

# RRF – BATTERY INDUSTRY 2023

## Contents

1. Background of the funding call.....	2
2. Content and scope of the funding call .....	2
3. Applying for funding.....	4
3.1 Applying for R&D funding for piloting and demonstration projects.....	4
3.1.1 R&D funding for piloting and demonstration projects.....	5
3.1.2 Acceptable costs in piloting and demonstration projects.....	5
3.2 Applying for funding for investment projects for the circular economy and sustainable green growth.....	6
3.2.1 Funding for investment projects for the circular economy and sustainable green growth .....	7
3.2.2 Acceptable costs in investment projects .....	7
3.3 Energy aid .....	9
3.3.1 Funding levels for Energy Aid .....	9
3.3.2 Eligible costs in Energy Aid projects.....	9
3.4 Instructions for selecting the project type .....	10
4. General selection criteria for all applications.....	11
5. Funding criteria for the Sustainable Growth Program for Finland (RRF).....	12
6. Other public funding.....	13
7. Application schedule.....	13
APPENDIX I: More information about the Do No Significant Harm (DNSH) requirement .....	14

14.3.2023

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## 1. Background of the funding call

The electrification of society and solutions made in the battery industry have a significant impact on how the global goals for climate action can be achieved. Finnish industries can adopt a major role in the electrification of European transport and society at large. Companies operating in Finland offer raw materials and other materials, technologies, processes, expertise and circular economy solutions for the production of batteries and the electrification of society. Investments in the battery value chain support the EU-level transition to low-emission transport.

The funding call by Business Finland and the Ministry of Economic Affairs and Employment of Finland published on January 17<sup>th</sup> is intended for

- piloting and demonstration projects in the battery industry.
- investment projects in the battery value chain at a level exceeding the current environmental protection standards or investment projects for recycling or reuse of battery raw materials.

The supplementary funding call published on March 15<sup>th</sup> is intended for:

- introduction of new technology related to renewable energy production or energy efficiency in the battery industry.

The goal of the projects is to advance Finland's position as the target country for sustainable and responsible battery value chain investments for example through advancing investments exceeding the current environmental protection standards. The funding call supports increases in business operations and employment in Finland, and also internationally.

Battery chain investments ensure the security of supply at EU level as they allow for and accelerated transition away from fossil fuels. The battery industry's solutions for the electrification of transport and society as well as energy storage will affect how the EU's climate goals can be achieved. From the perspective of environmental impact, increases in reuse and recycling lower the pressure to use virgin materials, which slows nature loss and reduces CO2 emissions indirectly.

Projects will partly be funded from the EU's Recovery and Resilience Facility (RRF) in accordance with the Sustainable Growth Program for Finland<sup>1</sup>. A total of EUR 38 million in funding has been planned for the funding call in 2023. 4 MEUR of the funding is from RRF and 34 MEUR from national funding. The funding level is the same with RRF and national funding. The funding will be allocated to battery value chain pilot and demo plants, battery raw material recycling investments, investment projects related to environmental protection and for introduction of new technology related to renewable energy production or energy efficiency.

*\* A battery is an electrochemical energy storage consisting of an electrical pair formed by two electrodes, an anode and a cathode. Between the electrodes is an electrolyte, which is often a substance in liquid or gel form. An electrolyte is a medium that carries ions between electrodes. Source: Motiva*

## 2. Content and scope of the funding call

Summary of funding call principles:

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<sup>1</sup> <https://vm.fi/en/sustainable-growth-programme-for-finland>

14.3.2023

Innovation Funding Agency Business Finland

Who can apply?	What can be funded?	Funding
<ul style="list-style-type: none"> <li>• Companies registered in Finland.</li> <li>• The company must have the financial capability to cover the self-financing share of the investment and for continuous economic business operations.</li> <li>• Projects that have a significant impact on business and employment.</li> </ul>	<ul style="list-style-type: none"> <li>• Piloting and demonstration projects in the battery value chain.</li> <li>• Investment projects at a level exceeding the EU's environmental protection standards or at a level exceeding the sector's technological development level.*</li> <li>• Energy aid projects in the battery value chain.</li> <li>• The value chain, ranging from battery chemicals to recycling, not including primary raw materials, battery-related applications or charging systems.</li> <li>• The investments must be located in Finland.</li> </ul>	<ul style="list-style-type: none"> <li>• Piloting and demonstration projects can be funded through R&amp;D funding, exceptionally also using grants. The funding level is 25%, regardless of the company size.</li> <li>• Investment aid can be applied for when the solution to be funded is used in commercial production. Maximum funding levels:             <ul style="list-style-type: none"> <li>• SMEs: 45%*</li> <li>• Large companies, including midcap: 35%*</li> </ul> </li> <li>• The funding levels related to energy aid are published at Business Finland website. For large companies, energy aid may not exceed 30 % of acceptable costs. Energy aid is especially targeted at the introduction of new energy technology. A higher increase may be granted for new technology on special justification. The need and the level for higher support level is considered on case-by-case basis.</li> <li>• R&amp;D, investment and energy aid projects require separate funding applications.</li> </ul>

\* Note: Regarding investment projects, only additional investment costs arising from solutions exceeding the EU's standards or the sector's technological development level are eligible for support.

Funding will be channeled and tendered through Business Finland and the Ministry of Economic Affairs and Employment of Finland on the basis of funding calls. The funding can be granted using

- Government decree on funding for research, development and innovation activities (1444/2014), based on which funding can also be granted for piloting and demonstration projects through this funding call.
- Government Decree (1197/2020) based on which Business Finland can grant aid for investment projects that advance the circular economy and green growth.
- Government Decree (262/2023) on Energy Aid based on which Business Finland can grant aid for energy investments.

RDI funding can only be granted for the costs of research and development activities. Piloting and demonstration projects are funded by RDI funding. The projects can be used for testing the functionality of a new innovation close to commercialization phase and for gathering feedback from potential customers or users. The goal is to demonstrate the functionality of the developed solution, increase its credibility and to speed up the commercialization phase. Business Finland evaluates the project applications in accordance with its normal RDI funding criteria.

The funding based on the Circular Economy and Green Growth regulation requires that investments lead to better or more effective environmental protection measures or recycling or reuse activities than conventional reuse and recycling processes of a similar capacity. Investments must represent the latest technology in the sector. The projects for recycling and reuse of battery materials can be funded with RRF. The investments to be funded must enable the utilization of the waste flow or side stream in question as new raw material by at least 50% with regard to weight so as to fulfill the EU's climate and environmental criteria set for funding. Utilization as energy or reprocessing into materials used as fuels or for landfilling operations is not considered as recycling. The recycled

14.3.2023

Innovation Funding Agency Business Finland

content can be shown in the project plan for example with mass balance. The principles related to the Sustainable Growth Program for Finland are described in section 5.

In the supplementary funding call published on March 15<sup>th</sup>, energy aid is intended for companies, municipalities and other communities' investment projects that promote the production and the use of renewable energy, energy-savings, increase the efficiency of energy production or usage, utilization of waste heat, or otherwise make the energy system more low-carbon in accordance with the Government Decree on Energy Aid that came into force on March 2<sup>nd</sup> 2023. The aid must have a significant effect on the launch of the project. In case of new construction sites, support can only be granted for new technology. Projects related to the utilization of waste heat in the district heating network, for example, may also be considered.

Regarding the funding applications assessed through this funding call, Business Finland may also take into account the applications received for the Battery industry funding call 2022 that ended on September 30<sup>th</sup> 2022 when the applications potentially meet the criteria set for this funding call and succeeded well in the comparison in the funding call. Business Finland will notify the applicants separately of the aforementioned procedure, and the applicants must be prepared to provide necessary additional information concerning this funding call.

The funding does not burden the de minimis threshold for companies.

### 3. Applying for funding

The funding application must be submitted in Business Finland's online services. Funding for piloting and demonstration projects must be applied by using *research, development and piloting application*. Funding for investment projects must be applied for using the application for *investment aid for circular economy*. Energy aid funding are applied using the *Energy Support* application. The funding applications are confidential. Applying for energy aid will be instructed in the supplementary call. A project plan must be attached with the application. **Application identifier is RRF - Akkuteollisuus.** After the funding decision has been made, the name of the beneficiary will be published, along with the amount of funding and public description of the project. Also be prepared to respond to questions related to the DNSH assessment for RRF funding.

SMEs must also submit the following information:

- an income statement dating back no longer than two months
- a balance sheet for the current financial period
- the latest financial statement
- the documentation related to the overall funding of the pilot, demonstration or investment.

#### 3.1 Applying for R&D funding for piloting and demonstration projects

Funding for piloting and demonstration projects must be applied by using *research, development and piloting application*. The primary focus of the project should be piloting and most of the costs allocated to piloting. Business Finland's R&D funding can be used for piloting the functioning of an innovative solution with customers on a sufficiently large scale and for receiving feedback for development activities. Piloting may include:

- Testing an innovative product, production method, process or technology for example at a production plant.
- Developing and testing an innovative operating model or system in its actual operating environment, e.g. in the operations of customer companies.
- Developing an innovative service and ensuring its effectiveness in the customer's operating environment and processes.

14.3.2023

Innovation Funding Agency Business Finland

### **3.1.1 R&D funding for piloting and demonstration projects**

In this funding call for the battery industry, piloting and demonstration projects, as well as the research and development activities possibly required for them, can exceptionally be funded in the form of grant. The amount of grant can be up to 25% of the project's total costs, regardless of the size of the company. Alternatively, Business Finland's normal piloting loan can be applied for piloting and demonstration projects, with the amount of loan typically being 50% of the project's total costs. Piloting and demonstration projects related to the funding call for the battery industry can be funded within the scope of national funding allocated to the funding call.

The application must describe the current state of the company's business, personnel and resources, future growth vision, and the work, costs and goals to be done in the project. A project plan must be attached to the application. The project plan needs to describe what kind of environmental procedures may be required for the implementation of the projects (for example environmental and water permit, EIA, Natura Assessment, exemption under the Nature Conservation Act) and the timeline of these processes. Business Finland may request further information if necessary.

The maximum amount of funding granted is EUR 15 million per company and project, provided that more than half of the project's costs eligible for funding arise from activities included in the category of experimental development.

- The funding will be paid to cover the actual costs of a piloting or demonstration project on the basis of interim and final reports and accounts.
- No advance will be paid.

More information about the selection of project types is presented in Section 3.4.

Business Finland will assess the projects to be funded in accordance with its regular funding criteria: <https://www.businessfinland.fi/en/for-finnish-customers/services/funding>.

Business Finland's general funding terms and conditions of companies' research and development projects apply to funding granted for piloting and demonstration projects.

[https://businessfinland.fi/4b0b8c/globalassets/finnish-customers/01-funding/08-guidelines--terms/funding-terms/funding\\_for\\_r\\_n\\_d\\_activities.pdf](https://businessfinland.fi/4b0b8c/globalassets/finnish-customers/01-funding/08-guidelines--terms/funding-terms/funding_for_r_n_d_activities.pdf)

### **3.1.2 Acceptable costs in piloting and demonstration projects**

The content and goals of the project determine which project costs can be accepted. Costs can be accepted earliest starting from the day on which an application was submitted to Business Finland.

In piloting and demonstration projects, acceptable cost types include:

- Salaries and wages
- Indirect personnel costs (at most 50% of salaries and wages allocated to the project)
- Overheads
  - 1–19 people: 20%
  - 20–49 people: 30%
  - 50 people or more: 50%
- Travel expenses
- Costs of materials and supplies
- Machinery / Equipment costs
- Equipment depreciation/rental costs
- Purchased services

Costs of piloting and demonstration projects may include

- facility design costs

14.3.2023

Innovation Funding Agency Business Finland

- costs of R&D activities related to the piloting or demonstration project
- costs of materials and supplies
- Leases or depreciation costs for land, buildings and machinery and equipment during the project
- operating costs during piloting
- productization services

In piloting and demonstration projects, operating costs during piloting can be accepted during the period required to indicate the effectiveness of the results of R&D activities.

If the beneficiary receives income generated by the costs reported to Business Finland during the project or immediately after it, the income must be reported to Business Finland without a delay. The reporting of the income must be done when the income is generated or when the purpose of the use of the pilot has changed. The reporting requirement continues five years after the last funding payment or as long as the acquisition cost of the pilot is on the funding recipient's balance sheet. If the income is significant, Business Finland may not accept the costs of the commercial activity or deduct the received income from the costs.

In piloting and demonstration projects of large companies (not including midcap companies), at least 15% of project costs must be used to purchase services from SMEs or research organizations, or the project must be carried out as a truly joint project with SMEs and research groups.

### **3.2 Applying for funding for investment projects for the circular economy and sustainable green growth**

The investment aid for the circular economy is intended for investment projects related to climate change mitigation and other environmental protection to promote the circular economy and sustainable green growth. Funding is granted on the basis of Government decree 1197/2020. The aid can be granted for investments of companies that operate in Finland and invest in new operating and production methods for green growth. Funding can be granted for investments that raise the level of environmental protection above the EU's standards or increase the reuse and recycling of waste using solutions that exceed the current technological development level in the sector. Investment aid is intended for the procurement of new solutions used in commercial production. More information about the selection of project types is presented in Section 3.4. Funding can be applied for in the form of investment aid if the application to be funded is used in commercial production and the applicant is the user of the investment. If the application to be funded is used in R&D activities after the project, for example, the project is not eligible for funding using investment aid. More information about the selection of project types is presented in Section 3.4.

If an application concerns [investment aid for the circular economy](#), the funding application must present the solution that exceeds the relevant standards. The description must indicate what EU standards the investment exceeds and present a solution of a similar capacity in line with the EU's standards or the sector's technological development level. Attach a description of the project's circular economy, climate, innovation and environmental impacts with the application. In addition, describe what you would do in a situation in which no funding is granted. Also describe what impact the investment has on the investor's business and the number of jobs, and what indirect impact the investment may have on the business activities of others.

The mandatory project plan project plan to be attached with the funding application must present benchmarking calculations of the costs of the investment in question and a similar investment for determining the proportion eligible for support, unless the costs of an additional proportion eligible for support can be identified separate from the total investment.

A profitability calculation for the investment in question (with and without support) and, if required, for a comparable investment in line with the EU's standards or the sector's technological development level must also be presented in the project plan. The project plan must also include what kind of environment-related procedures may be required for the implementation of the project (eg. environmental or water permit, EIA, Natura assessment,

14.3.2023

Innovation Funding Agency Business Finland

exemption under the Nature Conservation Act) and the scheduling of these processes. For making its decision, Business Finland may also request other additional information as required. It is necessary for Business Finland to cooperate and exchange information on the contents of the applications related to environmental permits and other permit processes as well as schedules with ELY Centre on the basis of the Law 293/2017 10 §. If the applicant gives permission to exchange information with Regional State Administrative Agency AVI, please add the following text to the application:

“We give our consent to Business Finland to exchange information related to the application and its processing with AVI. The consent does not apply to the information in the application or its attached documents marked as CONFIDENTIAL INFORMATION.” The applicant must ensure the marking CONFIDENTIAL INFORMATION is clear and comprehensive.

If there is no environmental permit and the project needs an environmental permit, the funding decision may be conditional to the environmental permit decision.

Business Finland may ask for additional information needed.

### **3.2.1 Funding for investment projects for the circular economy and sustainable green growth**

In investment projects, only additional investment costs arising from solutions exceeding the EU's standards or the sector's technological development level are eligible for support. Maximum support levels for **additional investment costs eligible for support:**

- SMEs: 45%
- Large companies (including midcap): 35%

Costs eligible for support will be determined, if required, by comparing the costs of the proposed investment with the costs of an alternative solution at the level of the EU's standards or the sector's general development level, unless the additional costs eligible for support can be identified separate from total investment costs.

Individual aid granted can be at most EUR 15 million for a single company and project.

- Funding will be paid to cover the actual costs of an investment project on the basis of interim and final reports and accounts.
- No advance will be paid.

The general funding terms and conditions of Business Finland's investment aid for the circular economy apply to funding granted for investment projects.

[https://businessfinland.fi/4b0b8c/globalassets/finnish-customers/01-funding/08-guidelines--terms/funding-terms/investment\\_aid\\_for\\_circular\\_economy.pdf](https://businessfinland.fi/4b0b8c/globalassets/finnish-customers/01-funding/08-guidelines--terms/funding-terms/investment_aid_for_circular_economy.pdf)

### **3.2.2 Acceptable costs in investment projects**

The content and goals of the project determine which project costs can be accepted. Costs can be accepted earliest starting from the day on which an application was submitted to Business Finland.

Funding can be used for work carried out during the project due to:

- the procurement and installation of machinery or equipment
- the procurement of intangible rights



14.3.2023

Innovation Funding Agency Business Finland

- The purchase of materials or supplies necessary for the construction, renovation or extension of a building or structure, or the purchase or design of equipment closely related to these, or the payment of salaries
- The design, construction or purchase of equipment for computer networks or other similar networks, or the acquisition of rights of use that are necessary for the construction or operation of networks

The implementation of an investment or the necessary training of the operating personnel

Unlike in the terms and conditions of R&D funding, only the costs arising from the commissioning of the investment are accepted in the investment aid, not costs arising during the use of the investment.

#### FUNDING CANNOT BE USED FOR THE FOLLOWING:

- investments started before submitting an application
- costs arising from the design of the investment and the preparation of an application before submitting the application
- investments that do not improve the level of environmental protection (compared to the EU's standards, if such exist) or do not exceed the technological development level in the sector
- investments that are carried out to ensure that the company complies with the EU's approved standards or standards that have not yet entered into force (with the exception of the purchase/retrofitting of new transport equipment if the purchase was made before the date of entry into force of EU)
- waste recovery activities other than reuse and recycling
- investments that only increase demand for recycled materials, without also increasing the collection of materials
- mandatory business costs obligated by the EU law or normal operation costs

Costs can be accepted for a product over a period, during which the equipment and services in question are used in the project, insofar as they are directly associated with the investment project. Eligible costs include:

- Salaries and wages
- Indirect personnel costs
- External purchased services
- Materials and supplies
- Equipment purchases

Any costs arising from the auditor's report to be submitted with the final project report can also be accepted as purchased services. Only reasonable costs necessary for the project are acceptable. If the beneficiary is liable to pay VAT, the VAT related to the costs is not an acceptable cost.

In cases where an investment project is funded by leasing, sub-payment or similar means, costs up to the purchase price of the acquisition may be accepted. Operating lease costs are not accepted – assets must be transferred to the ownership of the funding recipient at the end of the funding lease period.

Eligible costs do not include, for example, the general expenses and travel costs of the recipient of the funding, the costs of sales and marketing, the costs of normal operations, banking and financial costs, or the costs of drawing up contracts.

Funding will be paid to cover the actual costs of an investment project on the basis of interim and final reports and accounts.



14.3.2023

Innovation Funding Agency Business Finland

### **3.3 Energy aid**

Aid is granted on the basis of the Government Decree 262/2023. The funding decision and other tasks related to it will be made by the Ministry of Economic Affairs and Employment of Finland when the acceptable costs of the project exceed 5 000 000 €. Otherwise the funding decision and other tasks related to it are made by the Innovation Funding Agency Business Finland.

Based on the Government Decree, this call allows funding to be granted for investment projects that promote energy saving or increase the efficiency of energy production or use. However, energy aid may only be granted on this basis for investment projects where the purpose is not to fulfill an obligation stated in the European Union regulation even if the regulation has not come into force yet.

In addition, energy aid can be granted for investment projects that promote the production of renewable energy. However, energy aid may only be granted on this ground for investment projects where the investment is on a new facility.

Energy aid can also be granted for investment projects related to the utilization of waste heat in the district heating network, or investment projects that otherwise contribute to a low carbon system.

A condition for granting energy aid is that the project or the new technology included in the project would not be carried out without the aid and that no binding investment decision, main equipment order, decision to start construction, or other such commitment after which the cancellation of the project would not be possible without significant financial losses, has been made.

In addition, the beneficiary is required to fund at minimum 25 percent of the project with non-public funding. However, this does not apply to projects carried out by municipalities or companies mainly owned by municipalities insofar as the financing is provided by the municipality.

Priority is given to projects involving new technology. "New technology" means novel solutions that have not been experimented with on a broad scale in Finland and that play an important role in achieving long-term energy and climate goals. Typically, this is the first commercial implementation or one of the first implementations. The adoption of new technology usually entails extra costs or risks compared to a corresponding project implemented using conventional technology. Conventional technology projects can also be supported with discretion, with priority given to well-prepared projects and well-drafted aid applications.

#### **3.3.1 Funding levels for Energy Aid**

The funding levels for energy aid in different investment types are described by Business Finland on the energy aid website. The energy aid promotes especially commissioning of new energy technologies. Increased support can be granted for new technology on a case-by-case basis. The need and the level for increased support will be assessed on a case-by-case basis. For large corporations, the maximum level of aid is 30% also for new technology projects.

Funding will be paid to cover the actual costs of an investment project on the basis of interim and final reports and accounts. No advance will be paid.

#### **3.3.2 Eligible costs in Energy Aid projects**

Eligible costs in projects are the reasonable costs for:

- costs of machinery and equipment purchases and their installation costs
- building costs
- civil engineering costs, supervision costs of construction work, costs incurred by the subscription fee charged by the distribution network operator for electricity production and the construction costs of the main pipeline required to connect district heating installations to the district heating network

14.3.2023

Innovation Funding Agency Business Finland

- acquisition costs of the land area directly connected to the investment insofar as they do not exceed 10 percent of the total eligible costs of the project as well as the clearing and excavating land costs
- costs arising from preparation and planning insofar as they do not exceed 20 per cent of the eligible project costs
- costs arising from deployment and the training of operating staff required for deployment
- costs arising from the monitoring of the investment for up to a year from the commissioning of the investment, if this is justified due to the special characteristics of the project or other special reasons

In the case of investment projects that promote energy saving or the efficiency of the production or use of energy, the costs necessary to achieve the objective shall be considered eligible costs.

There is nothing to prevent energy aid being granted for costs arising as of the date of the financing decision if the customer has a pending broader investment project that will be implemented outside of the energy aid project and has already been launched, the application for energy aid concerns a limited new technology or energy efficiency measure included in the investment project, and this part of the project has not yet been launched. Even when the project has otherwise been started, energy aid can be granted to the part of the investment including new technology or energy efficiency actions or otherwise with restrictively when no binding investment decision, main equipment order, decision to start construction, or other such commitment after which the cancellation of the project would not be possible without significant financial losses, has been made. Starting the clearing and excavation land work prior to the funding decision does not prevent granting energy aid.

The following costs cannot be accepted as project costs

- overheads of the beneficiary
- salaries
- representation expenses
- interest expenses and other financing costs
- other connecting fees than the subscription fee charged by the distribution network operator for electricity production
- costs based on the Act on Criteria for Charges Payable to the State (150/1992)
- cost increase reserves
- travel expenses of the beneficiary
- Value added taxes paid by the beneficiary. The costs can be accepted with the VAT included if the beneficiary is not liable to pay VAT. The costs on which VAT is payable may also be declared if they are connected with VAT-exempt operations and the VAT will be payable by the beneficiary.

If the investment project is funded with leasing or part payment, the costs of the contracts are eligible up to the value of equivalent purchase costs, but administration, financing, insurance, repair and maintenance and other similar costs are not eligible costs.

In investment projects, the costs of purchases from affiliated companies are eligible only to the extent that the beneficiary demonstrates that the costs correspond to the cost price. The parties to a transaction are considered to be affiliated if one party has the power to govern the financial and operating policies of the other party or if a third party has, alone or in association with a related party, the power to govern both of the parties.

### **3.4 Instructions for selecting the project type**

If the customer's project scope includes content similar to piloting and demonstrations (3.1) and investments (3.2) related to separate solutions, these must be defined in separate funding applications. Through the funding call, the development of a single solution cannot be funded in the form of a piloting and demonstration project and an investment project. Instead, either a piloting and demonstration project or an investment project must be selected, depending on the solution's development rate and purpose.

Investment aid (3.2) is intended for the procurement of new solutions used in commercial production. A piloting project covers R&D activities carried out on a smaller non-production scale, with the piloting plant not

14.3.2023

Innovation Funding Agency Business Finland

being intended for commercial production. A demonstration project covers R&D activities carried out in an actual operating environment, in which the effectiveness of a process/method is tested, and the testing cannot typically be carried out on a smaller scale. In a demonstration project, the risks of success are always significantly higher than in an investment project, because the effectiveness of the process/method has never before been tested at a sufficiently large scale, and there is, therefore, no certainty over its effectiveness. The content of piloting and demonstration projects must be similar to R&D activities and, in these projects, the beneficiary always bears the risk of the effectiveness of the solution.

- Example: 1: Company A is developing a solution and aims to sell it to others. For testing the solution, company A builds a small-scale piloting plant. This is company A's piloting project (R&D). After the project, the piloting plant may remain with company A for R&D and presentation activities, or it may be sold\* if it proves to be effective.
- Example: 2: Company A is developing a solution and aims to sell it to others. Company B is interested in providing its production process for company A's development activities so that company A can test the effectiveness of its solution. This is company A's demonstration project (R&D). Company B may purchase\* the demonstrated solution after its effectiveness has been proven. Company A bears the risk of developing the solution and proving its effectiveness.
- Example: 3: Company A has been developing a solution and aims to sell it to others. Development has already proceeded so far that company B is willing to purchase the solution. This is company B's investment project.
- Example: 4: Company C is independently developing a solution, which it will also introduce in its production process. This is company C's demonstration project (R&D) if the project involves a clear risk of failure and includes work similar to R&D activities. If development risks are small and it is fairly probable that the solution works, this is company C's investment project.

\* If the beneficiary receives income generated by the costs reported to Business Finland during the project or immediately after it, the income must be reported to Business Finland without a delay. The reporting of the income must be done when the income is generated or when the purpose of the use of the pilot has changed. The reporting requirement continues five years after the last funding payment or as long as the acquisition cost of the pilot is on the funding recipient's balance sheet. If the income is significant, Business Finland may not accept the costs of the commercial activity or deduct the received income from the costs.

#### **4. General selection criteria for all applications**

Funding cannot be granted in the following situations:

- The company operates in agricultural primary production or fishing and aquaculture (including the further processing and trade of fish and aquaculture products).
- The company is not registered in the Finnish preliminary tax withholding 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 unmet obligations related to previous Tekes/Business Finland loans.
- The company does not meet the requirements for continuous profitable business operations
- On 31 December 2019, the company was in a situation that meets the definition of a company in difficulty. However, financing may be granted to companies that were not in difficulty between 31 December 2019 but became companies in difficulty between 1 January 2020 and 30 June 2021.

Granting the investment aid is not appropriate if aid can already be obtained from another support program. Funding can only be granted for companies that operate in Mainland Finland.

The RRF funded projects must end in 2025 at the latest. As a general rule, other funded projects must end in 2028 at the latest. Extensions to the project implementation period can be considered for justified reasons.

14.3.2023

Innovation Funding Agency Business Finland

Funding from Business Finland is always discretionary. The funding decision will be made in accordance with the selection criteria defined in the funding call and Business Finland's normal funding criteria. Business Finland will consider the project's impact on business, RDI increases in Finland, networks, the green transition, as well as the added value provided by funding from Business Finland and other impact. Business Finland will assess the credibility and feasibility of the information provided by the applicants. In assessing applications, Business Finland may also use information other than that provided by the applicants, in addition to its views on the feasibility and time horizon of the information, any risks involved and other aspects related to the desired impact.

## 5. Funding criteria for the Sustainable Growth Program for Finland (RRF)

In funding decisions, Finland complies with all valid state subsidy regulations and guidelines, and addresses DNSH technical guidance C(2021) 1054 final. With regard to projects within the scope of the EU Emissions Trading System (ETS), estimated greenhouse gas emissions must be below the reference value that has been defined as a benchmark value<sup>2</sup> for free allocation in Commission Implementation Regulation (EU) 2021/447. Funding will not be granted for projects that promote the use of fossil fuels<sup>3</sup>, activities related to waste landfills, incinerators<sup>4</sup> and mechanical biological treatment plants<sup>5</sup>; and activities where the long-term disposal of waste may cause harm to the environment.

Projects must fulfill relevant and binding environmental regulations valid in the EU and at a national level. The projects to be funded must fulfill the selection and eligibility criteria set out in DNSH technical guidance 2021/C58/01 and the criteria set for the fulfillment of the 100% climate change objective presented in intervention field 045a/045bis in Annex VI to Regulation (EU) 2021/241 on establishing the Recovery and Resilience Facility.

The DNSH criteria are presented in Appendix 1.

Investment P1C2I3 (reuse and recycling of central materials and industrial side streams) is within the scope of support in accordance with the intervention field of the use of recycled materials as raw materials compliant with the efficiency criteria (045a/045bis), which fully promotes the climate change objective. The investments to be funded must enable the utilization of the waste flow or side stream in question as new raw material by at least 50% with regard to weight so as to fulfill the EU's climate and environmental criteria set for funding.

Projects funded through RRF must primarily be completed no later than in December 2025.

Act on Preventing Money Laundering and EU Directive on the prevention of money laundering require that a company or entity identifies its owners, declares information to be registered and keeps its information up to date. In accordance with RRF regulation 2021/241, Article 24, Business Finland must collect the following

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<sup>2</sup> Where the activity supported achieves projected greenhouse gas emissions that are not significantly lower than the relevant benchmarks an explanation of the reasons why this is not possible should be provided. Benchmarks established for free allocation for activities falling within the scope of the Emission Trading System, as set out in the Commission Implementing Regulation (EU) 2021/447.

<sup>3</sup> Except projects under this measure in power and/or heat generation, as well as related transmission and distribution infrastructure, using natural gas, that are compliant with the conditions set out in Annex III of the "Do no significant harm" Technical Guidance (2021/C58/01).

<sup>4</sup> This exclusion does not apply to actions under this measure in plants exclusively dedicated to treating non-recyclable hazardous waste, and to existing plants, where the actions under this measure are for the purpose of increasing energy efficiency, capturing exhaust gases for storage or use or recovering materials from incineration ashes, provided such actions under this measure do not result in an increase of the plants' waste processing capacity or in an extension of the lifetime of the plants; for which evidence is provided at plant level.

<sup>5</sup> This exclusion does not apply to actions under this measure in existing mechanical biological treatment plants, where the actions under this measure are for the purpose of increasing energy efficiency or retrofitting to recycling operations of separated waste to compost bio-waste and anaerobic digestion of bio-waste, provided such actions under this measure do not result in an increase of the plants waste processing capacity or in an extension of the lifetime of the plant, for which evidence is provided at the plant level.

14.3.2023

Innovation Funding Agency Business Finland

information about the actual owners and beneficiaries of the final recipient of the funding: first name, last name, date of birth. The condition for granting funding is that the applicant has provided the information about the beneficiaries of the company to Finnish Patent and Registration Office PRH.

## 6. Other public funding

During reporting, other public funding (granted by the Government, municipality or other public organization, institution or foundation) must also be reported. In addition, funding granted from the EU's resources must be reported. The proportion of funding obtained from Business Finland and the Ministry of Economic Affairs and Employment of Finland or other public funding must not exceed the maximum amount of public funding permitted for the project. If necessary, Business Finland and Ministry of Economic Affairs and Employment of Finland will reduce its funding so that the maximum amount is not exceeded.

## 7. Application schedule

1. The first phase of the call was published on January 17<sup>th</sup> 2023.
2. A supplementary call was published on March 15<sup>th</sup> 2023 and is intended for introduction of new technology related to renewable energy production or energy efficiency in the battery industry.
3. **The deadline is March 31<sup>st</sup> 2023.** The deadline applies also to energy aid applications.

All applicants are advised to contact Business Finland before submitting an application.

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14.3.2023

Innovation Funding Agency Business Finland

**APPENDIX I: More information about the Do No Significant Harm (DNSH) requirement**

Each project funded through the Sustainable Growth Program for Finland must meet the DNSH 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 the following:

- a) climate change mitigation,
  - *where that activity leads to significant greenhouse gas emissions;*
- b) climate change adaptation,
  - *where that activity leads to an increased adverse impact of the current climate and the expected future climate, on the activity itself or on people, nature or assets;*
- c) the sustainable use and protection of water and marine resources, where that activity is detrimental
  - *to the good status or the good ecological potential of bodies of water, including surface water and groundwater; or*
  - *to the good environmental status of marine waters;*
- d) the circular economy, including waste prevention and recycling, where
  - *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,
  - *where that activity leads to a significant increase in the emissions of pollutants into the air, water or land, as compared with the situation before the activity started; or*
- f) the protection and restoration of biodiversity and ecosystems, where 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.*

Examples of how to complete DNSH forms are available in this document (p. 10 ->):

<https://data.consilium.europa.eu/doc/document/ST-6179-2021-ADD-1/en/pdf>

The extensive DNSH pre-assessments prepared during the preparation of the Sustainable Growth Programme for Finland are available in Appendix 3 to the Sustainable Growth Programme for Finland (<https://julkaisut.valtioneuvosto.fi/handle/10024/163176>) (especially the chapter on investments that promote the reuse and recycling of central materials and industrial side streams, pp. 443–445).