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D4 – Data governance for DNSH

REFORM/SC2022/063

DO NO SIGNIFICANT HARM (DNSH) GUIDELINES FOR IMPLEMENT-
ING THE GREEN TRANSITION IN FINLAND

1.9.2023

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List of Abbreviations

Abbreviations	Descriptions
DNSH	Do No Significant Harm
CP	Cohesion Policy
CPF	Cohesion Policy Funds
CPR	Common Provisions Regulation
EAFRD	European Agricultural Fund for Rural Development
EAGF	European Agricultural Guarantee Fund
ERDF	European Regional Development Fund
EIA	Environmental Impact Assessment
ESIF	European Structural and Investment funds
EU	European Union
FAQ	Frequently Asked Questions
IT	Information Technology
JTF	Just Transition Fund
LCA	Life Cycle Assessment
NDA	Non-Disclosure Agreements
RfS	Request for Service
RRP	Recovery and Resilience Plan
RRF	Recovery and Resilience Facility
SEA	Strategic Environmental Assessment
SDG	Sustainable Development Goals
TSI	Technical Support Instrument
UN	United Nations

Executive Summary

Summary of D4 tasks as outlined in Request for Services	Main results from D4 and structure in the report
• Mapping of DNSH related reporting obligations of the different EU funds and programmes (with reference to deliverable 3) • Identifying the minimum level of data needed to report on implementation of the DNSH principle at both levels: 1) entities managing public investments; and 2) project implementers/grant beneficiaries.	• The mapping of EU obligations and existing Finnish structures and systems for collecting relevant information are described in Chapter 2.
• Analysing how to best govern and steer the collection and management of data towards EU Taxonomy alignment (data sources justifying compliance with DNSH principle and EU Taxonomy Regulation).	• Chapter 3 provides an overview of the different types of data related to DNSH. • Chapter 4 describes in more detail the governance structures in Finland for different types of DNSH data and provides information on the forthcoming changes in Finland related to public funding information management systems.
• Engaging with key stakeholders (data users) in the design and testing of the recommendations (co-developing of technical requirements for the database)	• Analysis focused on addressing the needs for developing a national common database for different type of DNSH-related data. The work is based on extensive stakeholder consultations with key stakeholders.
• Assessing the feasibility and drafting of recommendations for establishing a common database for relevant data collection	• Chapter 5 summarises the identified needs for DNSH-related data and Chapter 6 presents the main recommendations. • The greatest interest relates to general environmental data, which would be in a form that could be used directly in DNSH assessments, and project-specific environmental data provided as part of DNSH assessments.

	• Major barrier for a common data platform is that data points of most interest are confidential and decentralised, preventing attempts to make this data available for more general open use.
	• The stakeholder consultations did not reveal a clear authorities' need for a centralised national data platform for DNSH-related data. Existing data management systems developed for RRF and Cohesion Policy funds purposes work now well enough. The situation may change, however, if DNHS requirements become more widespread.
	• Finland is in the middle of reforming the national governmental grant operating model and related IT systems. The forthcoming unified government grant IT system should be linked to DNSH and used if DNSH would be expanded to be used with some national funding. There is a general need to develop environmental criteria for public funding and DNSH criteria are one option
	• The new government grant operating model to have a centralized place for all instructions and guidelines will be the best place to store and update DNSH guidelines and instructions.
	• The need to have separate systems for each EU fund will remain for some time, but over time the aim is to bring EU and Finnish national funding practices, including DNSH criteria, as close as possible to make it easier for applicants and authorities.

	• Finland is a small country and coordination and creation of centralised data platforms should be done together with other Member States and the European Commission in order to increase efficient information sharing, rather than creating national data platforms.

1   Introduction

1.1 Developing DNSH guidelines in Finland

This project, funded by the European Commission's Technical Support Instrument (TSI), provides guidance to Finnish public authorities on the implementation of the 'Do No Significant Harm' (DNSH) principle in public funding decisions and to funding applicants on how to follow the principle. The project will contribute to the implementation of the European Green Deal by providing the Commission, EU Member States and the wider community of DNSH practitioners with lessons learned from a variety of pilot cases and clear guidelines. Specific expected impacts of the project are the following.

- Finnish public authorities have a good understanding of the targeting of public funds towards climate and environmental objectives and of the DNSH principle (at which point environmental harm becomes significant) and have clear guidelines, materials and efficient data and monitoring systems. Long-term impacts can be seen, for example, in clear progress towards national climate and energy targets.

- There is an increased capacity to integrate the DNSH principle into relevant funding/public sector organisations in Finland. This requires clear guidelines and successful training sessions with relevant participants, who are then able to use the knowledge to further build capacity. Long-term impact will be achieved when funding organisations are able to integrate the DNSH principle into their funding procedures and processes, where deemed appropriate.

- The project will contribute to the implementation of the European Green Deal (requires that the results of the project are useful for other EU Member States, that good practices and lessons learned are shared and that there are clear follow-up plans to take the results forward). The long-term impact will be determined by the progress made by EU Member States in taking forward the guidelines and lessons learned.

The project started in July 2022 and will run until April 2024. The detailed work plan is described in the inception report (D1) accepted in October 2022. The work is structured around eight deliverables (D1 - D8) divided into three work packages:

1) Identification of investment needs and gaps for the green transition in Finland (D2);

2) Preparation of DNSH guidelines for Finnish managing authorities, applicants and funding recipients, and training for Finnish funding authorities. This phase will also address data management and governance required for successful implementation of the DNSH (D3, D4 and D5);

3) Providing ad hoc support for the application of the DNSH guidelines in selected pilot cases and organising two seminars to present the results of the project. The final seminars will be organised in March 2024 (D6, D7 and D8).

The main beneficiaries in Finland are the Ministry of the Environment, together with the Ministry of Agriculture and Forestry, the Ministry of Economic Affairs and Employment and the Ministry of Finance. Beneficiaries may also include state agencies and regional authorities.

1.2 Objectives and structure of the report

The scope and purpose of this D4 report is to focus on data management and reporting issues related to DNSH. There are many links between this report and the D3 report on DNSH guidelines, which also includes analysis and guidance on monitoring, reporting and implementation practices. The main report on D3 also includes recommendations on the governance of DNSH linked to data and monitoring issues.

The initial task for D4, as defined in the RfS, was to assess the feasibility and draft recommendations for the establishment of a common database for the collection of relevant data and to co-develop technical requirements for the database. Since the publication of the RfS, the need for this common database has changed. An important ongoing development is the renewal of the national information systems and operating model for government grants[1], which should be considered when drafting future recommendations. The inception report (D1) clarifies that the aim of D4 is to focus on the needs for DNSH-related data and recommendations on how to optimise access to and management of data for the purposes of monitoring DNSH compliance. The report is structured as follows:

- Chapter 2 presents the existing DNSH-related reporting obligations of different EU funds and programmes, and describes the current reporting management structure in Finland to meet the requirements set by the EU at the time of writing (spring 2023).

- Chapter 3 provides an overview of the different types of data related to DNSH.

- Chapter 4 describes in more detail the governance structures in Finland for different types of DNSH data and provides information on the forthcoming changes in Finland related to public funding information management systems.

- Chapter 5 summarises the different needs for DNSH-related data and some of the barriers identified in the stakeholder consultations.

- Chapter 6 summarises the main recommendations for the future.

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[1] https://vm.fi/valtionavustustoiminnan-kehittaminen

2 Summary of the DNSH reporting obligations of different EU funds and programmes

2.1 Required data by EU

Reporting under EU funds and programmes comes with different sets of DNSH data requirements. This section gives an overview of these data requirements under different EU funds and programmes that are relevant within Finnish context. Currently, there are three EU funds of particular DNSH data (requirement and reporting) importance, being the **Recovery and Resilience Facility (RRF)**, funds falling under the Cohesion Policy (CP) funds, being the **European Regional Development Fund (ERDF),** and the **Just Transition Fund (JTF),** and also the European Agricultural Fund for Rural Development (EAFRD).

2.1.1 Recovery and Resilience Facility (RRF)

Table 1 gives a consolidated overview of the data requirements and reporting obligations for the RRF.

Table 1. Data requirements and reporting obligations for the RRF

DNSH component RRF	Each measure within the RRP should comply with the DNSH principle, indicating the RRF provides that no measure within an RRP should lead to significant harm to environmental objectives as described in Article 17 of the Taxonomy Regulation.
DNSH data requirements	For each RRP measure, Member State should concretely show it complies with DNSH. This is done through a checklist (provided in Annex 1 of the RRF Technical Guidance). Answers to the checklist should be integrated into the RRP. The checklist asks for two types of information: **Part 1:** Indication per environmental objective whether a substantive DNSH assessment is required – justification if answer is 'no'. **Part 2:** Provision of substantive DNSH assessment for environmental objectives that require it by answering specific questions for the objective. Member State may optionally provide supporting evidence based on a list in Annex II of the Technical Guidance.
Reporting, audit and control framework[2]*	In their RRPs, Member State should describe the internal control systems in place to fulfil their obligations in the context of the RRF: • Control systems against double funding, conflict of interest, corruption, fraud • Details on the responsible bodies and their capacity • Record keeping & collection of data on final recipients

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[2] The process how Finland responds to these requests is described in detail in Section 2.2.

	• National audit strategy including the type/number of audits to be carried out and the name of the body in charge of collecting the information included in the summary of audits
	The role of the Commission in the audit framework is to confirm correctness of achievement of milestones and targets put forward by the Member States.[3]
Flow of data reporting[4]	Member State should report on measures in their RRP and submit their RRP to the Commission. The latter assesses the RRPs, after which the Council will approve the RRPs on a case by case basis.[5]
Start and frequency of reporting	The RRF finances reforms and investments in Member State from February 2020 until 31 December 2026. Member State can twice a year submit payment requests to the Commission. Each request for payment must be accompanied by a management declaration and complemented by a summary of audits carried out. The audits should be carried out "regularly" (no further specification). The Commission will assess the summary of audits, identity the audit gaps in case they're there and take it into account for the risk assessment. The Commission will also undertake its own audits and if gaps have been identified, it will increase their frequency/intensity.
Level of reporting	For each RRP measure (i.e., each reform and investment), Member State should concretely show it complies with DNSH, indicating an assessment should be performed for each individual measure.

2.1.2 Cohesion policy (CP) funds – ERDF/CF/EAFRD

Table 2 gives a consolidated overview of the data requirements and reporting obligations for the Cohesion policy (CP) funds.

Table 2. Data requirements and reporting obligations for the Cohesion policy (CP)

DNSH component CP funds	CP funds under the Common Provisions Regulation (CPR)[6] should support activities that would do no significant harm to environmental objectives.[7]
DNSH data requirements	According to the Commission explanatory note on applying the DNSH principle under CP, Member State must ascertain that programmes comply with the DNSH principle before they are submitted for adoption by the Commission. This is done by carrying out a DNSH assessment for each action under a programme, building on findings of the Strategic Environmental Assessment (SEA).

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[3] In addition, the Commission will carry out the following audits: system audits as regards milestones and targets (to assess the reliability of systems to collect, verify, edit, correct, and declare milestones and targets); system audits on (i) measures implemented to protect the financial interest of the union (including fraud, corruption, conflict of interest, double funding) and (ii) serious breaches of the Financing Agreement; audits carried out in case of suspicion of serious irregularities. Also see https://www.europarl.europa.eu/cms-data/241491/4.%20M.Schlefhout_PPT_PH%20on%20audit%20%20control_25%2010%202021.pdf

[4] i.e. who should report to whom?

[5] https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility_en

[6] The CPR establishes common arrangements for eight funds, among which are the ERDF, CF, and JTF.

[7] According to Article 17 of the Taxonomy Regulation.

	The Commission explanatory note accordingly recommends to follow the approach taken under the RRF, adapting it to take into account the CPR legal framework, to ensure a consistent application of the DNSH principle across EU funding instruments. This is reflected in Figure 1 (Figure 1 of the note), showing the step-by-step approach to integrating the DNSH component into CP funds.
Reporting, audit and control framework	To demonstrate the DNSH assessment has been carried out for all types of actions under a programme, each programme should include a statement under each environmental objective whereby one of the below options is selected: *"The types of actions have been assessed as compatible with the DNSH principle, since:* • *they are not expected to have any significant negative environmental impact due to their nature, or* • *they have been assessed as compatible under the RRF, or* • *there have been assessed as compatible under the RRF DNSH technical guidance, or* • *they have been assessed as compatible according to Member State's methodology."* Member state should also document supporting information on how the DNSH principle has been taken into account and make it available upon request of the Commission. Each programme should include the statement under the heading *The related types of actions* in section 2.1.1.1 *Interventions of the Funds*. In case the pursuit of the objectives of the applicable CP fund as proposed by the member state in their programme does not take into account the DNSH principle sufficiently, the Commission may request further information and make observations within three months. After the review of the programme by the member state, if it still cannot be concluded that the DNSH principle is taken into account, the Commission will observe the programme again and not adopt a decision approving the programme.
Flow of data reporting	Member state should send the programmes to the Commission, whereafter the latter will assess the programmes in line with the CPR. Thereafter, the process starts as described under "Reporting, audit and control framework".
Start and frequency of reporting	The Cohesion Policy, under which the ERDF, CF and JTF fall, runs from 2021 to 2027. The reporting under the Funds starts with the submitting of the programme to the Commission for approval of sufficient integration of the DNSH principle in the programme.

	Though there is no explicit information on the frequency of reporting, the Commission explanatory note does indicate that member states are responsible for implementation of the DNSH principle throughout the programming period.[8] Related, member states, in order to ensure programme operations fall within the types of actions which have been assessed as DNSH compliant within the programmes, must (i) put in place sufficiently detailed selection procedures to ensure actions fall within the DNSH compliant action types and (ii) are compatible with applicable EU environmental law.[9]
Level of reporting	A DNSH assessment is carried out for **each type of action** under a Cohesion Policy programme. Once only types of actions are included in the programme that pass the assessment, the full programme is sent to the Commission by the member state. In case a type of action cannot be adjusted to take into account necessary mitigation measures to be implemented to prevent and offset any significant harm to the environmental objectives, the type of action should be removed from the programme.

Compliance with relevant EU environmental legislation is additionally required for **each operation** within funds under the Cohesion Policy Regulation (CPR). Accordingly, for programmes obligated to and that are part of one of the CP funds, a Strategic Environmental Assessment (SEA) is carried out.[10] |

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[8] As the explanatory note mentions "No obligation is laid down in the cohesion policy. Regulations requiring a case by case assessment of compliance of each operation with the DNSH principle per se, but rather that operations fall within the types of actions which have been assessed as DNSH compliant within the programmes." See https://www.anpal.gov.it/documents/552016/1098881/06_EGESIF_21-0025-00_DNSH_expl_note.pdf/23bd2ac2-a422-a570-599e-e976c7eb33d5?t=1634727397571

[9] Requirements for these steps are described in section 6 (Compliance with the DNSH principle during programme implementation) of the Commission explanatory note.

[10] The CPR additionally requires – the thematic enabling conditions under Policy Objective 2 which make funding conditional to the fulfilment of certain criteria derived from the environmental acquis; – in case of non-compliance with any of the rules, the regulatory framework provides for effective mechanism for not disbursing EU Funds to the programmes concerned, hence preserving the general objective of the DNSH principle.
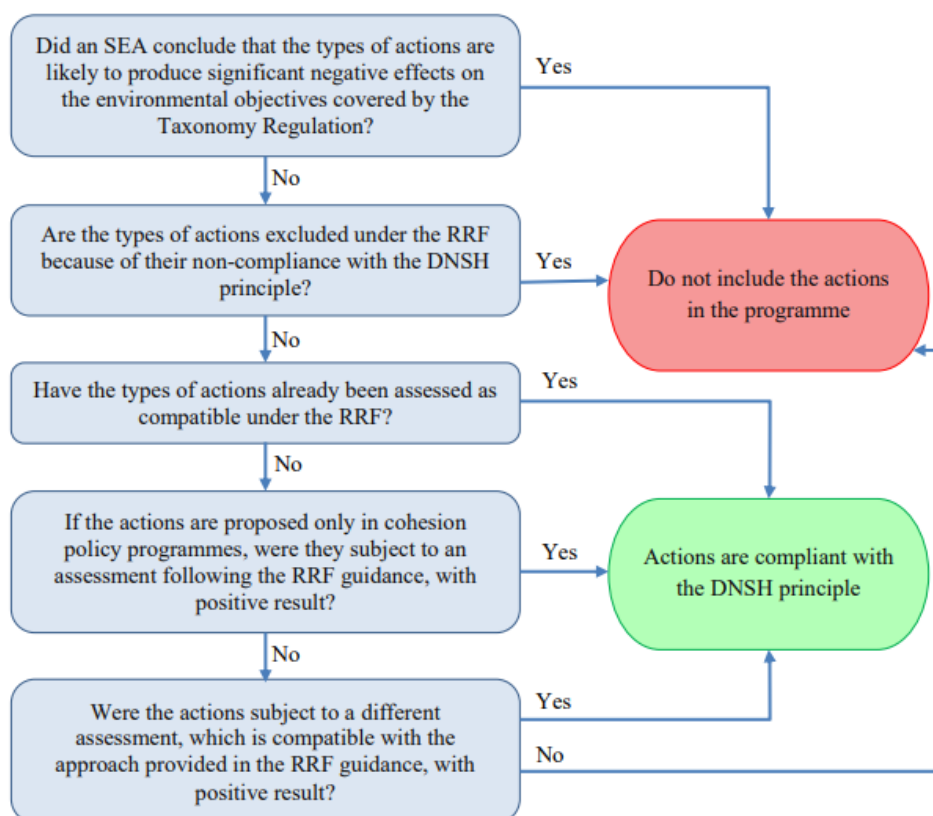
Figure 1. Applying the DNSH principle to Cohesion Policy funds (Figure 1 from the Commission explanatory note[11])

2.1.3 European Agricultural Fund for Rural Development (EAFRD)

The EAFRD, with the implementation period being from 2021 to 2027, does not provide specific DNSH data requirements for investments made under the fund. In fact, specific references to the DNSH principle under the EAFRD are non-existent. The sole information stems from the regulation establishing rules for CAP Strategic Plans financed by the European Agricultural Guarantee Fund (EAGF) or EAFRD, which mentions the EAFRD should not provide support for investments that would harm the environment, indicating the development of exclusion rules.[12]

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[11] Commission explanatory note

[12] Article (90) of the regulation specifically states " In particular, the EAFRD should not finance investments in irrigation which do not contribute to the achievement, or the preservation, of good status of the associated water body or bodies, and should not finance investments in afforestation which are not consistent with environmental and climate-related objectives in line with sustainable forest management principles." See: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R2115

2.2 Existing structure in Finland to respond to EU reporting obligations

Consolidated RRF monitoring by the Finnish State Treasury

As of Spring 2023, the State Treasury is responsible for storing and hosting all Finnish DNSH assessment related data for RRF. RRF-related data and reporting issues are the most prominent, and they are covered by a temporary law (hereafter RRP Act)[13]. The RRP Act came into force in July 2022 and covers the role and responsibility of the Ministry of Finance and all funding authorities with regards to RRF implementation, governance, and reporting. The Government Financial Controller's Functions have the responsibility over auditing functions.

The RRP Act stipulates that funding authorities must submit all new DNSH self-assessments carried out by applicants and evaluations carried out by the funding authority to the State Treasury. The responsibility to supply DNSH assessments to State Treasury apply also to cases where the beneficiary is the governmental organization (e.g., a government internal projects funded by RRF). In these cases the assessment is done in one step and does not include the evaluation part.

The State Treasury collects the DNSH documents and, if necessary, sends additional requests to the funding authorities. The State Treasury monitors that the funding authority acts in accordance with national law and follows the European Commission's guidelines. The State Treasury also performs checks, information requests, and provides reports based on them. The State Treasury can also support any actor that would carry out audits at project level by providing access to all relevant documents.

The State Treasury uses two information systems for storing DNSH documents. One for internal governmental projects ("Hankesalkku") and a new RRP system has been developed to support the authorities in providing the RRF related DNSH documents from projects with the beneficiaries. The role of the RRP system is to ensure that Finland complies with the specific conditions of the RRF. Each funded project has a DNSH self-assessment document and authority's assessment of this document stored in the system.

The State Treasury does not work directly with the beneficiaries, but with the funding authorities. Therefore, all guidance provided by the State Treasury is for the authorities, who have also passed on some of the guidance to the applicants.

Monitoring and reporting related to Cohesion Policy Funds

For ERDF and JTF there is a separate IT system called EURA2021[14]. EURA2021 is used by applicants to file the applications and for all the tasks to manage and report the projects. EURA2021 covers also all the tasks of authorities to managing and reporting the funded

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[13] https://www.finlex.fi/fi/laki/alkup/2022/20220537
[14] https://eura2021.fi/

projects. All the requirements for the system come directly from the EC and are done according to the requirements depicted above in section 2.1.2. EURA2021 works for this specific programming period, the next programming period will have its own structure, so it would not necessarily be the same in the future.

3   Data and information related to DNSH

As described in Chapter 2, the Commission's requirements and reporting obligations to the Commission relate to DNSH assessments at programme level - ensuring that the measures and actions designed by Member States are DNSH compliant. However, the more interesting data sets are the DNSH related data at project level. In general, there are four different types of DNSH-related data at project level, coming from different levels, forms and details (see Figure 2):

- **General environmental data,** which includes all types of information about the natural environment. This could be emission factors, water consumption, BAT values, etc. Many environmental data and databases are sector specific. Different types of data needed for EIA are available in different formats and for different uses. There are many open data sources, as well as commercially available databases (e.g. for LCA), and the use of the data as well as the validation of the data usually requires specific expertise.

- **Project specific environmental data** are all data that represent the environmental impact of the activity. The project specific data is created when the general environmental data is combined or analysed through the lens of an activity, i.e., a building, the manufacture of a product, the provision of a service. This could be a carbon footprint calculation, a life cycle assessment, a water use calculation, a biodiversity impact analysis, etc. The availability and depth of this data varies widely, and in many cases this data is not available at all or is highly confidential and not accessible to anyone other than the applicant or, to some extent, the funding or approving authority.

- **The DNSH (self-) assessment** is a data point where in most cases the applicant, but in some cases the authority, makes an assessment of whether or not the activity causes significant harm to the six environmental criteria. This may be based either on some form of environmental data or on project-specific impact estimates. The DNSH assessment may often be qualitative only, based on general environmental data of known facts.

- **The DNSH evaluation** is a data point where the funding authority makes a decision on whether the project is DNSH compliant or not. The authority makes the decision

either on the basis of the DNSH (self-) assessment alone or, in some cases, on the basis of environmental data or some other form of verification.

- **The DNSH programme assessment** is a data point where the funding authority assesses the whole funding programme as to whether or not the programme as a whole may have significant environmental impacts. The programme assessment can be based on programme-specific environmental data, general environmental data or project-specific environmental data provided by the applicants.

In this report the focus in on the project level DNSH data which consist of DNSH assessment and evaluations submitted to relevant information management systems (see Figure 2). Some recommendations related to programme level assessment data are made in Chapter 6.
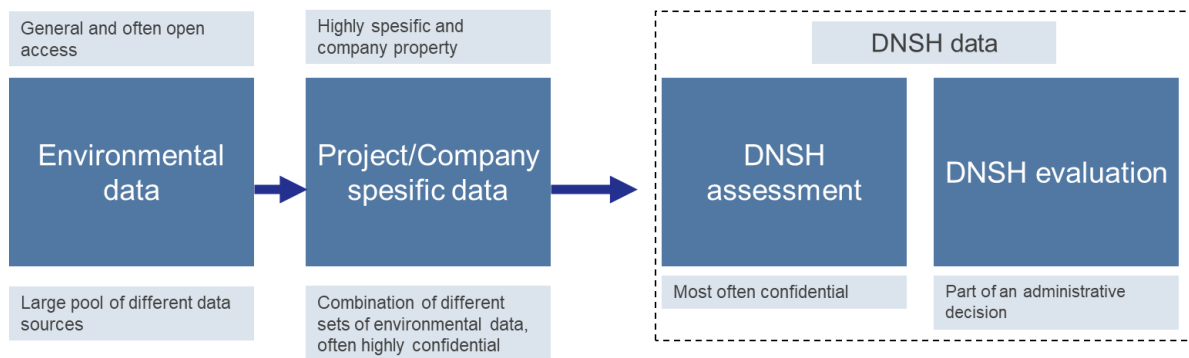

Figure 2: Different types of DNSH data related to projects and their relationship

It is not feasible to think of a centralized databases or platforms for project or programme specific environmental data. There is no centralised way of transforming universal environmental data into calculations that apply to all types of projects or companies. Each company has to create their own environmental data, and they may not create that for all the environmental objectives, but to only those objectives that they deem most valuable to them, such as carbon footprints or LCA calculations. Some open databases have been developed to the public by EU to help companies seeking environmental data for their DNSH assessments (see Information Box 1). Some Member States aim to develop also open platforms for companies to help them in assessing environmental impacts for DNSH purposes. Information Box 2 presents one such example from Spain where different temperature projections are provided by regions to be used as background data for climate proofing. One should note, however, that the national environmental databases are developed typically also for wider use for making environmental impact assessment and not for specific DNSH purposes.

Information Box 1: Open-access environmental data in the EU

European institutions have developed a number of platforms providing access to environmental data, including:

- BISE, or **Biodiversity Information System for Europe**: this platform gathers information on the current state of biodiversity in Europe (including maps) and on the central concepts of biodiversity policy (introduction to the risks and protected areas).
    - *Possible use by managing authorities*: identifying the types of species and types of landscapes that are the most at risk in Finland for developing DNSH criteria focused on the more vulnerable biodiversity
    - *Possible use by applicants*: understanding the basics of biodiversity protection through simple and targeted overviews

- **Climate ADAPT**: this platform provides information on both policies and the current state of adaptation. It gathers data on current climate change-related risks, adaptation-related indicators, and tools for assessing the economic effects of the impact of climate change.
    - *Possible use by managing authorities*: identifying the most pressing risks that the DNSH principle for adaptation is jeopardized, based on the repository of national, local and sectoral reports on adaptation needs (see "Key reports and publications")
    - *Possible use by applicants*: finding data on the adaptation risks and needs in the area of their project (see "Climate projections and services"[15])

- WISE, or **Freshwater Information System** for Europe: the platform focuses on the quality of waste water treatments and freshwater (an equivalent platform exists for marine waters). The data applies at the national level but may still offer valuable applications for managing authorities.
    - *Possible use by managing authorities*: identifying the most pressing risks in terms of freshwater quality, for instance through the data on reasons for failure to achieve good freshwater quality or on exploitation of water basins per sector in Finland.

- European **Industrial Emissions Portal**: the platforms gathers information on existing industrial sources of pollutants.
    - *Possible use by managing authorities*: identifying the areas where there is already a higher risk that the DNSH principle is jeopardized for the pollution prevention and control objective.

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[15] For applicants that are not expert with adaptation, this may require an introduction by managing authorities, or that managing authorities make data extracts relevant to the project.

Applicants for funding use general environmental data from various sources to carry out their own environmental impact assessments. The challenge with general use of this project-related DNSH data is that it tends to be highly confidential business information that is not readily available for scientific or commercial purposes, or even to the authorities. The data provided by the companies to supplement the DNSH assessments is in almost all cases highly confidential. A practical example of this is the DNSH project in Finland. The project team received copies of the DNSH assessments and evaluations from Business Finland and the Ministry of Economic Affairs and Employment under strict NDA for project research purposes. Business Finland also provided project descriptions of selected programmes. The material from the Ministry of Economic Affairs and Employment was partially redacted, with most of the sensitive material that would have provided justification for the main response being redacted.

The DNSH data consists of the DNSH assessments and the DNSH assessments carried out by the authorities. Currently in Finland with RRF, the applicant at least gives a short, written answer to the first level question of whether or not a deeper assessment is needed for each DNSH objective. Often these answers are standardised answers without further elaboration. Beyond this minimum level, the applicant always provides a project description, which includes project-specific information that provides the funding authority with some context for the assessment.

The next level is for the applicant to provide a written response that includes some additional arguments as to why the project is DNSH compliant, with some quantitative or qualitative data or description as to why the project will not cause significant harm. The project description may also include a more detailed description of the project's environmental impacts.

The most detailed data is provided for large investment projects currently funded by the RRF, e.g. by the Ministry of Economic Affairs and Employment. Here again, the applicant provides a brief written response as to whether there is a need for further investigation of DNSH compliance with the objectives. In addition to the written arguments, the applicant provides other relevant documents depending on the type of the project, including but not limited to

- Carbon footprint calculations and how they were made

- LCA calculations and how they were made

- Carbon sink evaluations

- EIA (YVA) evaluation and its annexes or materials provided for EIA-evaluation

The Ministry of Economic Affairs and Employment does not request data in a standardised format and project-specific information is provided by the applicant in the format they have, often through several rounds of consultation.

Programme level DNSH assessments (completed for each measure and/or action of EU funded programmes) are collected and managed by the Ministry of Finance and are publicly available in programme documents. These datasets are not further processed or used. An example of the use of this information to assist applicants is provided by Italy in Information Box 3.

Information Box 3: Accessibility of DNSH assessments in Italy

In Italy, DNSH-related information on RRP measures is available online to all stakeholders. The description of the DNSH assessments carried out for each measure of the RRP at national level (i.e., corresponding to the level of the Ministry of Finance in Finland) is provided on open Excel sheets. This information can be voluntarily used by applicants (e.g., as a reference point) when developing applications at call or project level. This can help them to better understand the logic of the measure they are applying for (risks to environmental objectives, governance, justification, type of analysis).

The DNSH assessments are provided in a standardized format and can be used by applicants to better understand the type of analysis that must feed into their self-assessments. Because assessments are open to all stakeholders for all environmental objectives, applicants are provided with a concrete example of the expected content of justifications for in-depth and simplified (scope, level of detail, references).

Italy does not however extend this practice at the project level, so business sensitive data is still not shared openly when it comes to the DNSH.

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4 Finnish governance structure of DNSH related data and information

4.1 Current governance structure for DNSH data

DNSH-related data collection starts with the interface between applicants and funding authorities, based on the DNSH requirements that each authority sets. In Finland, there are more than 30 funding authorities providing RRF funding and about 90 public funding authorities in total. The existing instructions and the type of information collected as part of fulfilling the DNHS principle for RRF and Cohesion Policy funds are described in detail in the D3 report. The interfaces between applicants and funding authorities are different for different funding authorities, and some of them, especially Business Finland, have their own IT systems and portals for managing projects from application to reporting, to which both the applicant and the funding authority have access.

In order to develop system for collecting and storing RRF related data, the Ministry of Finance commissioned in summer 2021 a preliminary study for its implementation. Existing information systems were reviewed, but none of them were sufficient to meet the reporting and monitoring requirements of the RRP. It would have been impossible to implement changes to the existing systems within the timeframe. It was concluded that it is more cost effective to develop a new IT system for RRP purposes. The RRP Act and the IT system created to implement it extend into the 2030s, as monitoring and reporting requirements will continue beyond the initial rounds of funding.

Currently, funding authorities submit DNSH data from their own IT systems to the State Treasury's RRP IT system by hand. More automatic interface between Business Finland's information system and State Treasury's RRP system was in testing phase during the writing of this report but it has since been accepted and is operational since summer 2023. It should be noted that the RRP IT system is designed to collect and store all RRP related monitoring information, not just DNSH related data. The current RRP IT system is only designed to store and report data for the authorities.

4.2 Consolidated IT system to cover all government grants and funding in future

DNSH in Finland project is focused on assessing the possibilities to apply DNSH principle in national public funding also beyond EU funding. In this context it is relevant to take into account the large national reform process of the government grants information management

system and operational practices[16]. One aim of the large reform process is to create a "one-stop-shop" for the applicants to get information of all public funding available and to submit their applications and also to streamline the authorities' processes to manage the funding. The five-year development project for developing and digitalising government grant activities will be finalised by the end of 2023 and the work continues with implementation.

One step of the development project has been the renewal of the Act on Discretionary Government Grants which assigns now more centralized responsibilities to State Treasury. The new Act[17] describes the forthcoming data repository requirements as follows:

"***Data repository of government grant activities.*** *The purpose of the data repository of government grant activities is to manage, collect and convey information on discretionary government grants and to improve the efficiency of the monitoring of their use. The State Treasury maintains the data repository services, which include:*

1) the service for publishing calls for government grant applications and carrying out application related transactions;

2) the service for publishing and using government grant information;

3) the service for processing and managing discretionary government grants.

Information stored in the data repository of government grant activities includes information on the applying for, awarding, payment, use and monitoring of discretionary government grants and on their repayment and recovery, necessary for carrying out the duties referred to in this Act. Information belonging to special categories of personal data that is necessary for processing government grant applications and monitoring the use of government grants may be stored in the data repository.

The State Treasury may modify and combine information stored in the data repository to improve its quality and usability."

The Act states that the State Treasury is responsible for the technical functionality and usability of the data repository and the related services, the technical interface for storing information and for submitting, processing, and granting access to the minimum information and for the integrity and retaining of information. The State Treasury under the Ministry of Finance is developing this new national IT system, which will cover all government grants to all beneficiaries in accordance with the Act. In 2023, the first version of the system will be largely ready, and the implementation phase has started as a pilot with some of the funding agencies. As the new platform will cover most, if not all, government grants and subsidies in the future, it would also be the only logical place to include all DNSH assessments and evaluations. There should be no major barriers to the inclusion of the DNSH in the platform and its processes when needed. The new national system should also be the main place to provide all

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[16] https://vm.fi/valtionavustustoiminnan-kehittaminen
[17]   https://www.finlex.fi/fi/laki/ajantasa/2001/20010688,   https://www.finlex.fi/fi/laki/kaannokset/2001/en20010688_20221075.pdf

guidance and relevant information to applicants and authorities. It would therefore also be a logical place to store and distribute DNSH-related instructions and guidelines.

The new IT platform will mainly be used with national funds, as EU funds often have much stricter reporting and governance requirements than national funds, making it difficult to include new specific issues such as DNSH. On the other hand, monitoring and reporting requirements will be extended to national funds in order to rationalise national and EU funds and to prevent corruption. The long-term aim is to eliminate the need for separate EU systems, but so far, the EU requirements have lead to a situation where it has been more cost-efficient to create separate IT systems.

The forthcoming national IT system for government grants will be aimed at applicants and their application process, regardless of sector or type of grant, so that any organisation applying for government grants or subsidies will be able to use the same portal instead of decentralised systems and guidelines. The same applicant may be a recipient of several types of public funding, for example for different stages of the innovation process, and this centralised portal would provide a one-stop-shop for all stages. In theory, this would reduce the administrative burden for both the applicant and the authority if the DNSH self-assessments were carried out at the same time and place as the rest of the process and evaluated as part of the process. One should note that the roadmap for full implementation takes years ahead.

5 Needs for DNSH related information

The analysis of different types of needs and interests for DNSH-related data is based on the technical consultations and stakeholder interviews conducted during the inception phase and as part of the D3 information collection, as well as targeted interviews with Business Finland, the Ministry of Finance, the Ministry of Economic Affairs and Employment and the Ministry of Finance.

The initial question was to analyse the need and demand for DNSH-related data to be shared by a common national platform. This question is analysed in the following sections according to the type of information.

5.1 Needs for general environmental data and project specific environmental information

The greatest interest relates to general environmental data, which would be in a form that could be used directly in DNSH assessments, and project-specific environmental data provided as part of DNSH assessments (i.e., EIA or company reports). At the start of the implementation of the DNSH principle, there was greater interest from the business sector in having access to this type of data in an easy-to-use format. The main interest came from the consultancy sector, which carries out DNSH assessments on behalf of applicants. The interest in this type of data may be increasing as the requirements to carry out DNSH assessments become more widespread, but at the same time it has become more apparent that there are strict confidentiality restrictions on gaining access to the data. As described in Chapter 3, the data points of most interest are confidential and decentralised, preventing attempts to make this data available for more general open use.

Although the very specific environmental impact data from companies will not be available and open, there is a need for more concrete examples of project background documentation that would be sufficient for DNSH assessments. Building such a library of examples, which could also be openly shared, would require more evidence and experience from different sectors. One has to take into account the relatively small size of Finland with a large variety of project types funded by RRF and ERDF/JTF, which means that the number of users for specific examples may be rather small. From a cost-efficiency point of view, one needs to carefully consider the feasibility of developing national open platforms for this data.

5.2 Needs for DNSH assessments and evaluations

DNSH self-assessments and DNSH evaluations are more structured than general environmental data and project-specific data and background information. They are based on

existing templates and guidelines and focus on simply answering whether the activity has a negative impact on the six environmental objectives. The most common need, both for applicants undertaking the assessment and for the authority undertaking the assessment, is to have more concrete examples of what is considered significant and what types of environmental impacts are acceptable. Some information exchange portals are being developed in Member States for this purpose (see examples Information Boxes 4 and 5).

In the future, as the general understanding of the environmental impacts of different activities increases, there may be a growing demand to provide the DNSH assessment in a more structured and sector-specific format. This could be done at the level of programme design. An example of encouraging applicants to carry out uniform assessments and verification measures can be found in the Italian RRF example in Information Box 3, where DNSH assessments for different sectors are collected and shared at programme level. So far, the stakeholders consulted who currently carry out DNSH assessments and evaluations don't see the need for such a collective platform, as the benefits would not outweigh the additional work that would be required to create such a platform. This may change as DNSH becomes more commonplace in most of the funding in both the private and public sectors.

As part of the analysis, also the needs for DNSH-related data for research purposes was elaborated. In the future the DNSH assessments and evaluations could form an interesting dataset for understanding the environmental impact of Finnish companies. However, in order to fully analyse the DNSH assessments and evaluations, the background information on the projects would be needed and the confidentiality restriction would again limit the use of the data. The need for this type of data for research purposes seems to be very limited. For example, so far, no requests for this type of information have been made to the State Treasury.

Information Box 4: Centralization of information about the DNSH principle in Belgium and Italy

Belgium and Italy provide DNSH practitioners with a one-stop-shop website of information point, centralizing questions, datasets and introductions to the DNSH principle. This system entails three valuable characteristics:

- Limit the administrative burden for applicants: the existence of a central email address for the DNSH helpdesk in Belgium, and DNSH-related website in Italy (including a thorough FAQ page) facilitate the process for applicants;

- Centralize the lessons learnt: the centralization of DNSH information (i.e., from authorities and from proponents) ensures that good and bad practices are listed in a sole catalogue. This facilitates the learning process of the national DNSH team;

- Standardize the format of data and information: standardization facilitates the training of managing authorities and of proponents, by allowing DNSH teams to develop a sole core training about DNSH. It also limits the administrative burden for applicants who apply the DNSH principle in multiple sectors and/or programs. In Italy, [DNSH checklists](#) providing DNSH criteria are built on the same structure (ex-ante and ex-post) and with the same type of vocabulary and level of detail across all sectors.

Information Box 5: Verification of DNSH data in Czechia and Slovakia

Czechia and Slovakia have a similar approach as Finland and intend to limit the administrative burden for applicants. This notably takes shape in their procedure to verify and assess the data used by applicants.

In Czechia, proxies are used to facilitate the validation of applications: the consistency with strategic documents and policies (e.g., regional waste management plans) and the provision of bonuses for additional green measures (e.g., green roof in an infrastructure project, measures to increase energy performance) facilitate the verification of compliance with the DNSH principle through a by-pass of complex criteria and assessments. In addition, managing authorities lighten the verification of data for environmental objectives that do not appear as a priority in the context of the project (e.g., the environmental certifications of showers and toilets can for instance be verified more lightly in smaller projects).

In Slovakia, the DNSH principle is deemed as a means to serve the environmental and climate transitions. DNSH analyses and verifications are thus interpreted in light of counter-scenarios. In the context of a mining project for critical raw materials for instance, managing authorities recognize that risks of significant harm would be higher if the project was developed outside the EU. Counter-scenarios are not pre-defined per sector, but are rather a qualitative approach consisting in an estimation of the impacts that would occur if the applicant bypassed the DNSH assessment. The verification of DNSH assessments is thus done with the objective to mitigate risks rather than to prevent or scope-down the project, and with the aim to avoid the outsource of harmful impacts.

According to EU regulations, DNSH data must be stored both in the system of the funding authority and in a centralised system of a designated authority, in Finland's case the State Treasury. Currently, the only use of the centralised DNSH data is to be available to the Ministry of Finance or the European Commission for audit purposes. These two organisations can directly request the State Treasury to provide all or part of the Finnish DNSH data collected by the funding authorities in relation to RRF. So far, there have been no requests for the data for audit purposes. It is unlikely that there would be a data request of the whole of

the Finnish RRF, since the audits are usually done for a singular actor or actions. In those cases, the data requests are most often done directly to the audited organisation, not through State Treasury, so the role of State Treasury is limited to storing the data instead of using or analysing the data. So far, there has not been need for consolidated DNSH assessment and evaluations since there is no apparent use for it.

The indirect use of DNSH related data stems from the general need to include environmental criteria in public funding. There are no common national criteria for the allocation of public funds in general, so there are no common environmental criteria. The UN SDGs would be one desirable criterion, according to the stakeholders interviewed, as they cover all aspects of sustainability. The DNSH provides a set of criteria that could be used for environmental impacts. In order to increase the use of environmental criteria in state aid, it would have to be included in the Act on Discretionary Government Grants[18]. There are some indications, that different sector specific Acts stipulating terms and conditions of government grants would be able to start using DNSH as a criteria for funding if needed. For instance, the Government Decree on General Terms of Granting Energy Aid for the years 2023-2027 stipulates that the funded projects should not cause significant environmental harm, but it does not require DNSH assessment to be done as a condition to funding[19].

6 Conclusions and recommendations

Although there is a clear need and general interest in DNSH-related data from projects, the relevance of the data increases at the same rate as the confidentiality and specificity of the data, making it virtually impossible and impractical to meet the needs of applicants with a centralised and open data platform.

The stakeholder consultations also did not reveal a clear authorities' need for a centralised national data platform for DNSH-related data. Existing data management systems developed for RRF and Cohesion Policy funds purposes work now well enough. The situation may change, however, if DNHS requirements become more widespread.

Although there was no strong urge or need for national centralised data platforms in addition to the existing work, some recommendations can be highlighted (see also recommendations related to DNSH governance in the D3 report):

- The new government grant operating model to have a centralized place for all instructions and guidelines as well as related IT systems will be the best place to store and update DNSH guidelines and instructions to ensure that they are easily found by

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[18] Act on Discretionary Government Grants: https://www.finlex.fi/fi/laki/ajantasa/2001/20010688
[19] Government Decree on General Terms of Granting Energy Aid for the years 2023-2027: https://www.finlex.fi/fi/laki/alkup/2023/20230262

applicants and that different funding authorities keep the process of including DNSH in their funding process as similar as possible.

- Generally the forthcoming unified government grant IT system should be linked to DNSH and used if DNSH would be expanded to be used with some national funding. There is a general need to develop environmental criteria for public funding and DNSH criteria are one option.

- Including DNSH in this IT system could help to extend it's use from private sector applicants to non-governmental organisations if environmental criteria would be included in all types of government grants.

- The need to have separate systems for each EU fund will remain for some time, but over time the aim is to bring EU and Finnish national funding practices, including DNSH criteria, as close as possible to make it easier for applicants and authorities.

- Finland is a small country when it comes to national funding programmes. Coordination and creation of centralised data platforms should be done together with other Member States and the European Commission in order to increase efficient information sharing, rather than creating national data platforms. Consolidation of data into larger datasets could eventually even allow for industry-specific data to be available when the data is no longer linked to a specific confidential investment.