



Euroopan unionin rahoittama –
NextGenerationEU

LOW CARBON HYDROGEN AND CARBON CAPTURE 2024

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APPENDIX I Additional information on the DNSH (“do no significant harm”) requirement

1. Background of the funding call

Finland's Recovery and Resilience Plan (RRP) is Finland's national plan for utilising the funding provided under the EU Recovery and Resilience Facility (RRF). The plan is part of the Sustainable Growth Programme for Finland. The Council of the European Union has approved Finland's Recovery and Resilience Plan by its implementing decision of 29 October 2021. Unforeseen changes have occurred in the implementation of the plan due to factors such as the schedule restrictions of RRF funding and the scale of the planned investments. On 16 July 2024, the Council of the European Union approved amendments to the goals and measures of Finland's Recovery and Resilience Plan. To implement the changes, Business Finland is launching a supplementary RRF call for projects that promote the development of low-carbon hydrogen production and storage as well as carbon capture and utilisation.

The aim of the aid programme is to promote industrial renewal and investments that support Finland's green and digital transition. The aid programme is based on Finland's Recovery and Resilience Plan and it is targeted at investments under Pillar 1 of the plan, "Low-carbon hydrogen and carbon capture and utilisation (P1C2I1)".

The aid programme aims to promote the development of clean hydrogen production and storage on a commercial scale. The objective of the aid programme is to promote Finland's goal of achieving carbon neutrality by 2035. The funding will be allocated to investments or research and product development projects related to the hydrogen value chain as well as carbon capture and storage. With this aid, Finland is expected to promote (i) the production of low-carbon "green" hydrogen to replace fossil fuels in heavy industry, (ii) carbon capture, storage and utilisation, and (iii) hydrogen-related research.

The aim of the aid programme is to encourage private investment and improve access to funding for the hydrogen value chain and carbon capture and storage in Finland. The funding of the programme is targeted directly at the private sector. Research organisations may be funded as part of a co-innovation joint project implemented with companies.

The aid programme is implemented in accordance with the "do no significant harm" principle. The programme includes a product line for low-carbon hydrogen and carbon capture and utilisation, and it can fund IPCEI projects as well as other projects related to European cooperation networks.

The funding is provided under the EU Recovery and Resilience Facility (RRF) in accordance with the Sustainable Growth Programme for Finland. A total of approximately EUR 65 million has been budgeted for the funding call. The aid decisions will be made by the Innovation Funding Agency Business Finland.

Business Finland's funding is targeted at research and development projects that promote low-carbon hydrogen production and carbon capture and utilisation, and applications from the previous Hydrogen IPCEI 2021 funding call are also eligible if they have been approved by the European Commission.

Link to the previous Hydrogen IPCEI 2021 funding call:

https://www.businessfinland.fi/49d472/globalassets/finnish-customers/news/calls/2021/vety-ipcein_ohjeet_ja_hakemusohjeet-2021.pdf

European Commission's press release on the approval of Hydrogen IPCEI projects:

https://ec.europa.eu/commission/presscorner/detail/en/ip_22_5676

2. Purpose and scope of the funding call

In this call, the Funding Agency allocates the funding for companies and research organisations. The funding call is targeted at large companies in the energy technology sector and energy-intensive industry and their supplier networks, as well as operators in the SME sector that commercialise innovations. There are no restrictions on company size, and the aid is not limited to specific regions or sectors. Research organisations may receive funding as part of a co-innovation joint project implemented with companies. To fund research organisations, Business Finland uses its national funding authority.

Business Finland's funding is allocated to:

1) research and development projects that promote (i) the production of low-carbon "green" hydrogen to replace the use of fossil fuels in heavy industry, and/or (ii) carbon capture, storage and utilisation.

2) Business Finland may, among the applications to be assessed in this call, also take into account applications submitted for the Hydrogen IPCEI 2021 funding call that ended on 4 July 2021 that were approved by the Commission in its IPCEI assessment and their additional funding needs if they meet the criteria of the call. For hydrogen IPCEI projects that have previously received a funding decision and now have additional funding needs, you must submit a project change application to Business Finland. Business Finland will ask for the necessary additional information required for the funding call.

The aid is used to fund low-carbon hydrogen production and storage technologies. Low-carbon hydrogen refers to hydrogen produced from non-fossil matter, such as hydrogen produced from water using electricity or as a by-product of production. Production of hydrogen from natural gas is not eligible for funding.

Projects related to carbon capture and utilisation include projects that involve carbon storage, among others.

A government grant authority makes the funding decision by comparing the effectiveness per project type with the goals set in Finland's Recovery and Resilience Plan. In particular, the assessment includes the impact of the projects on energy and emissions, cost-effectiveness, feasibility, the novelty value of the technology involved, the replicability of the technology or the project, as well as other impacts. All funded investments must be financially viable.

Aid may only be granted to projects that comply with the "do no significant harm" principle. The applicant must comply with Finnish and European Union environmental legislation in the project.

The criteria related to Sustainable Growth Programme for Finland are described in section 3.3. The funding for research and development projects is described in more detail in section 3.1. The funding for IPCEI projects is described in more detail in section 3.2.

3. Funding principles and selection criteria

3.1. R&D funding for research and development projects

Business Finland's R&D funding can be used for research that generates new knowledge and skills for the company and serves as a foundation for product development. Research work refers to planned research or critical investigation aimed at acquiring new knowledge and skills for developing new products, processes or services or aimed at bringing about a significant improvement in existing products, processes or services.

The project may include both research and development work. In this case, Business Finland assesses the content of the project as a whole, taking into account activities of a different nature.

You can apply for funding for your company's own research and development project or a joint project between several companies and research organisations.

Read more about research and development funding:

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

The funding is granted on the basis of the Government Decree on Funding for Research, Development and Innovation Activities (1444/2014).

Even if the project's overall funding, resources and plans are in order, funding may only be granted if it would be impossible to implement the project without the funding or if the project could only be implemented at a significantly slower pace or in a significantly less ambitious format.

Business Finland evaluates the projects according to its normal funding criteria:

<https://www.businessfinland.fi/en/for-finnish-customers/services/funding>

The funding for research projects is subject to the funding criteria for Business Finland's funding for companies' R&D activities:

[Funding terms and conditions for companies' R&D projects](#)

The funding for research organisations is subject to the funding criteria for public research funding:

[Funding terms and conditions for research organisations](#)

3.1.1. Eligible costs in research projects

The content and objectives of the project determine what project costs are eligible. Costs can be accepted starting from the day the application is submitted to Business Finland.

The costs of a research project may include the costs of industrial research and experimental development. Industrial research must account for more than half of the project's costs.

In research projects, eligible types of costs can be:

- salaries
- indirect personnel costs (up to 50% of the salaries allocated to the project)
- overheads
 - 1–19 people: 20%
 - 20–49 people: 30%
 - 50 people or more: 50%
- travel costs
- material and equipment costs
- equipment purchases
- equipment depreciation/rentals
- services purchased

If, during the project or immediately after its completion, the beneficiary receives income obtained through costs reported to the Funding Agency, the beneficiary must report them to the Funding Agency without delay, at the latest when submitting the final report. If such income is substantial, the Funding Agency has the right not to accept the costs allocated to commercial activities or deduct the income from the costs.

3.2. IPCEI projects

Applications received and approved by the Commission for the Hydrogen IPCEI 2021 funding call, which ended on 4 July 2021, and their possible additional funding needs, can be taken into account in the funding call. National support in proportion to the total project costs is determined in national decision-making within the limits set by the notification. For projects approved for the Hydrogen IPCEI 2021 funding call, additional funding may be granted for well-founded reasons. The application for additional funding is submitted in Business Finland's online service as a project change application.

Costs are accepted in accordance with the Annex "Eligible costs" to the Communication from the European Commission on IPCEI projects (COMMUNICATION FROM THE COMMISSION Criteria for the analysis of the compatibility with the internal market of State aid to promote the execution of important projects of common European interest (2021/C 528/02)).

The legal base for IPCEI projects, depending on the nature of their content, is either

- 1) the Government Decree on Funding for Research, Development and Innovation Activities (1444/2014) or
- 2) the Government Decree on Aid for Energy Investments in 2022--2026 under Finland's Recovery and Resilience Plan (1112/2021).

3.3. Specific criteria of the Sustainable Growth Programme for Finland

In its funding decisions, Finland complies with all applicable state aid rules and guidelines and complies with the Communication from the European Commission on the application of the "do no significant harm" principle [2021/C 58/01](#). In order to ensure that the measure complies with the technical guidelines on DNSH (2021/C 58/01), the following activities are not included in the eligibility criteria: (i) fossil fuel activities, including downstream use¹; (ii) activities under the EU ETS with projected greenhouse gas emissions that do not fall below the relevant benchmarks²; (iii) activities concerning waste landfills, incineration plants³ and mechanical biological treatment plants⁴; and (iv) activities in which long-term waste disposal may cause harm to the environment. The projects must comply with EU and national environmental legislation.

¹ Except for projects using natural gas under this measure, which concern the production of electricity and/or heat and the related transmission and distribution infrastructure and fulfil the conditions set out in Annex III to the technical guidelines on "do no significant harm" principle (2021/C 58/01).

² If the funded activity achieves its projected greenhouse gas emissions that are not significantly lower than the relevant benchmarks, an explanation of the reasons why this is not possible must be provided. Benchmarks established for free allocation for activities covered by the ETS pursuant to Commission Implementing Regulation (EU) 2021/447. [\(2021/L 87/29\)](#)

³ This exclusion does not apply to activities under this measure in facilities intended solely for the treatment of non-recyclable hazardous waste, and in existing facilities in which actions under this measure are aimed at increasing energy efficiency, capturing gases for storage or use, or recovering materials from incineration ash, provided that such actions under this measure do not lead to an increase in the waste treatment capacity of the facility or to an extension of the lifespan of the facilities; evidence of this will be provided on a site-by-site basis.

⁴ This exclusion does not apply to activities under this measure in existing mechanical biological treatment plants if the activities under this measure are aimed at improving energy efficiency or renewing the recycling activities of separated waste for the composting and anaerobic digestion of bio-waste, provided that such activities under this measure do not lead to an increase in the waste treatment capacity of the plants or an extension of their lifespan; evidence of this will be provided on a site-by-site basis.

Projects funded with RRF funding must meet the selection and eligibility criteria set out in the technical guidelines on the application of the DNSH principle (2021/C 58/01) issued by the European Commission and the criteria for meeting the 100% climate goal for intervention field 032 set out in Annex VI to Regulation (EU) 2021/241 of the European Parliament and of the Council establishing the Recovery and Resilience Facility for Climate Change (2021/L 57/17)⁵.

The DNSH criteria are set out in Appendix 1.

The Anti-Money Laundering Act and EU Anti-Money Laundering Directives require a company or entity to identify its beneficial owners, report their information for registration and keep the information up to date. In accordance with the RRF Regulation (Article 22 of Regulation (EU) 2021/241 of the European Parliament and of the Council), Business Finland must collect the following information on the beneficial owners of the final recipient of the funds: first names, surname and date of birth. The funding is conditional on the applicant having provided the Finnish Patent and Registration Office with information on the actual beneficiaries of the company.

3.4. General selection criteria

Funding will not be granted if:

- the company is not registered in the prepayment register;
- the company has a tax liability for which no valid payment plan exists;
- the company has significant payment defaults;
- the company has debts in enforcement proceedings, for which no valid payment plan exists;
- the company has remaining obligations related to previous Tekes/Business Finland loans;
- the company is unable to conduct continuous and profitable business;
- the company meets the definition of a company in difficulty;
- the Company has failed to fulfil its registration, notification or payment obligations related to statutory or customs fees;
- the company has been declared bankrupt, or a bankruptcy proceeding is pending in court;
- the company has failed to comply with a recovery decision made on the basis of Section 21 or 22 of the Act on Discretionary Government Transfers (688/2001) or another law;
- the company has failed to comply with a decision taken as a result of fraudulent or erroneous conduct or negligence on the part of the applicant, ordering the immediate repayment of all or part of the government loan granted to the applicant; or
- the company has failed to comply with a recovery decision within the meaning of Section 1 of the Act on the Application of Certain State Aid Rules of the European Community (300/2001).

Funding may only be granted to companies operating in mainland Finland.

The granting authority must ensure that none of the beneficiaries, contractors of the beneficiaries or subcontractors of the contractors are companies or beneficial owners that are subject to EU sanctions. Public aid may not be granted to persons and companies that are subject to EU sanctions.

Business Finland's funding is always discretionary. The funding decision is made according to the criteria set out in the funding call and Business Finland's normal funding criteria.

Business Finland will take into account the impact of the project on business, exports, RDI additions in Finland and the green transition. It will also consider network effects, the added value of Business Finland's

⁵ Regulation (EU) 2021/241 of the European Parliament and of the Council establishing the Recovery and Resilience Facility ([2021/L 57/17](#)).

funding and other impacts. Business Finland will assess the credibility and realism of the information provided by the applicant.

In particular, aspects affecting the assessment include:

- overall financing and necessary permits are in order
- new turnover to be achieved through the project
- novelty value of the solution presented in the project
- impact of the project on the promotion of low-carbon hydrogen production and carbon capture and storage in Finland (local, national or international impact)

3.5. Other public funding

In connection with the reporting, you must report any other public funding granted for the project – funding granted by the state, a municipality or another public entity or body governed by public law or a foundation. In addition, you must report funding from European Union funds. This supplementary funding call requires that the final beneficiaries of the programme do not receive support from other Union instruments to cover the same costs. The joint contribution from Business Finland and other public entities must not exceed the maximum amount of public funding allowed for the project. If necessary, Business Finland will reduce its own funding so that the maximum amount is not exceeded.

4. How to apply for funding

The funding application is submitted in Business Finland's online service. **The research project is applied for with a *research, development and piloting application or joint innovation project applications (main application or participant application)***. In the application section RRF – Sustainable Growth Programme for Finland, select the application code **RRF- Low carbon hydrogen**. Additional funding for an IPCEI project is applied for in Business Finland's online service with a project change application.

The applications are confidential. You must append a project plan to your application and answer the DNSH (do no significant harm) assessment questions related to RRF funding.

After the funding decision, the name of the beneficiary and the amount of funding will be published.

In the application, you must describe the current state of business, personnel and resources of the company, its future growth vision, the work to be carried out during the project and the project's goals and costs.

SMEs must also submit the following financial information about the company with the application:

- an income statement dating back no more than two months
- a balance sheet for the current financial period from the accounting ledger
- the most recent financial statements
- documents related to the overall financing of the investment

For decision-making purposes, Business Finland may request additional information from the company.

5. Schedule of the funding call

1. The application text will be published on 5 November 2024
2. Applicants are advised to contact Business Finland in good time before submitting the application.
3. **The funding call will close on 10 January 2025**

Innovation Funding Agency Business Finland

Date
4 November 2024

Additional information:

Tero Ijäs, IPCEI projects and research projects

Markku Heimbürger, IPCEI projects

Miro Aaltonen, research projects

firstname.surname(at)businessfinland.fi

Business Finland

ANNEX I: Additional information on the DNSH (“do no significant harm”) requirement

Every project funded under the Sustainable Growth Programme for Finland must meet the so-called “do no significant harm” requirements. The EU Recovery and Resilience Facility (RRF) requires that no measures should cause significant harm to the environment. Economic activities are considered to cause significant harm to

- (a) climate change mitigation
 - *if that activity gives rise to significant greenhouse gas emissions;*
- (b) adaptation to climate change
 - *if that activity increases the adverse impact of the current climate and the expected future climate on that activity or on people, nature or property;*
- (c) the sustainable use and protection of water and marine resources if that activity is detrimental to
 - *the good status or the good ecological potential of bodies of water, including surface water and groundwater; or*
 - *the good environmental status of marine waters;*
- (d) the circular economy, including waste prevention and recycling, if:
 - *that activity leads to significant inefficiencies in the use of materials or in the direct or indirect use of natural resources such as non-renewable energy sources, raw materials, water and land at one or more stages of the life cycle of products, including in terms of durability, reparability, upgradability, reusability or recyclability of products;*
 - *that activity leads to a significant increase in the generation, incineration or disposal of waste, with the exception of the incineration of non-recyclable hazardous waste; or*
 - *the long-term disposal of waste may cause significant and long-term harm to the environment;*
- (e) pollution prevention and control
 - *if that activity leads to a significant increase in the emissions of pollutants into air, water or land, as compared with the situation before the activity started; or*
- (f) the protection and restoration of biodiversity and ecosystems if that activity is
 - *significantly detrimental to the good condition and resilience of ecosystems; or*
 - *detrimental to the conservation status of habitats and species, including those of Union interest.*

Instructions and examples for answering the DNSH questions can be found in the document:

[https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52021XC0218\(01\)](https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52021XC0218(01))

The extensive DNSH ex ante assessments prepared during the preparation of the Sustainable Growth Programme can be found in Annex 3 of the Sustainable Growth Programme for Finland document

<https://julkaisut.valtioneuvosto.fi/handle/10024/163176> in particular section Investment 1: Low-carbon hydrogen and carbon capture and utilisation in industry, pp. 438–440).