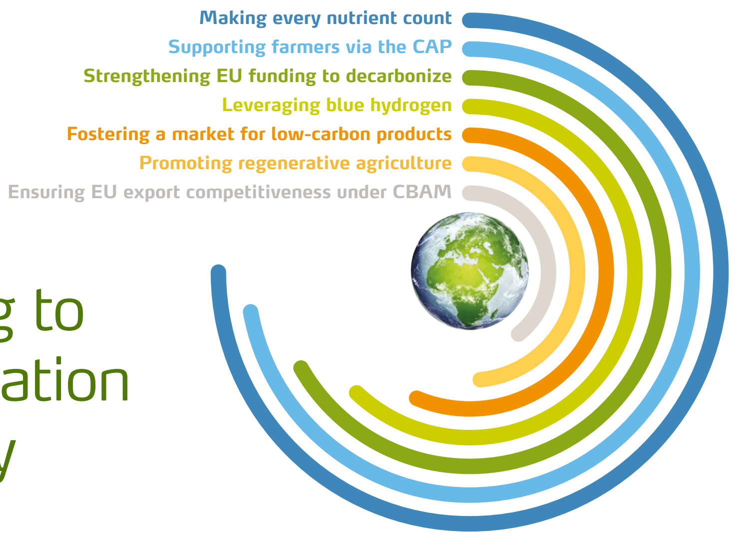
Knowledge grows



Strengthening EU funding to accelerate the decarbonization of agriculture and industry

Introduction

The EU funding landscape is evolving and plays an important role in addressing global challenges and decarbonization efforts. As the leading ammonia trader and provider of crop nutrition solutions in Europe, Yara believes in a future powered by low-carbon food, decarbonized shipping, and clean energy. These are key to realizing our ambition of growing a nature-positive food future. To achieve this ambition, we need to work together with governments and other players across value chains. In this regard, EU funding is vital for supporting decarbonization projects, especially large-scale ones, by de-risking investments and accelerating collaboration.

The EU has taken positive steps, such as supporting the production of renewable hydrogen through the European Hydrogen Bank, increasing the budget of the Innovation Fund and putting a stronger emphasis on industry participation in Horizon Europe.

However, the EU needs to have an even stronger focus on the deployment of large-scale projects that can make a significant impact in reducing emissions. Furthermore, the EU funding system remains too cumbersome, time consuming and bureaucratic. The system needs to be simplified and streamlined and be made more predictable and transparent in order to accelerate the decarbonization of the agri-food and energy value chains. This will ensure that European industry and agriculture remain competitive.

Here are our recommendations for how to make this possible.

OUR RECOMMENDATIONS

1. Strengthen the focus on large-scale projects to transform industry.

Now is the time to focus even more on the deployment of large-scale decarbonization projects. More funds should be channelled towards these projects as they have the greatest potential to substantially reduce emissions and strengthen the competitiveness of European industry. Encouraging funding also for large-scale projects would in turn attract more private investments for such projects, accelerating decarbonization efforts.

2. Streamline and simplify EU and member state funding programs.

Despite efforts that have been made to simplify and make EU and national funding schemes more accessible, the funding landscape in Europe remains complex and difficult to navigate. Furthermore, EU funding schemes are still too bureaucratic and time consuming, with a success rate that is very low. A simplified, more streamlined, transparent, and open system is needed to create more predictability for applicants.

3. Promote schemes that develop markets for sustainable products.

Public funding that supports the production of low-carbon products is important. However, the EU should also focus on fostering demand for low-carbon products. For example, the EU should create financial incentives for farmers who adopt lower-carbon footprint fertilizers. At the same time, production targets should be translated into distribution and value chain goals to encourage demand creation.

4. Extend the scope of the Hydrogen Bank to cover low-carbon hydrogen and target large-scale projects.

The creation of the Hydrogen Bank was a positive step in supporting Europe's hydrogen economy. However, mature, large-scale projects should also be included in order to scale up solutions. We also recommend including support for low-carbon hydrogen projects in addition to renewable hydrogen.

5. Tailor innovation funding to better suit the needs of business and industry.

Although Horizon Europe is the main EU funding program for innovation, its complexity, stringent guidelines and restrictions limit industry participation. Despite the increased focus on innovation and industry participation, the funded projects remain largely research driven. One solution is to introduce a new instrument that is more "bottom-up" and closer to the market to encourage smaller, industry-driven consortia in developing innovative solutions to global challenges.

For further information, please contact Luc Haustermans at **luc.haustermans@yara.com.**
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