



DNSH today

WEBINAR



REFORM/SC2022/063

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

The project is funded by the European Union via the Technical Support Instrument and is carried out in cooperation with the Directorate General for Structural Reform Support of the European Commission.

Welcome to the DNSH in Finland webinar



10.00 – Opening words: Emma Terämä, Ministry of the Environment

10.10 – DNSH latest development – Anna Armengol Torio, European Semester Officer, European Commission

10.30 Lessons learned from the pilots

- What were the pilots – Mari Hjelt, Gaia Consulting
- Finnish Traffic Infrastructure Agency (Väylävirasto)
- Priority Treatment – Juho Korpi Director for Development, Ministry of the Environment
- Hydrogen Sector

11.10 Facilitated discussion about the future of DNSH

11.30 Webinar ends

The language of the event is English. You can ask questions in the chat also in Finnish. You may also ask questions by raising your hand.



Welcoming words Emma Terämä

MINISTRY OF THE ENVIRONMENT



DNSH in Finland Project Introduction

DNSH Guidelines for Implementing the Green Transition in Finland



What is the project about?

- ✓ The DNSH in Finland project runs from June 2022 to April 2024 and aims to **provide guidance to Finnish authorities in implementing the "Do No Significant Harm" (DNSH) principle in public funding.**
- ✓ The project **contributes to the European Green Deal** by providing the Commission, the EU Member States and wider community of DNSH practitioners lessons learned and guidance.
- ✓ The project will have a final seminar 15.2.2024 where all the lessons learned will be discussed. **This webinar is part of piloting phase where different aspects of DNSH are investigated in specific context.**



Who is responsible for the project?

- ✓ The Ministry of the Environment is the main Finnish beneficiary. The project is also participated by the Ministry of Agriculture and Forestry, Ministry of Economic Affairs and Employment as well as Ministry of Finance. The project is supported by European Union's Technical Support Instrument (TSI).
- ✓ The project is implemented by Gaia Consulting Oy (Finland), Trinomics BV (Netherlands) and AARC (Ireland)



DNSH latest developments

Anna Armengol Torio, European Semester Officer

EUROPEAN COMMISSION



DNSH: updated guidance

Targeted amendment to the DNSH technical guidance to facilitate RRF transfers to the InvestEU Member State Compartment in the context of the “STEP” Proposal (Strategic Technologies for Europe Platform).

1 December 2023

DNSH and InvestEU rules under the RRF

InvestEU and the RRF

- Member States can **transfer parts of their RRF funds to the InvestEU Member State Compartment**. This has the benefit to use existing structures under InvestEU, offered by one or several of InvestEU implementing partners (transfers up to 4% until now, up to 10% proposed in STEP).
- InvestEU has two “green” assessment layers: an **exclusion list** defined in the InvestEU Regulation and a **sustainability screening and proofing process** that all investments need to undergo.

InvestEU and RRF DNSH

- Financial instruments financed by RRF and implemented under InvestEU have to comply with the RRF DNSH rules.
- So far, the **RRF exclusion list** was applied on top of these rules and compliance with environmental legislation was required.

New rules: Text of the amendment

- For the purpose of financial products implemented under the Member State compartment pursuant to the relevant provisions of the InvestEU Regulation as referred to in Article 7 of the Regulation on the Recovery and Resilience Facility, **the Commission considers the application of the Technical guidance on sustainability proofing for the InvestEU Fund (2021/C 280/01) in combination with the application of the relevant implementing partner's policies related to implementing the InvestEU Fund** (notably the EIB Group's 'Climate Bank Roadmap 2021-2025' and the EBRD's '2019 Environmental and Social Policy' and 'Methodology to determine the Paris Agreement alignment of EBRD) sufficient to prove the absence of significant harm as per Article 5(2) of Regulation (EU) 2021/241. **Guarantee agreements for implementing partners, other than the EIB Group and the EBRD, will have to align** with the standards set out in the Taxonomy Delegated Acts for the relevant environmental objective or have similar criteria to the EIB Group policy above mentioned or rely on the RRF exclusion list set out in the relevant Council Implementing Decision Annex.

[c_2023_6454_f1_other_autonomous_act_en.PDF \(europa.eu\)](#)

[c_2023_6454_f1_annex_en.PDF \(europa.eu\)](#)

Thank you

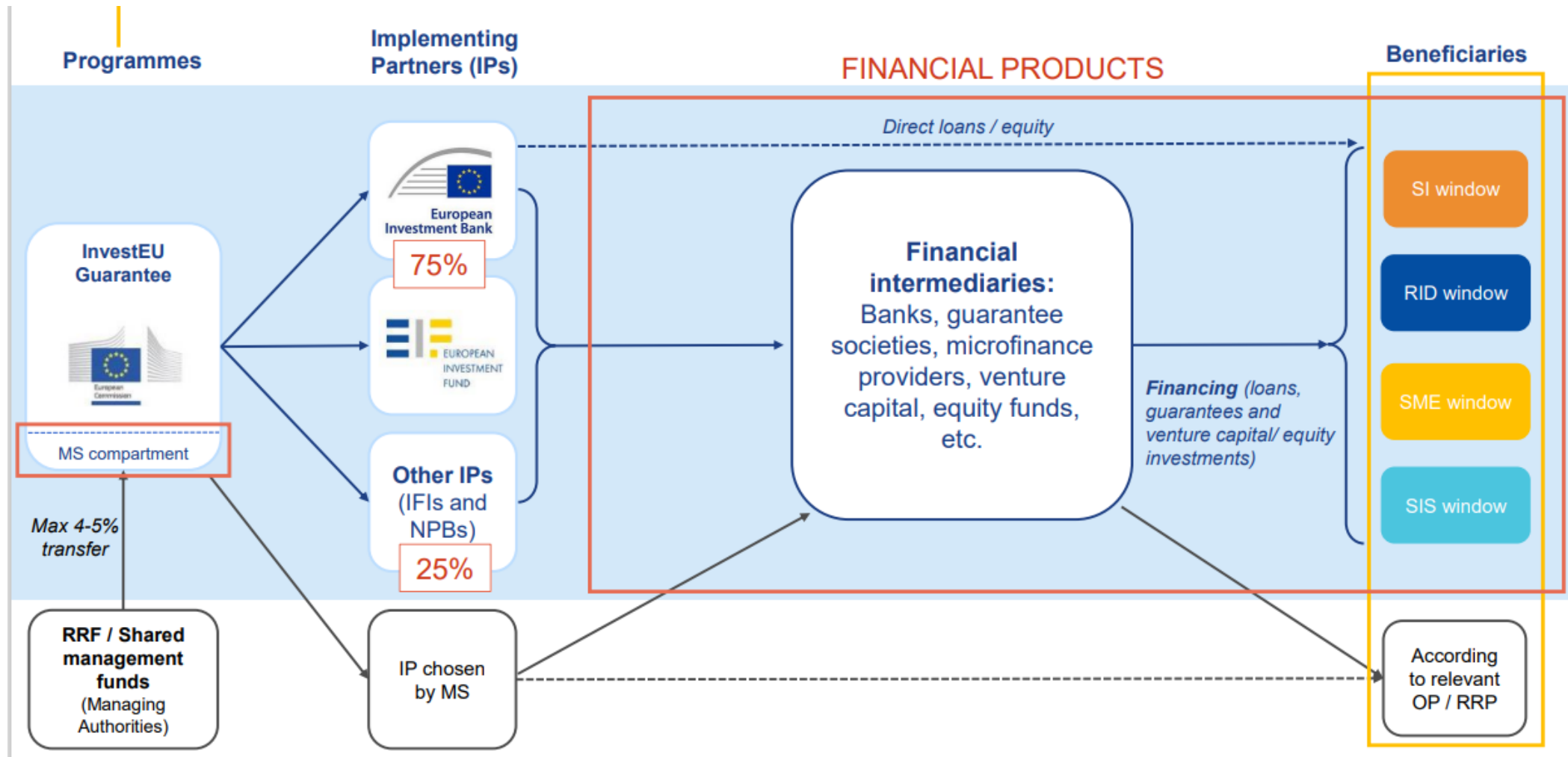


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InvestEU



Lessons learned from the Finnish DNSH pilots

Piloting DNSH principle in Finland



- Pilots provided insight how DNSH could in practice be used in Finland in different contexts.
- Pilots were also used to test the National Guidelines developed in the project.
- Three pilots had their distinct and specific goals and were designed together with stakeholders.



Finnish Traffic Infrastructure Agency

- *Reviewing existing project and programme guidelines of the agency – how well is DNSH principle already incorporated in them?*
- *Providing recommendations to further develop the agency's current guidelines.*



Priority treatment for green transition projects in environmental permitting

- *A new legislation on temporary priority treatment for certain green transition projects in the permit processing requires applicants to take into account DNSH.*
- *Providing insight how the process has started from applicants' and authorities' point of view.*



Hydrogen Sector

- *Further insight from on-going hydrogen economy investment projects – what are the special features in fulfilling DNSH requirements?*
- *Providing a hot topic sector insights on how the criteria are developing.*

All pilots will result in individual pilot report as well as a shared report to focus on lessons learned.

Finnish Traffic Infrastructure Agency - Väylävirasto

Results of the Finnish Traffic Infrastructure pilot



Project evaluation level

- For projects where either an EIA, or other environmental assessment required by law, 4/6 of the DNSH criteria are covered in one way or another.
- Climate change adaptation is completely missing, and circular economy is very narrowly covered in the project appraisal guidelines. Some gaps also in other themes.
- If there is no EIA or other environmental assessment done and only generic project appraisal is done, then DNSH criteria is not being used at all.
 - Only 2/6 of the DNSH criteria (groundwater and climate emissions) are covered by the standard metrics available for project appraisal. Some development work is underway, with a possible extension of the topics covered by the standard indicators.

Investment programme level

- The investment programme compares projects before deciding to fund a particular project
- The goals for the current investment programme come from national Traffic12 plan, and the topics and general goals of the investment plan cover 5/6 of the DNSH criteria, with only circular economy not being covered.
- Since the majority of information where the base the investment programmes assessment comes from various project level documents, it is sometimes impossible to make full assessment of the programmes impacts, for instance to climate change adaptation, since that is not covered in the project assessment phase thoroughly.
- The full assessment of an investment plan is done as an expert evaluation and has other sources of information to subsidize the lack of data from project level.

DNSH and the specificities of large infrastructure projects in relation to the DNSH guidelines



- The Agency implements infrastructure projects of all sizes, including large and critical infrastructure projects.
- Design and implementation projects are very long-term projects, during which design guidelines evolve and are updated. For critical and essential projects, it is realistic to focus on harm reduction, if eliminating harm completely is not possible.
- Traditionally, the DNSH assessment does not compare projects with each other, but instead compares implementation versus no implementation. This differs fundamentally with the Traffic and Infrastructure Agency's planning and evaluation system where different projects and solutions to a need are compared against each other.
- Due to the comparative nature, DNSH assessments should not lead to only small projects being funded or big projects being artificially cut into smaller sub projects. The DNSH review should therefore support the development of the Agency, taking into account its constraints.
- The agency already has an evaluation system where new nature terrain corridors are planned only as the last resort ie when they are necessary.

Possible uses of DNSH at the Finnish Transport Agency



01

As a tool to cover all six environmental criteria systematically, so that funding for a single project in the future does not potentially fall through due to a lack of DNSH data (DNSH checklist).

02

Strengthening and diversifying the environmental assessments of all project appraisals and ensuring that the various planning stages take into account the findings of the previous stage's environmental assessment (DNSH checklist)

03

Reducing and minimising impacts on those projects that will be carried out anyway and that will cause impacts (e.g. essential road maintenance projects).

04

A choice between two or more implementation options as a selection criterion.

05

Reducing the disadvantages of the investment programme as part of the overall assessment, through project prioritisation in the investment programme.

Lessons learned from the Traffic Infrastructure Agency and DNSH in Finland Guidelines



- From the DNSH in Finland project's programme-level guidance, the Agency can use the more general section on how DNSH should be handled at the organisational level:
 - Who makes decisions related to DNSH?
 - To which projects and at which level is DNSH applied?
 - How will funding be secured if DNSH is required by funding conditions?
- The project-specific DNSH assessment can be used as a modified checklist for the evaluation of the different phases of projects.
- It would be plausible and even recommendable to start focusing on making investment programme's more DNSH compliant and to see how DNSH is handled in an organisation level.
 - This can be applied to more traditional funding agency type organisations as well.
- Biggest obstacles for full DNSH based evaluations in either programme or project level in the agency is the lack of data, the unclear role of zoning especially in regional planning and long-life cycle of both the planning of an individual project as well as the project itself.

DNSH and priority treatment in environmental permitting

Juho Korpi, Development Director
Ministry of the Environment
Finland



Ympäristöministeriö
Miljöministeriet
Ministry of the Environment

YM ♥
2035

Concepts and definitions

Green transition

The green transition is defined as a change towards an ecologically sustainable economy and growth that is not based on overconsumption of natural resources. It relies on low-carbon solutions that promote the circular economy and biodiversity. The transition will only succeed if wider impacts on the environment and nature, economic sustainability and social justice are taken into account alongside the climate. By definition, compliance with the green transition requires the *Do No Significant Harm* (DNSH) principle.



Streamlined permit procedures – a competitive advantage for Finland (1/2)

- Streamlined and predictable investment permit procedures will be a key competitive advantage for Finland. At the same time, biodiversity, environmental considerations, the social acceptability of projects and protection of people's property will be taken into account.
- To promote investments, procedures will move towards a one-stop-shop model, where the use of services and application for permits is centralised and digitalised into one effective and user-friendly permit process.
- One single authority will be responsible for the progress and coordination of the permit process, including the submissions required. (From 17 to 1 authority)



Streamlined permit procedures – a competitive advantage for Finland (2/2)

- The new authority will also be responsible for ensuring that the permit applicant can discuss the obligations, submissions and conditions related to the permit procedure with the authorities in advance.
 - The aim is to reduce the number of unnecessary requests for supplementary information through good cooperation and anticipation
 - Speeding up the process.
- An Act on Environmental Permit Procedures will be adopted
 - by combining the Act on the Coordination of Certain Environmental Permit Procedures and other acts that promote the one-stop-shop model.
 - includes provisions on appropriate and effective procedural rules, including processing principles.
 - The combined permit procedure will lead to one single official decision and request for review.



One-stop-shop service project launched

Monitoring group

Establishing a permit, supervision and monitoring agency

One-stop-shop legislation project

Environmental targets for water resources management and related deviations

Reform of area use regulation (permit procedure)

Various separate measures, such as

Preparation of legislation for the permit, supervision and monitoring agency in legislation belonging to the Ministry of Environment's administrative branch
Entry in to force
1.1.2026

Implementation of a permit procedure promoting the one-stop-shop model: "The aim is that the combined permit procedure will generally lead to a single official decision and request for a review procedure."
Entry in to force 1.1.2026

"The Government will respond to the requirements of the Water Framework Directive with national legislation."
"The national flexibilities allowed by the Water Framework Directive will be utilised."

"Easier investments in Finland through industrial parks", "Processing of an environmental permit based on an approved zoning decision without waiting for it to become final", etc.

- The possibility to include compensation in environmental permit conditions will be examined
- Review of the precautionary principle
- The possibility to review permit conditions retrospectively will be assessed
- Automation, target dates
- Assessment and development of precedence procedure
- The possibility to provide the Government with the opportunity to fast-track the procedure will be assessed (exceptionally important projects)

Aiming for a one-stop-shop



Priority for Green Transition Projects

- Legislation on temporary priority treatment for certain green transition projects in the permit processing of Regional State Administrative Agencies in 2023–2026 and in the administrative courts in 2023–2028
- Operators can request priority processing for their water resource management or environmental permit applications in 2023–2026.

The purpose is to enable faster processing of a permit application at the Regional State Administrative Agency.



Priority sectors

The permit applications that shall be given priority treatment are applications concerning:

- 1) energy production establishments that use renewable energy to produce energy, and offshore wind farms and the related water resources management projects;
- 2) industrial projects based on renewable energy or electrification that replace the use of fossil fuels or raw materials;
- 3) the production and use of hydrogen, with the exception of hydrogen production from fossil fuels;
- 4) capture, utilisation and storage of carbon dioxide; and
- 5) battery factories and the manufacture, recovery and reuse of battery materials.



Priority treatment and effects after entry into force 1.1.2023

- 22 applications have been granted priority treatment, many more are interested
- Two investment permits have already been handled and approved
- Aim is for an environmental permit in less than 12 months
- Priority will be given to permit applications for green transition projects that take into account the Do No Significant Harm (DNSH) principle. The permit procedure and consideration will otherwise follow the normal process.
- Link to Guidance: [Guidance for priority treatment\(avi.fi\)](#)



Pilot study provided a snap-shot of efficiency and experiences of the DNSH as a part of priority treatment



Background and Objectives

- Instructions how take into account the DNSH principle in applying for the priority status were developed as a part of the DNSH in Finland project.
- The pilot study focused on:
 1. How applicants have perceived the current priority application process and the provided DNSH guidance.
 2. Whether processing of priority applications has achieved its objectives of speed and efficiency.
 3. Identify the needs for further development of the DNSH guidelines and priority procedure.

Implementation and Scope

- The study was carried out in cooperation with representatives of the regional administrative authorities of Southern and Eastern Finland and Ministry of Environment.
- The assessment was mainly based on interviews with regional administrations (3) and priority applicants that had applied the status in summer 2023 (11 of which 7 were interviewed in September – October 2023).
- The study examined the application of the DNSH principle only in the context of the applying the priority status (etusijan hakumenettely).
- Study results are reported in detail in Finnish

Key findings from the pilot study



Applicants regarded the priority treatment as a welcomed part of the environmental and water permit process.

The requests for priority were handled efficiently and the information on the granting or refusal of priority was received within a day or two of the request. The workload involved in completing the DNSH assessment was considered reasonable by the majority of applicants. AVIs had provided good guidance for applicants.

Potential challenges on applying the DNSH principle in the priority treatment include increased costs for applicants and the risk of misinterpretations on the role of the DNSH assessment in permitting (not replacing high quality permitting process). Clear further communication and dissemination of information is essential to mitigate potential risks.

DNSH assessment highlights all six environmental objectives, not all of which are covered by the permitting process. Ideally a DNSH assessment carried out under the priority law would not only be a prerequisite for streamlined application processing but would also have wider benefits in terms of influencing the planning and management of investments.



Ympäristöministeriö
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Ministry of the Environment

Hydrogen sector

Purpose of the hydrogen pilot



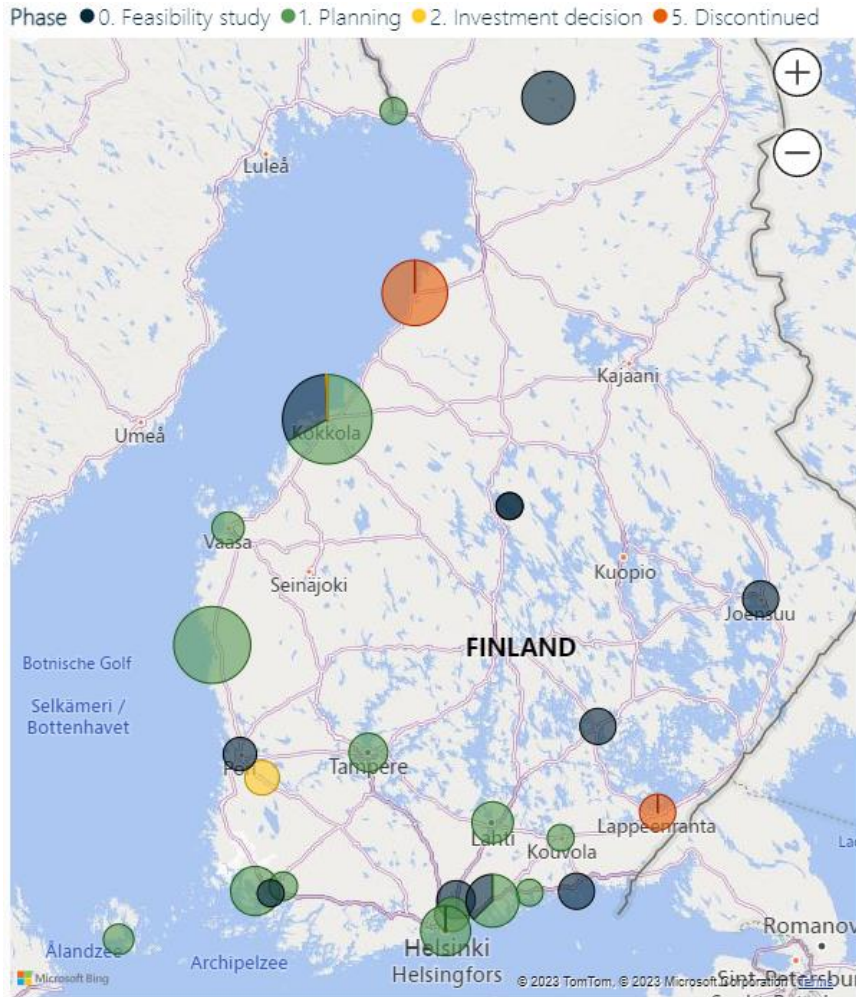
1

Provide information to public and private sector stakeholders with an interest to learn more about potential DNSH applications in Finland on **how the DNSH principle fits into hydrogen related economic activities within the EU Taxonomy**

2

Provide a more **in-depth reading about how environmental and DNSH aspects are integrated into the hydrogen value chain**, specifying the considerations for challenges and opportunities faced when integrating the DNSH principle into hydrogen sector investments and operations

The hydrogen sector in Finland



Hydrogen is not yet used on a big scale in Finland. In 2021, 0.1% of the total energy consumption constituted of hydrogen (including low-carbon and fossil-fuel based hydrogen).

Still, hydrogen is a key driver for Finland's energy transition due to its large potential. The low-carbon hydrogen economy can contribute to decreasing GHG emissions and reaching the country's 2035 and 2050 targets.

Approximately EUR 509 million of funding has been or will be made available through selected EU and national public programmes for hydrogen sector investments.

There remains an average annual investment gap of EUR 286 million between 2023-2026 and EUR 379 million between 2027-2030 for reaching the Finnish target value of 1.000 MW for low-carbon hydrogen

Source: <https://ek.fi/en/green-investments-in-finland/> (25.11.23)

The hydrogen value chain and EU Taxonomy



The EU Taxonomy Climate Delegated Act established technical screening criteria (TSC) for economic activities to substantially contribute to a climate change mitigation or adaptation and do no significant harm to any of the other objectives. Three hydrogen activities are included:

Manufacture of equipment for the production and use of hydrogen

- Hydrogen production, storage/transport/distribution, and utilisation

Manufacture of hydrogen

- Hydrogen production

Storage of hydrogen

- Hydrogen storage/transport/distribution

Main findings

Hydrogen sector activities reflect a broad range of economic activities under the EU Taxonomy, reflecting the need of an understanding of DNSH integration into the whole hydrogen value chain.

So, how is DNSH currently perceived within companies across the hydrogen value chain? Two main findings:

1

Up until now, it has been relatively easy to follow DNSH assessments (i.e. through the RRF). Reason is that the **DNSH principle aligns well with existing business policies, rules, and codes of conduct**. DNSH elements are already integrated into daily practice.

Transparency on environmental, safety, chemical risks etc. is safeguarded in the entire value chain through supplier codes of conduct.

2

Related, **Environmental Impact Assessment (EIA)** documents are key in compliance with the DNSH principle and, together with important other sources (i.e. codes of conduct), form an **important way in which DNSH aspects can be integrated into existing practices**.

Facilitated panel discussion

Panelists



- **Barbara Verhoeve** – Federal Public Services Health, Food Safety & Environment, DG Environment – DNSH Expertise Centre, Belgium
- **Ines Cabrita** – Federal Public Services Health, Food Safety & Environment, DG Environment – DNSH Expertise Centre, Belgium
- **Richard Juřík** – Ministry of the Environment, Czech Republic
- **Siina Lepola-Lång** – Ministry of Economic Affairs and Employment, Finland

Guiding questions



- What have been recent best practices around the implementation of DNSH in your country or have you observed happening in other Member States (i.e. application of DNSH principle to national funding)?
- Are there any discussions around the role of the DNSH principle within the environmental permitting process in your country – similar to the Finnish priority treatment example?
- Does a framework for DNSH assessment at the level of programme design – similar to the general investment planning of the Finnish Traffic Infrastructure Agency – exist in your country? What have been the experiences using such a framework to date?
- Has any sector-specific DNSH guidance or guiding materials, beyond fund- or sector-agnostic guidance, been prepared in your country (e.g. for the hydrogen economy or built environment)?

Welcome to the Final Seminar of the DNSH in Finland – project

15.2.2024

Helsinki and online