



Do No Significant Harm Guidelines for Implementing the Green transition in Finland

PROJECT SUMMARY PRESENTATION 29.2.2024



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.

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Introduction of the project

DNSH in Finland Project

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.

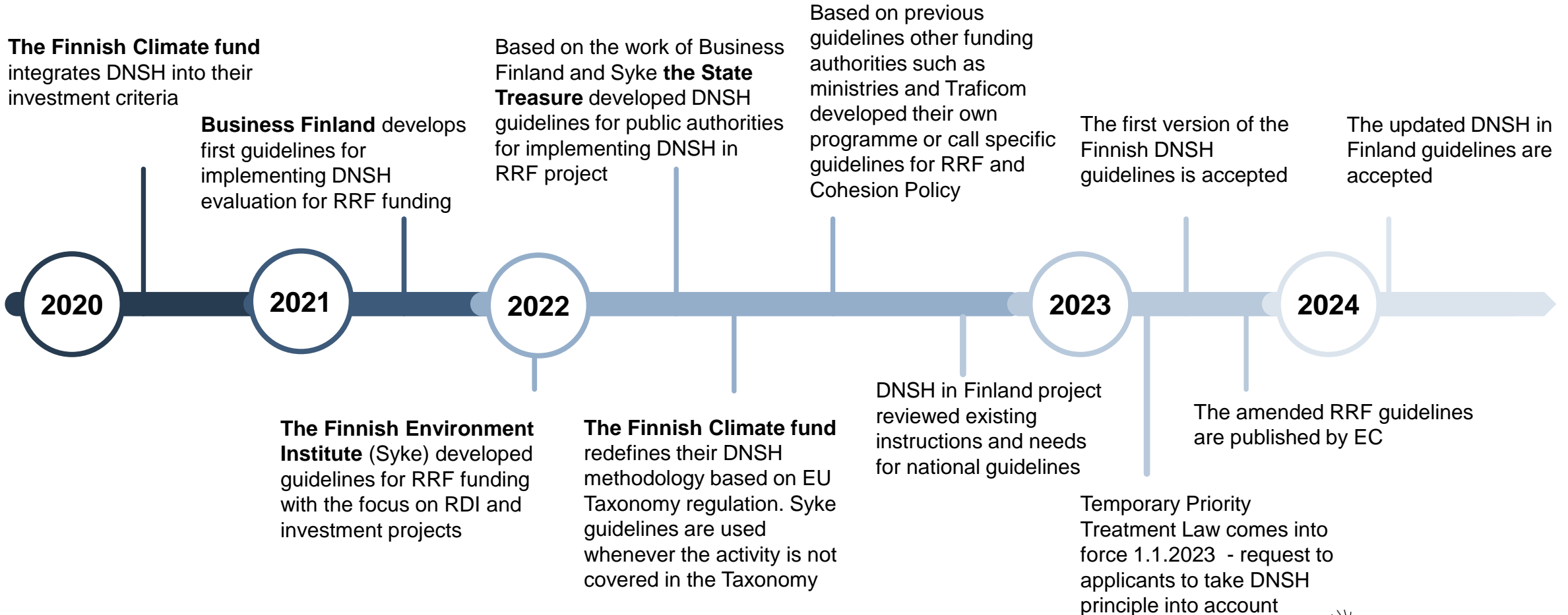


Who is responsible for the project?

- ✓ 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)



Development of DNSH Guidelines and Governance in Finland



Summary of project results



06/2022

02/2024

Review of green investment needs in two sectors: **hydrogen economy** and **mire restoration**. Mapping of public funding in these sectors in relation to their contribution to the six environmental objectives.

Analysis of the status in Finland in 2022 of **governance structures regarding DNSH** – main focus on practices that over 30 funding authorities have had to implement RRF funding and needs for developing national guidelines

Development of two sets of DNSH guidelines for national public funding: 1) **programme level guidelines** 2) **project level guidelines** and 3) developing guidelines for **DNSH in Priority Treatment**

Analysis of the DNSH related public funding data flows and the needs for development.

Development of training materials and provision of trainings on DNSH guidelines to over 300 people – open webinars and targeted training programme for public authorities

Three DNSH pilot cases to test the use of DNSH principle in different contexts and collect lessons learned.

1. **Finnish Transport Infrastructure Agency** – mapping their existing guidelines with DNSH principle
2. **Priority treatment** in environmental permitting – lessons learned from the first year of implementation
3. **Hydrogen sector** – special features of applying DNSH principle in the sector

Final seminar today!

All project reports and further information available in:
<https://ym.fi/hankesivu?tunnus=YM036:00/2022>

Achieved results

Background to the DNSH guideline development



In Finland there are about 90 state aid funding authorities under different administrative branches. C.a. 30 of them have been involved in the RRF and had developed their DNSH implementation practices.



Although DNSH assessment from the beginning had simplified and detailed levels, only few projects had undergone the detailed assessment.



Current practices in applying DNSH principle in Finland have focused strongly on project assessments. Programme level evaluations have so far been conducted only in the context of RRF funding in preparing the Finnish RRP.



Based on lessons learned from RRF implementation, it was understood that in order to make DNSH mainstream in Finnish public funding a different approach is needed.

Two separate guidelines were developed



PROGRAMME level DNSH guidelines

Programme level guidelines provide guidance for authorities on how to design a programme that takes DNSH into account and how to make the DNSH assessment for a whole programme.

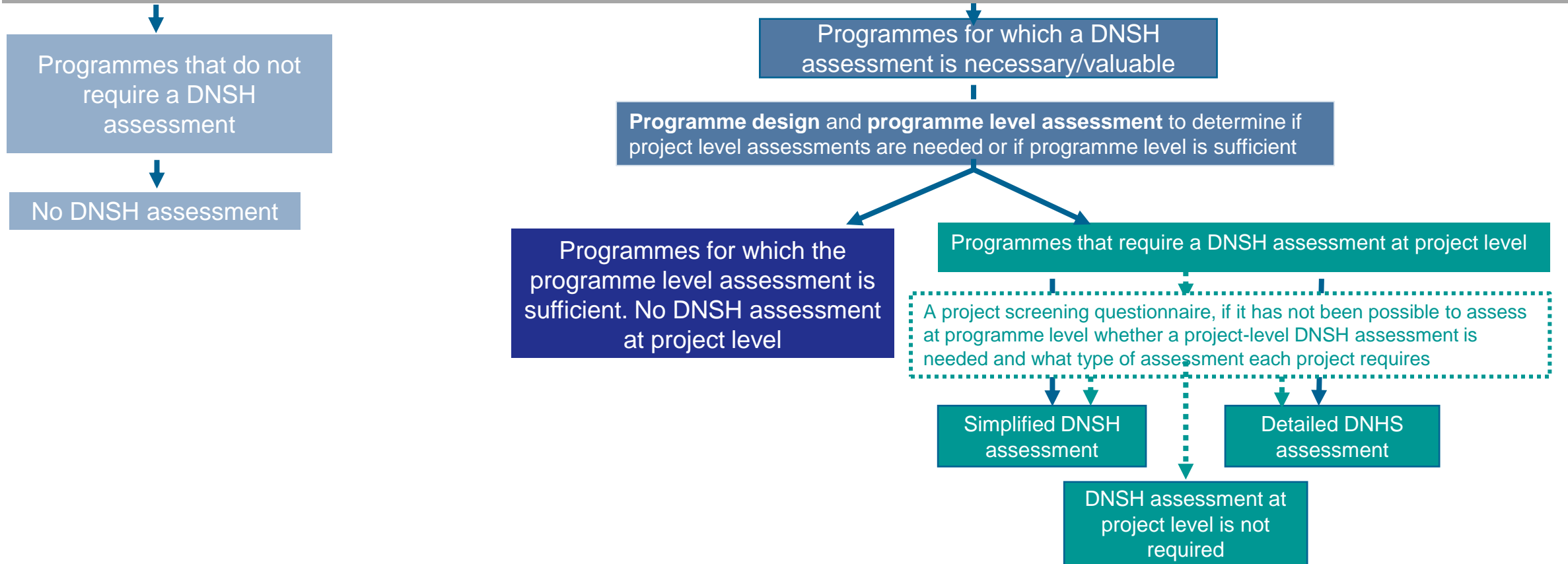


PROJECT level DNSH guidelines

Project level guidelines includes **simplified** and **detailed assessment** guidelines for an individual and they can be used by both the applicants and authorities.

DNSH can be implemented differently in different programmes

National funding programmes



There are templates and guidelines created for each assessment type



All the assessments follow the same logic where they have main question

“Does the programme/project cause significant direct or indirect harm to THIS DNSH Objective”

And sub-questions that help to answer the main questions. One has to answer all sub questions.

“Does the programme/project increase use of natural resources”

MAIN ASSESSMENT QUESTION		SUB QUESTIONS ON THE ENVIRONMENTAL OBJECTIVE <i>if you answer yes to any sub questions, in order to be DNSH compliant, you have to describe sufficient mitigation actions, or the impact needs to be insignificant.</i>	MITIGATION MEASURES PER ENVIRONMENTAL OBJECTIVE
1	CLIMATE CHANGE MITIGATION Is the project likely to have significant adverse impacts on climate change mitigation? <i>Applicant answer: Yes / No</i> <i>Information and links to third party verified documents</i>	A - Will the project increase greenhouse gas emissions? YES / NO If no, concise justification of answer If yes, describe impact and the mitigation measures	Description of/link to documents supporting the description of mitigation measures
		B - Does the project degrade carbon sinks and/or carbon stocks? YES / NO If no, concise justification of answer If yes, describe impact and the mitigation measures	Description of/link to documents supporting the description of mitigation measures
		C - Does the activity contribute to the use of fossil fuels? YES / NO If no, concise justification of answer If yes, describe impact and the mitigation measures	Description of/link to documents supporting the description of mitigation measures
		D - Any other adverse effect? YES / NO If yes, describe impact and the mitigation measures	Description of/link to documents supporting the description of mitigation measures
<i>Evaluation by funding authority:</i>			

Picture: Example template from detailed assessment. For Simplified assessment and programme level assessment, no mitigation measures are needed

Project completed three pilots of DNSH principle

- 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.



Finnish Traffic Infrastructure Agency

- Reviewing existing environmental guidelines of the agency at investment programme and project level – how well is DNSH principle already incorporated in them?
- Recommendations to further develop the agency’s guidelines and consider the role of DNSH with big infrastructure projects.



Priority treatment for green transition projects in environmental permitting

- A new legislation on temporary priority treatment for certain green transition investment projects in the permit processing requires applicants to take into account DNSH principle.
- 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.

Key take-aways from pilots



Finnish Traffic Infrastructure Agency

- Four out of six of the DNSH objectives are well covered in the Agency's existing guidelines. Circular economy and climate adaptation were the most underdeveloped areas.
- It is recommended that the Agency strengthens its ability to cover all six environmental objectives in order to have also spill-over benefits for companies involved in projects.



Priority treatment for green transition projects in environmental permitting

- Applicants regarded the priority treatment as a welcomed part of the environmental and water permitting process.
- Initial experience shows that the priority treatment process has generally worked efficiently.
- DNSH covers more objectives than the permitting process. Ideally a DNSH assessment would benefit in influencing the planning and management of investments.



Hydrogen Sector

- Hydrogen sector activities reflect a broad range of economic activities under the EU Taxonomy which leads to an increased need of an understanding of DNSH integration into the whole hydrogen value chain.
- It has been relatively easy to complete DNSH assessments because the principle aligns well with existing business policies, rules, and codes of conduct.

Final remarks and future needs

DNSH is a useful framework that can be adapted to various use cases also beyond public funding



- The DNSH principle can be used as a framework for ensuring that relevant environmental objectives are embedded in a **systematic manner**
- Requests and updates from the use of the DNSH principle **within EU funding** ensure that there is a growing interest towards applying the DNSH principle as a green transition mainstreaming tool.
- There is strong interest towards Finnish Priority Treatment which uses DNSH principle in connection to the environmental permitting process.



Identified challenges that call for further information sharing and experimentation



DNSH IS A COMPLEX STRUCTURE

- Biggest gaps in expert knowledge are with climate and circular economy objectives. Especially in public administration these objectives cause biggest challenges.
- The lack of the definition of significance and lack of clear thresholds across different industrial sectors or complex value chains.

COORDINATION AND EFFICIENCY

- More multiple national use cases – more interpretations and guidelines which may lead the overall picture to get blurred.
- DNSH and environmental permitting processes - there is also a risk of misunderstandings and need for coordination to avoid overlapping processes (same materials and information are used for different purposes at different time slots)



Thank you!

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