control check before proceeding.
Deliverable quality: language & completeness	Deliverable quality checklist completed for the 8 key deliverables including 1) TL review, 2) QA Expert review & 3) native speaker language check
Proactive: stakeholder satisfaction	Structured evaluation feedback will be sought from participants in workshops and training, and reflected in the progress reports
Continuity of services	Plan the schedules of experts well in advance to ensure their availability. Team members will also be able to back up each other in case of absence due to illness etc. If necessary, the Consortium will start replacement procedure by using its pool of available experts.
Gaia has a (largest in Finland) team of about 25 senior and junior level consultants specialised in sustainable financing and public funding. Appropriate persons can be taken into the project from this pool of experts if needed. Dedicated

	persons in addition to the team that are aware of the project and would be available for the work in a short notice are the following Gaia's experts:
	▪ **Mikko Halonen M.Sc. (Int. Econ.)** (SE). Mikko has over 20 years international working experience on sustainable development and inclusive green growth. His work includes analysing the enabling policy environments for SDG aligned investments and introducing climate and environmental mainstreaming tools for various organizations. During the past decade, Mikko has been working extensively with international organisations, NGOs, private sector as well as the research community to evaluate, assess, develop, and promote sustainable, climate resilient low-carbon development
	▪ **Rosa Degerman M.Sc. (Ecology & Water Management)** (JE). Rosa is an expert in Science & Innovation policy and international relations. Rosa holds a Masters' degree in Environmental Ecology and Environmental Water Management. Before joining Gaia, Rosa worked on science funding, international science cooperation, Arctic issues, and organisational sustainability.
Complaint resolution	Gaia Project Supervisor (Managing Director) will respond to & resolve complaints. If this is unsuccessful, overall Contract Director in AARC will lead resolution actions needed

Dynamic risk management is a core part of our quality management approach. Our TL and PM1 and PM2 will regularly review, monitor, and report risks in a shared register (with probability/impact rating, mitigating actions and assigned lead). This register will include common project risks such as alignment with Steering Committee expectations and understanding of the Request for Services, sufficiency of resources, staff changes and availability, sharing of data, timely response to requests and provision of on-time deliverables.

An extract of our initial risk assessment and adequate mitigation measures is presented in Table 4 with likelihood (L) and Impact (I) rated with low (L), moderate (M), high (H).

Table 2:Risk assessment and mitigation

Risks	Rating		Mitigation measures
	L	**I**	
The objectives, scope, timeline of the study is unclear	M	M	The objectives, scope, and timeline must be discussed in-depth at the inception. Based on the agreements the inception report detail further the objective, scope, and timeline, to avoid any misunderstanding. Regular meetings with the client as well as beneficiaries will allow to continuously update the scope and timeline according to new developments and discussions.
Lack of sufficient data for sectoral and investment gap analysis	M	H	Collecting structured and high quality data for D2 is essential for the direction of the assignment. We need to quickly understand the data available from Finnish authorities and its quality, in order to work towards feasible and sound analyses in D2. Where data gaps exist or complementary information is needed, we have proposed targeted interviews.
Insufficient stakeholder engagement in D2-D5	M	H	Insufficient stakeholder inputs in D2-D5 would be a key risk to the practical use of the DNSH guidelines. We will have a continuous

			dialogue with expert stakeholders, highly accessible through the project team's network in Finland.
Delays in implementation due to public decision making processes	M	H	Slow progress of decision making at the national/EC level may cause delays in implementation. If these delays are anticipated, the project plan will be revised in consultation with the client so that the project deadlines and targets are met.
EU level changes / extensions of DNSH-related guidelines	M	L	A variety of DNSH-related guidance may emerge in the short term, and risk that the scope widens. This risk will be discussed in detail during the inception phase and the scoping of the project will be made clear.
Unexpected staff availability	L	M	The project team has been put together to provide sufficient depth of core skills. Staff availability will be provisionally secured following the submission of this proposal and confirmed immediately upon confirmation to proceed. There is sufficient team flexibility to progress with work as planned.
Global uncertainty caused by COVID-19	H	M	React quickly to any changes in the COVID-19 situation to adapt the assignment implementation accordingly.

Translation Services

In accordance with the Request for Service, the working languages for this project is primarily English. Technical level meetings and national workshops will held in English or Finnish, upon agreement between the participants. The written deliverables will be submitted as specified in the RfS in English. All our experts are fluent English speakers, many are fluent/native Finnish speakers. Should translations needed, translation services will be used.

ANNEX 1. STEERING COMMITTEE 1ˢᵀ MEETING 30.8.2022 - AGENDA AND NOTES

Members of the Steering Committee:

- **Riikka Torppa (DG Reform)**

- **Emma Terämä (Ministry of the Environment)**

- Eeva Alho (Ministry of the Environment)

- Kaj Forsius (Finnish Environmental Istitute)

- Vesa Hagström (State Treasury)

- Sami Hautakangas (Ministry of Finance)

- Jarmo Heinonen (Business Finland)

- Joel Järvinen (Ministry of Agriculture and Forestry)

- Siina Lepola-Lång (Ministry of Economic Affairs and Employment)

- Janne Lipponen (Ministry of Finance)

- Riikka Malila (Ministry of the Environment)

- Barbara Ochotnicka (DG Reform)

- Caroline Robert (DG Reform)

- Tuuli Raatikainen (State Treasury)

- Katja Tuokko (Ministry of Economic Affairs and Employment)

- Mate Tas (DG REGIO, observer)

- Vladimir Zuberec (DG CLIMA, observer

- Anna Armengol Torio/Clara Solzbacher (SG RECOVER, observers)

- Christina Kattami (DG ECFIN, observer)

Steering Committe 1st Meeting - Meeting Notes

Date: 30.08.2022

Time: 14:00– 16:00 (Finnish time)

Location: Dial-In / Videoconference

Participants:

DG REFORM of the European Commission
- Riikka Torppa
- Barbara Ochotnicka
- Caroline Robert

DG REGIO
- Mate Tas

DG CLIMA
- Vladimir Zuberec

Project Beneficiary/stakeholders
- Emma Terämä (Ministry of the Environment)
- Eeva Alho (Ministry of the Environment)
- Sami Hautakangas (Ministry of Finance)
- Joel Järvinen (Ministry of Agriculture and Forestry)
- Siina Lepola-Lång (Ministry of Economic Affairs and Employment)
- Janne Lipponen (Ministry of Finance)
- Tuuli Raatikainen (State Treasury)
- Katja Tuokko (Ministry of Economic Affairs and Employment)
- Janne Lipponen (Ministry of Finance)

AARC/GAIA/Trinomics Project team.
- Mari Hjelt
- Susanna Sepponen
- Riina Pursiainen
- Jeroen van der Laan
- Tatiana Cuervo
- Nicholas Holmes

Agenda

1. Introduction
2. Short presentation of the project objectives and workplan (inception report D1)
3. Discussion and comments on the draft of the inception report D1
4. Selection of sectors (finalising the proposal) for D2
5. Summary on project governance and management practices
6. Discussion on external communication of the project
7. Next steps (setting up timetable for Steering Committee meetings)
8. Any other issues

Meeting Notes
- Representatives of the project stakeholders joined the call. Emma chaired the meeting, and presented an overview of the meeting purpose, and noted the overall evolving project context. Riikka then presented a short overview of the current project status, progress during the inception phase and noted the importance of receiving feedback on the inception report to guide the project. She also noted that representatives of DG CLIMA and DG REGIO also joined the call, as this project has a wider relevance and interest across the commission.
- Mari proceeded to give an overview of the project team, approach to the project, timeline, and updates during the inception phase, noting the overall need for some flexibility on the timing, while still keeping within the overall contract timeframe. The next practical steps for D2, D3 and D4 were also set out.
- Key conclusions and discussion points:
  o Scoping and approach for D3 guidelines need to be further clarified, with Jeroen noting the range of approaches to be considered in finalising the approach. Riikka stressed the importance of the project providing practical guidance, that leaves some room for an evolving future situation, while any deviations from the RfS should be captured in the Inception Report.
  o Janne and Katja also noted potential external timing and other constraints on the project and supported Jeroen's comments on not finalising guidelines with proposed DNSH criteria for the Taxo4 objectives, suggested by the TWG of the Platform on Sustainable Finance (PSF) that remain uncertain at the time of the project.
  o Emma highlighted the importance of the forthcoming law on the priority order in environmental permitting process which may also lead to new needs and user groups related to the guidelines developed in D3.
  o Siina highlighted that the analysis for the DNSH is typically done by small organisations and the standards they apply vary considerably.
  o Katja also mentioned that while the Complementary Delegated Act may not be so relevant for the project, it should be recognised in the project and its role understood.
  o With regards to RfS requirement in D4 to co-develop technical requirements for data governance, Riikka pointed out that if this requirement needs to be revised, reflections on why it is changed should be included in the Inception Report.
  o On D2 sector selection, the selection of sectors and reorganisation of the work was discussed. Mari provided an overview of proposed criteria and related considerations to inform the selection. The timing of D2 was also considered, taking account of external factors that has happened over the summer and will take place over the autumn, with a 3 month extension proposed. Riikka noted the need to later pilot the guidelines (with willing participants) and the role of sector selection in this. Agreement reached was that a workshop on sector selection is added to the work plan and that the project aims to look at sectors that have an entry-point in the Climate DA as well as in the Taxo4 TWG report of the PSF.
  o It was discussed that the link from D2, D3, D4 and D5 to the selection of pilots in D6 could be clarified.
  o The timeline for D5 should be adjusted, to fit around holiday periods in Finland.
  o On project governance, Mari reconfirmed the different project governance meetings (steering committee, bi-weekly management meetings, Howspace)
  o On project external communication, Emma noted that the Ministry of Environment are very supportive of the project proposed external communication actions. Katja indicated that the Ministry of Economic Affairs and Employment will also look to be involved in communication around the project, but this is expected to be later on in the project. DG REFORM will also support communication and awareness.
  o Specific project NDA seen to be unnecessary at this time from Ministry of Economic Affairs and Employment point of view, but may need to be discussed further and checked with Business Finland.

- Meeting closed with Mari confirming next steps, including finalisation of the inception report and next Steering committee meetings.

Next Steps and Key Actions/Decisions
- **Decision:** Timeline for D2 and D5 to be adjusted. For D5, one-month and for D2, 3-month extensions agreed (but no overall contract extension).
- **Action:** Additional workshop to be held specifically on D2 sector selection and added as a task to D2, to make selection process more interactive. Provisional date 17th October.
- **Action:** A project page will be added to the following site (https://valtioneuvosto.fi/hankkeet) and the team will coordinate with the Ministry of Environment communication department during the project.
- **Action:** Comments on Inception Report to be provided by 2nd Sept, with finalised updated Inception Report to be submitted the week of the 12th Sept (including version with all comments and responses visible).
- **Action:** Next Steering Committee (Nov/Dec) will be confirmed by Doodle poll. Invitations for Steering Committee meetings in 2023 and 2024 to be sent out.
- **Action:** Project team to prepare a list of key decision points (and related timing) for progressing D2/D3/D4 to be set out to ensure clarity around the process.

ANNEX 2. INCEPTION PHASE WORK TO PROVIDE BACKGROUND FOR SELECTING SECTORS IN D2

The framework for selecting the sectors to be analysed in D2 was based on the technical interviews, meetings with the beneficiaries over the inception phase, and a desk study of key documents. Key take-aways from the desk study are summarised in this annex and the work will continue in D2.

Persons interviewed over the inception phase:

- Eeva Alho (Ministry of the Environment)

- Emma Terämä (Ministry of the Environment)

- Vesa Hagström (State Treasury)

- Sami Hautakangas (Ministry of Finance)

- Joel Järvinen (Ministry of Agriculture and Forestry)

- Juho Korpi (Ministry of the Environment) (seeking time)

- Anniina Lehtonen (Ministry of Economic Affairs and Employment)

- Siina Lepola-Lång (Ministry of Economic Affairs and Employment)

- Tuuli Raatikainen (State Treasury)

- Katja Tuokko (Ministry of Economic Affairs and Employment)

List of key documents reviewed (Finnish)

Financing of the Green Transition as Part of Growth Policy, publication of the Ministry of Economic Affairs and Employment 2022:41, published 23.6.2022, https://julkaisut.valtioneuvosto.fi/bit-stream/handle/10024/164262/TEM_2022_41.pdf?sequence=1&isAllowed=y

Finland's Integrated Energy and Climate Plan (Suomen yhdennetty energia- ja ilmastosuunnitelma) , publication of the Ministry of Economic Affairs and Employment 2019:88, published 20.12.2019, https://julkaisut.valtioneuvosto.fi/handle/10024/161977

Finland's long-term low greenhouse gas emission development strategy, publication of the Ministry of Economic Affairs and Employment, published October 2020, https://unfccc.int/sites/de-fault/files/resource/LTS_Finland_Oct2020.pdf

Finland's National Reform Programme 2022, publication of the Ministry of Finance 2022:35, published 13.4.2022, https://ec.europa.eu/info/sites/default/files/nrp_2022_finland_en.pdf

General Government Fiscal Plan 2023-2026, Economic Policy, publication of the Ministry of Finance 2022:29, published 13.4.2022, https://ec.europa.eu/info/sites/default/files/general_government_fis-cal_plan_en.pdf

Government report Climate Neutral Finland 2035 – national climate and energy strategy (VNS 6/2022 vp, published 30.6.2022 (Valtioneuvoston selonteko - Hiilineutraali Suomi 2035 – kansallinen

ilmasto- ja energiastrategia), https://tem.fi/paatos?decisionId=0900908f807c35c1, Central government debt management – Climate Neutral Finland 2035 (treasuryfinland.fi)

Implementation of the DNSH principle for measures set out in Finland's recovery and resilience plan, publication of the Finnish Environmental Institute 3en | 2022, published 28.1.2022, https://helda.helsinki.fi/bitstream/handle/10138/343044/SYKEre_3en-2022_DNSH.pdf?sequence=1&isAllowed=y

Kestävä elvytys - kohti koronakriisistä toipuvaa, menestyvää ja ekologisesti kestävää Suomea, ympäristöministeriö, (Sustainable recovery – towards a successful and ecologically sustainable Finland recovering from the coronavirus crisis, publications of the Ministry of Environment), published 22.10.2020, https://valtioneuvosto.fi/documents/1410903/33891761/kestava_elvytys_loppuraportti-2110.pdf/c8edf006-334f-ecd9-5364-9d55720823fe/kestava_elvytys_loppuraportti-2110.pdf?t=1603343569943

Kestävän kasvun ministerityöryhmä 22.6.2022: elpymis- ja palautumissuunnitelman päivitys (Ministerial working group's outline on updating the Recovery and Resilience Plan): RRP update, https://valtioneuvosto.fi/en/-//10623/finland-updates-its-recovery-and-resilience-plan

Laki Euroopan unionin elpymis- ja palautumistukivälineen hallinnoinnista, valvonnasta ja tarkastuksesta 537/2022, 4.7.2022, (Law on monitoring and auditing of RRF), https://www.finlex.fi/fi/laki/alkup/2022/20220537

Medium-term Climate Change Policy Plan (Keskipitkän aikavälin ilmastopolitiikan suunnitelma), publications of the Ministry of Environment, published 2022, https://ym.fi/en/medium-term-climate-change-policy-plan

Summary of Sectoral Low-Carbon Roadmaps, publications of the Ministry of Economic Affairs and Employment 2021:9, published 12.02.2021, https://julkaisut.valtioneuvosto.fi/handle/10024/16285

Sustainable Growth Programme for Finland, 2022 (and related other reports at https://valtioneuvosto.fi/en/-/10623/sustainable-growth-programme-s-reforms-and-investments-to-start)

Uusi ilmastolaki 423/2022, 1.7.2022, (Climate Change Act), https://www.finlex.fi/fi/laki/smur/2022/20220423

Vihreän siirtymän rahoituksen työryhmä – Väliraportti, Valtioneuvoston julkaisuja 2022:17, published 31.3.2022, (Mid-term report of the ministerial working group of financing green transition), https://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/163964/2022_VN_17.pdf?sequence=1&isAllowed=y

Sector specific studies/statistics:

- Energy in Finland Report 2021, publication of Statistics Finland, https://www.tilastokeskus.fi/tup/julkaisut/tiedostot/julkaisuluettelo/yene_efp_202100_2021_23713_net.pdf

- Low-carbon roadmap for the Finnish construction industry, Climate roadmaps 2035 Construction industry - Climate 2035

- Low-carbon roadmap for Finnish Agriculture, Climate roadmaps 2035, Agriculture - Climate 2035

- Low-carbon roadmap for the Finnish logistics and transport sector, publication of the Finnish Information Centre of Automobile Sector, Transport and logistics sector's Green Transport Roadmap (aut.fi)

Some work in progress to be taken into account:

- Design Evaluation report of Business Finland's RRF (finalised in September 2022)

- Ministry of Economic Affairs and Employment - report of investment gaps in heavy industry (anticipated to be available late 2022)

- Ministry of the Environment - Vähähiilinen rakennettu ympäristö – Tilannekatsaus (Status of the development of low-carbon built environment sector, aniticipated to be available October 2022)

- Ministry of Agriculture and Forestry - Hiilestä kiinni ohjelman vaikuttavuusarviointi (at procurement phase)

Summary of the key take-aways from the document review:

Source	Key takeaways relevant to this study

Sustainable Growth Programme for Finland	• Green transition projects focus on areas such as:
	   o clean energy production, including solar power, offshore wind energy, biogas and waste heat recovery
	   o industrial circular economy solutions and low-emission innovations, e.g. investments in hydrogen technology and circular economy demonstration plants
	   o adoption of new technologies, services and practices in the construction sector
	   o support for the public charging infrastructure for electric vehicles
	   o nature-based solutions, such as gypsum treatment of arable land to reduce the nutrient load in the Baltic Sea.

Sustainable Growth Ministerial working group 22 June 2022: RRP update	• Presents updated figures of measures financing of Pillar 1, from high to low:
	   o Low carbon hydrogen and carbon dioxide recovery and exploitation (136 MEUR)
	   o Direct electrification of industrial processes and low carbon manufacturing (48 MEUR)
	   o Public charging infrastructure and gas refuelling network (13.6MEUR)
	   o Climate actions of the land use sector (8.5MEUR)

New Climate Change Act (came into force 1.7.2022)	• Presents emissions reduction goals (2 §) • Includes ambition statements specific to some sectors: "In terms of reaching the goals, it is essential to abandon fossil energy sources i**n energy production, industry and transport**. In the load distribution sector, road transport is the biggest source of emissions, so efforts aimed at reducing emissions will be aimed at it in particular. However, emission reductions are needed in all sectors.
Government report Carbon neutral Finland 2035 – national climate and energy strategy	• Reinforces that Finland's goal is to be carbon neutral by 2035 and carbon negative quickly thereafter • Presents some sector-specific goals and ambition statements, for instance: o The transport sector *plays a central role*. The main measures consist of the implementation of the first two phases of the fossil-free transport roadmap and the implementation of the Commission's new climate package for transport

Valtioneuvoston selonteko Hiili-neutraali Suomi 2035 – kansalli-nen ilmasto- ja energiastrategia	o In terms, emission reduction measures for the agriculture sector, measures are led by the EU's common agricultural policy (CAP). Additional agricultural emission reduction measures are particularly related to curbing emissions from peatlands, increasing the carbon sequestration of mineral soils, precision farming, and reducing the methane production from cows. In addition to the agricultural sector, the emission reduction effects of the actions are largely also directed to the land use sector. o Heating: aim is to abandon oil heating and switching to low-emission solutions
[General government expenditure by function, annually](#)	• The highest share of general government expenditure (capital transfers) was allocated to agriculture, forestry, fishing and hunting
Statistics-Finland	Finland's sectoral emissions in 2020
[Implementation of the DNSH principle for measures set out in Finland's recovery and resilience plan](#), Finnish Environment Institute	The report provides guidance for DNSH (Do no significant harm) assessment of potentially harmful environmental impacts to support funding applications for projects funded from investment and funding programmes for sustainable growth. The guidance is intended for the parties responsible for the funding programmes and applicants for funding, especially Business Finland, Academy of Finland, Ministry of the Environment, Ministry of Economic Affairs and Employment, ELY Centres. The developed methods and approaches are designed particularly for investment projects as well as research, development and innovation projects, however, the developed methodology can also be applied in the DNSH assessment of other types of projects. The report includes two stages of DNSH assessment (general, and detailed) and, provides model assessment tables for different types of projects.
[2022 European Semester: Country Report Finland](#)	The 2022 European semester presents an analysis of the most recent economic developments of Finland, first insights into the RRP (ongoing) implementation, as well as an overview of key macroeconomic and performance indicators (incl. environmental sustainability, resource efficiency and productivity, among others). Relevant findings include: • More investments will be required to match Finland's green targets, particularly in the renewable energy, buildings and transport sectors. Additional investments required include existing and new sources of renewable energy, mainly in (offshore) wind power, but also in other sources including solar and geothermal. Investment needs in transport include improving the efficiency of the public transport system and electrification of the rail network. • Delays in granting permits for capital investment projects, including renewable energy, are still frequent in Finland and reducing them requires further efforts (at least EUR 3 billion worth of investments are pending due to administrative procedures linked to permits) • The Russian invasion of Ukraine is expected to speed up and expand investment in Finland for decarbonisation and ensure energy efficiency and security of supply.

	• While Finland performs well in collecting environmental taxes, both government spending in environmental protection, as well as decreasing fossil fuel subsidies, could present challenges. The Finnish government spends a significantly lower share of its public spending on environmental protection than the EU average. At the same time, fossil fuel subsidies have been showing a considerable increasing trend.
Council Recommendation on the 2022 National Reform Programme of Finland and Delivering a Council Opinion on the 2022 Stability Programme of Finland	• Energy, industry, transport and buildings are the main sectors that will need to contribute to major reductions in greenhouse gas emissions in Finland. Challenges to achieving this objective include a significant private and public investment gap as well as delays for renewable energy investments caused by a backlog of environmental permits in need of processing. • It is recommended that, in 2023, Finland take action to ensure that the growth of nationally-financed current expenditure is in line with an overall neutral policy stance, taking into account continued temporary and targeted support to households and firms most vulnerable to energy price hikes and to people fleeing Ukraine. Public investment should be expanded for the green and digital transition and for energy security, including by making use of the RRF, RePowerEU and other EU funds. For instance, Finland can make use of the Just Transition Mechanism in the context of cohesion policy to alleviate the socio-economic impact of the transition in the most affected regions, and of the European Social Fund Plus to improve employment opportunities and strengthen social cohesion. • Finland should reduce overall reliance on and diversify imports of fossil fuels by accelerating the deployment of renewables, including by further streamlining permitting procedures, and boosting investment in the decarbonisation of industry and electrification transport. Develop energy infrastructure to increase the security of supply.
Relevant sectoral strategies	
Energy in Finland Report 2021	Total emissions energy sector (without LULUCF): 72% of which - 55% Energy and manufacturing industries - 30% Transport: 95% of transport emissions are caused by the road transport sector (including 53% passenger cars, 38% heavy traffic, 9% other road transport) - 15% Other fuel combustion and fugitives
Low-carbon roadmap for the Finnish construction industry	• The built environment accounts for over one-third of the GHG emissions and consumed energy (76% GHG emissions come from energy consumption, 15% GHG from construction materials, 7% from logistics and worksite functions and the rest 2% from deconstruction and waste). • Key means for reducing emissions from the built environment is to decrease the energy consumption of existing buildings through energy efficiency measures (energy renovations) and elimination of fossil fuels in local heating • In the construction phase, the main potential for reducing emissions is found in worksite functions (site machinery and logistics), the use of regional materials to reduce transport, the use of recycled and recovered materials, use of low-carbon concrete and steel as well as wooden materials, sustainable design and innovations in lightening and alternative building materials. • Public procurement has a principal role in creating demand for low-carbon construction solutions
Low-carbon roadmap for Finnish Agriculture	• 75% of the emissions come from soil and field use, 19% from farm animals and manure processing and 6% from energy consumption. • Emissions reduction measures are focused on agricultural peatlands and carbon sequestration in mineral soil. Other solutions on are improved soil growth conditions, enhanced crop rotations, precision agriculture and new cultivars.

[Low-carbon roadmap for the Finnish logistics and transport sector](#)	- About one-fifth of Finland's emissions come from transport. The most significant sources of emissions are cars and lorries - Ambition: the Finnish government has decided to cut transport emissions in half by 2030 (compared to 2005 levels) and to eliminate emissions by 2045 - Main solutions are the replacement of old cars with new (electric) cars, public transport and sustainable modes of transport in cities, renewable fuels, sustainable transport services digitalisation and infrastructural investments in the transport system. - The roadmap presents the costs of each of the measures envisaged under the decarbonisation roadmap. For example, for the urban public transport development, it is estimated that the Helsinki Regional Transport Authority's land use, housing and transport plan estimates the cost of public transport investments at approximately EUR 3.3 billion in total. Rail transport investments in other cities and towns are costed at between EUR 0.4 billion and EUR 0.5 billion.
[Finland's National Reform Programme 2022](#)	The Programme describes the Government's measures to achieve Finland's national goals and respond to the EU's country-specific recommendations (CSR). Chapter 3.3 discusses the measures included in the Finnish Recovery and Resilience Plan and other measures to create a sound basis for long-term research and development (R&D) investments and for a transition to a low-carbon economy and sustainable transport, as well as to front-load ready public investment projects and promote private investment to foster economic recovery.
[General Government Fiscal Plan 2023-2026](#)	- Describes the impacts of Russia's war of aggression in Ukraine on Finland's public finances (incl. increased operating costs of the Defence Forces, and increased immigration programmes expenditures) - In the General Government Fiscal Plan, the goals related to carbon neutrality will be promoted with a total of approximately EUR 2.7 billion in 2023, declining to approximately EUR 2.1 billion in 2026. Table 11. A carbon-neutral Finland, key measures in 2023–2026 (EUR million) |	2023	2024	2025	2026
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3.1 Carbon-neutral Finland that protects biodiversity	1 083	948	785	626
3.2 Globally influential Finland	364	366	361	408
3.4 Dynamic and thriving Finland	296	286	278	271
3.4.1 Transport network development and maintenance	254	220	204	197
3.4.2 Measures promoting sustainable development of agriculture	718	615	614	614
Total	2 716	2 435	2 242	2 116	 - In addition to the figures above, to accelerate green transition investments, the General Government Fiscal Plan for 2023–2026 includes increases totalling EUR 36.8 million for licensing and other administrative procedures, and digitalisation. - The General Government Fiscal Plan also includes central government premises investments
[Ecosystem agreements between State and cities](#)	The Government allocated EUR 5 million in national regional development funding to the urban areas for the launch of the ecosystem agreements. Key strategic content of the agreements varies across cities, predominantly circular economy, and sustainable and smart energy systems

ANNEX 3. COMMUNICATION PLAN

The goal of the communications for the project is two folded:

- Communicate to all relevant authorities in Finland about the project so that they can attend the trainings and use the guidelines as well as increase the awareness of DNSH

- Communicate to international audience with special focus on EU members and institutions on the results of the project

In addition, there is a strong focus for internal communications withing the project members, ministries, DG REFORM and the whole Steering Committee.

The basic principle is that project team will provide all material for internal and external communications and beneficiary ministries and DG REFORM will provide communications channels and supports creating the communication materials. The extend of external communications is linked to resources in beneficiary ministries. Project team has the capacity to provide material for bi-montly communications via social media and to provide basic information to external webpages, but it does not have the capacity to provide the webpages or social media channels themselves (excluding project organisations' own channels that can be used in some extend).

Internal Communications

Internal communications within the project team happens mainly in MS Teams channel that all relevant Gaia, Trinomics and AARC members have access.

Communication between project team and Management Committee and Steering Committee happens through Howspace platform and email. Howspace is used for document sharing and meeting memos. There is also a space for discussion, but urgent messages should be sent out via email.

External Communications

Communication for Finnish authorities is focused on D3 results, D5 and D7. The goal of external communication here is to engage with Finnish authorities so that they can find the guidelines and instructions in D3 and that they would attend the trainings and seminars in D5 and 7.

Reaching the authorities needs support from beneficiary ministries in all deliverables. This could mean using email lists, newsletters or webpages and social media for spreading information. The guidelines will also need a permanent place to be stored for them to be easily available after the project is finished.

For wider public and international communications, the focus is in D3 results, D7 seminars. It is to be expected that the project might have wider interest within the Finnish audience and press and internationally especially within EU. Targeted communications about the project will happen after the guidelines have been approved and when the project is nearing end. The two seminars serve as a major communication event both nationally and internationally.

For both D3 and D7 project team prepares press release base for the beneficiary ministries and DG and supporting social media posts.

Project team will prepare a short presentation of the results of the whole project that is engaging for the wider public and can be used independently also after the project is finished.

Responsibilities of project team and ministries

Project team prepares content for web pages, press releases and social media with agreed languages (FIN/ENG). Project team also provides support with other communications content when needed. Beneficiary ministry (YM/TEM) checks content and provides Swedish translations when needed. Ministry (YM/TEM) is responsible for possible web page ie. technical updates, pictures, accessibility etc.

Project team provides external communications material as needed, approximately bi-monthly and uses mostly beneficiary ministries and DG's communications channels but reshares all materials through their own channels. Project team is also able to produce materials for short and simple webpages located for instance in tem.fi or ym.fi.

Graphic Guidelines

All communications material (internal and external) will include logos of three project orgnisations, EU Flag and project's specific logo. External communications will be provided in accessible form.

Project fact sheet

Visual project fact sheet in English and Finnish is provided as a separate pdf-file.

ANNEX 4. PROJECT FACT SHEETS

Project fact sheets are submitted as separate files as text and as visual project fact sheets (In English and in Finnish)