



CZECH NATIONAL GUIDELINES ON THE APPLICATION OF THE DNSH PRINCIPLE

Managing Authorities etc. (fund/programme
managers/administrators)

DELIVERABLE 5

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Contract details

REFORM/SC2022/112 - Methodology for the application of the DNSH principle at the national level in Czechia

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Date

Rotterdam, 03/07/2024



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

Trinomics

Rotterdam, 03/07/2024

[REFORM/SC2022/112]

[Title]

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List of acronyms

CF	Cohesion Fund
CID	Council Implementing Decision
CO	Component Owner
CP	Climate Proofing
CPF	Cohesion Policy Funds
DNSH	Do No Significant Harm
DU	Delivery Unit
EC	European Commission
EIA	Environmental Impact Assessment
EMFAF	European Maritime, Fisheries and Aquaculture Fund
ERDF	European Regional Development Fund
ESF+	European Social Fund Plus
ETS	European Trading System
EU	European Union
JTF	Just Transition Fund
MoE	Ministry of the Environment
MA	Managing Authority
OA	Operational Agreement
PP	Project Proponent
RRF	Recovery and Resilience Facility
RRP	Recovery and Resilience Plan
SEA	Strategic Environmental Assessment
SME	Small and Medium Enterprise
SP	Sustainability Proofing
TSI	Technical Support Instrument

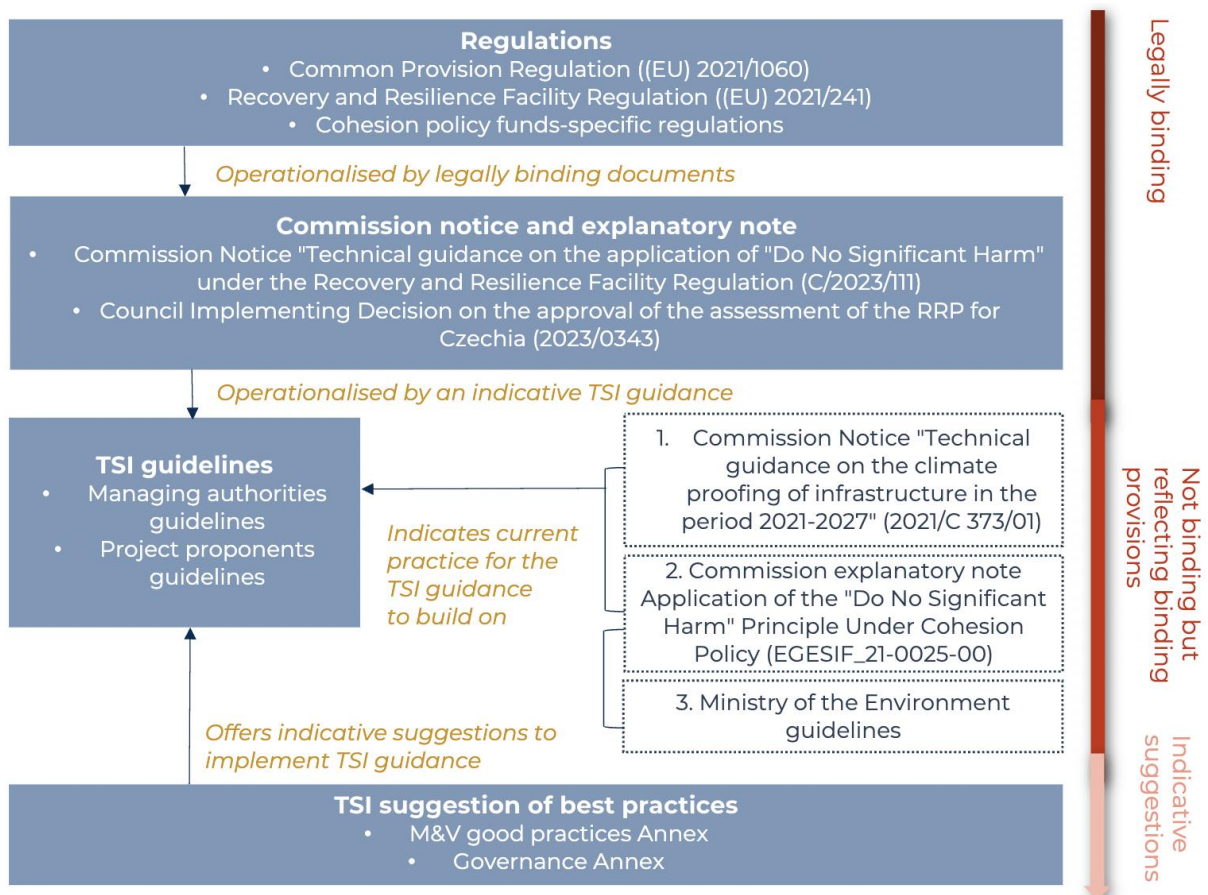
1. Introduction

Overall approach

These DNSH guidelines for Czechia are prepared for **Component Owners (COs)** for the **Recovery and Resilience Facility (RRF)** and for **Managing Authorities (MAs)** for the **Cohesion Policy Funds (CPF)**, i.e. the European Regional Development Fund (ERDF), the European Social Fund Plus (ESF+), the Cohesion Fund (CF), the Just Transition Fund (JTF). The guidelines may also be used by Czech entities as an indicative reference for funds that fall under the Common Provisions Regulation, such as the European Maritime, Fisheries and Aquaculture Fund (EMFAF).

The guidance provided in this document on DNSH application is informed by the evolutions brought about by the updated Commission Notice for the application of the DNSH principle under the RRF¹ (C(2023) 6454). Because the guidelines developed under this TSI project do not have legal force, they are not retroactive and do not require a change on past or ongoing programmes, investments, measures and projects. They do not replace and do not change legislative obligations according to EU and national law, nor do they change the competence and responsibility in the management of EU funds in the Czech Republic. Rather, their goal is to improve selected aspects of the implementation of the environmental conditions of EU funds in the Czech Republic. At the same time, this methodology is not an exclusive procedure for the implementation of environmental conditions and EU funds.

More detail on the interaction between these guidelines, the other deliverables of this TSI project (i.e., Annexes on best practices), and European and Czech documentation is provided in the figure below.



As indicated in the figure, the guidelines of the Czech Ministry of Environment (MoE) were used where possible to develop the present DNSH guidelines. In order to increase synergies, the MoE guidelines can typically be

¹ https://commission.europa.eu/system/files/2023-10/c_2023_6454_f1_other_autonomous_act_en.PDF

quoted by the guidelines. The references to the MoE guidelines are punctual and focus on very specific points (notably on the detailed methodology to implement climate proofing); the structure and general approach of the MoE guidelines and those presented in this document largely differ. The MoE guidelines offer a fund-agnostic methodology, while the present guidelines are fund-specific (thus reflecting the guidance of the European Commission).

Acknowledging that most (ex-ante) DNSH assessments have been conducted by the Czech authorities since the launch of the RRF and of the 2021-2027 CPF, **the guidelines focus on calls launch, monitoring, and verification steps**. In other words, the guidance in this document does not explain how to assess a measure under the RRF or CPF, but rather how to build on the assessment that has already taken place and to focus on the implementation and monitoring of the DNSH application of the measures. The structure of the guidelines is provided in the table below.

Table 1-1 Key steps of the guidelines

Steps	Description
Step 1: Preliminary verifications	This step takes stock of the DNSH assessments that were previously conducted by Czech authorities. This includes the listing of (evidence) documents, approval of the assessment of the RRP documented in the Council Implementing Decisions (CID) in the case of RRF, and definition of the types of measures in the case of CPF.
Step 2: Integration of DNSH in the call design and selection process	This step helps to build the call for projects - in line with the assessments listed in Step 1 - and to select the project proponents (PPs).
Step 3: Verification and monitoring of the DNSH principle	This step helps to ensure that the DNSH principle is respected throughout the project cycle ² .
Annexes: Conducting a climate proofing for CPF and RRF	This step indicates how to feed in the voluntary climate proofing into Steps 1, 2 and 3. In line with the fund-specific approach of these guidelines, Annex A focuses on the CPF and Annex B on the RRF.

The guidelines include separate sections and subsections for the RRF and for the CPF and present the fund-specific instructions set out in the Commission notices. Where the notices are interpreted, (e.g., to provide more detail), the text is written in *italics*.

In line with the updated notice and explanatory note published by the Commission on the application of the DNSH principle, indirect links between the DNSH and environmental assessments are not presented in these guidelines. Only direct linkages are addressed, as these inform the steps and sub-steps that must be taken by the COs (for RRF) and by the MAs (for CPF).

How to use these DNSH guidelines

These DNSH guidelines may be used (1) to support the preparation and launch of calls for application for measures that have already been validated by the Commission at the plan/programme level, or (2) to monitor the implementation of projects that were deemed compliant with the DNSH principle and are already selected under previous call for applications. For each step, a diagram figure provides an overview of the sub-steps to be conducted. For each of those, a **blue box** indicates the objective(s) of the sub-step.

The guidelines are based on relevant legal references, including Directives, Regulations and Commission Notices and Guidance provided by the European Commission on the application of the DNSH principle. Each chapter refers to the references from which these are derived in footnotes.

Finally, managing authorities that oversee financial instruments may use the **orange boxes** to identify any specificity to be considered. These boxes are based on the existing methodology for financial instruments in Czechia (i.e., Summary Guidance on Financial Instruments, October 2022, developed by the Ministry of Industry

² Throughout the guidelines, project cycle corresponds to the sustainability period or to the finance period- whichever is the longest.

and Trade), on the Commission's amended technical guidelines for the application of the DNSH principle in the RRF, as well as on a discussion with Czech authorities involved with financial instruments (including the National Development Bank). The approach used to develop the boxes is to reflect the proportionality principle (by simplifying procedures and assessments where possible) and to reflect current practices (by mirroring the current division of roles among Czech authorities). The boxes are applicable to both one- and two-tiered financial instruments.

Wording for equivalent notions may differ between the RRF and the CPF. The table below indicates and defines these equivalences.

Notion	Wording under the RRF	Wording under the CPF
Authority that manages and implements the funding under the RRF and/or CPF	Component owner <i>Example: Ministry of Industry and Trade</i>	Managing authority ³ <i>Example: Ministry of Transport</i>
Group of projects (investments, reforms, operations) under the programmes which undergo DNSH assessments	Measures <i>Example: Conditions for quality data pool management and ensuring controlled data access under A.1. Reform 1</i>	Types of actions <i>Example: Alternative fuel infrastructure under the Operational Program Transport 2021-2027 (OPD3)</i>
Smaller building blocks of the RRF/CPF funding which is implemented by public or private proponents and which under certain circumstances/where relevant also undergo DNSH assessment	Projects <i>Example: Reference register of health professionals and Patient reference register under A.2. Reform 2 on eHealth</i>	Operations <i>Example: Renovation of an SME's premises for improved insulation</i>

³ This wording reflects practices in Czechia and the project team's understanding of the EC expectations. However, it has not been neither confirmed nor corrected by the EC in spite of the project team's best efforts to obtain clarification.

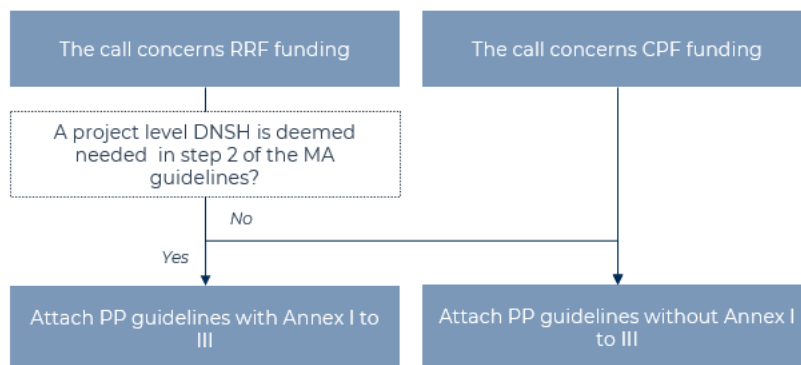
Project Proponent guidelines and their relationship with the MA guidelines

The guidelines for Project Proponent (PP) provide information to PPs regarding the Do No Significant Harm (DNSH) principle and its implications for assessing EU funding. These guidelines are structured into two main components: a primary chapter and supplementary annexes.

The primary chapter acts as a resource for all applicants seeking EU funding. It delineates the DNSH principle and elucidates its importance in the context of acquiring EU financial support. Additionally, it offers overarching guidance on ensuring adherence to the DNSH principle throughout the application process and the entire project lifecycle. Given its broad applicability, **this chapter is intended to be included in the documentation for all calls for applicants**, ensuring every potential project proponent is well-informed about the DNSH principle.

On the other hand, the **supplementary annexes (Annex I to III) provide specific guidance on conducting a project-level DNSH assessment.** These are particularly relevant in scenarios outlined in step 2 of the MA guidelines for RRF (section 3.2). Here, if MAs determine that the criteria defined at the call level are insufficient to ensure that projects align with the DNSH principle, MA guidelines will request a project-level DNSH assessment and include these annexes in the call documentation to assist PPs in conducting such assessments. Conversely, **in scenarios not requiring this level of DNSH assessment, PPs should remove the annexes from the PP guidelines before incorporating them into the call documentation.**

Figure 1-1 Recommended PP guidelines for inclusion in call documentation



2. Guidelines for Cohesion Policy Funds⁴

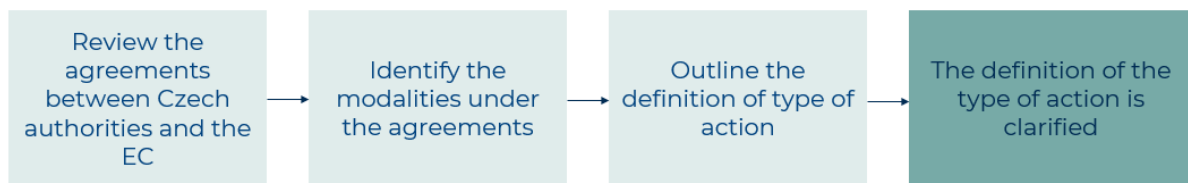
This chapter is aligned with the Commission Explanatory note “Application of the “Do no significant harm” principle under Cohesion Policy”.” (EGESIF_21-0025-00 27/09/2021)⁵. Where relevant (for instance, where more practical detail is needed by Czech authorities), the text goes beyond the Explanatory note. In that case, the text is in italics to indicate that it is recommended practice.

Step 1: Preliminary verifications

Each action of the CPF has been subject to a DNSH assessment. This ensures that the measures are developed in a way that avoids significant harm to any of the six environmental objectives, within the meaning of Article 17 of the Taxonomy Regulation. The **justifications for the DNSH assessments, along with additional considerations that MAs must consider**, detail the specific conditions set at the action’s definition stage.

This step takes stock of the DNSH assessments that were previously conducted by Czech authorities. It aims to identify the definitions of the types of action of the public funding programme, based on the agreement between the Commission and Czech Republic. Ultimately, identifying these definitions will allow Managing Authorities (MAs) to pursue Steps 2 and 3 by identifying the right implementation and monitoring conditions.

Figure 2-1 Overview of Step 1 for CPF



MAs must first review the agreement on the adopted programme and underlying types of action between the Commission and Czech authorities. For each type of action, eligibility criteria that were agreed upon must be identified. This includes mainly:

- **Key EU environmental legislation** which has been used to define the type of action and to exclude certain types of operations (see table below on the operations excluded for each fund). This also entails excluding any operation or type of action that has infringed EIA or SEA, or any national permitting regulation.
- **Results of the SEA**, if one has been conducted.
- The **environmental acquis** described in the thematic enabling conditions under the identification of the main objectives pursued by the type of action, in line with the sub-objectives of Policy Objective 2 (2021/1060, Article 5)⁶.
- **Method under which the DNSH alignment of the type of action was conducted**. MAs should check how the type of action was assessed as compatible with the DNSH principle: *((i) assessed by proving that there is no significant negative environmental impact due to their nature, (ii) assessed by copying the assessment of a similar measure under the RRF (iii) assessed by using the methodology for applying the DNSH principle under the RRF, or (iv) assessed by applying the Czech’s methodology)*.
- More broadly, **any element used to define the type of action** such as programmatic exclusions. This

⁴ The regulatory basis for this chapter is Regulation 2021/1060, laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy, <https://eur-lex.europa.eu/eli/reg/2021/1060/oj>

⁵ https://www.anpal.gov.it/documents/552016/1098881/06_EGESIF_21-0025-00_DNSH_expl_note.pdf/23bd2ac2-a422-a570-599e-e976c7eb33d5?t=1634727397571

<https://eur-lex.europa.eu/eli/reg/2021/1060/oj>

will ensure that misalignments with the DNSH principle at a later stage (e.g., when selecting operations) are contractually excluded from this type of action. For reference, the source of exclusions is synthesized in the table below.

Fund	Source where exclusions can be checked
ERDF, Cohesion Fund	Article 7 of Regulation (EU) 2021/1058
JTF	Article 9 of Regulation (EU) 2021/1056
ESF+	Article 16 of Regulation (EU) 2021/1057

These eligibility criteria must be outlined to (i) allow for the preparation of a call for operations (Step 2) and (ii) allow for the monitoring of the operations selected (Step 3). In practice, this must be outlined in the shape of a definition of the type of action.

Specificity of financial instruments

Step 1 is fully applicable for financial instruments. The same step must be taken.

The step must result in a short text or bullet points that define the type of action that will be funded by the financial instrument. The text or bullet points shall be specific (e.g., focused on one or a few sectors, on a few technologies or best practices).

- What are the key elements to keep in mind to conduct this step?

Particular care must be dedicated to the scoping of the type of action. Types of actions must be defined in a sufficiently specific and focused manner to later on allow for the selection of operations. It may be advisable to divide one type of action into 2 or 3 sub-types of actions to develop more focused definitions, and thus to facilitate the identification of operations. For instance, a type of action supporting the competitiveness of SMEs may be broken down per sector or per source of competitiveness (e.g., one sub-type of action focused on SMEs that improve circular economy, one sub-type of action focused on SMEs that increase their energy efficiency, one sub-type of action focused on SMEs that build new infrastructure or premises for new economic activities, etc.). In case Czech authorities want to retain some flexibility to allow SMEs to propose competitiveness measures that they had not foreseen, they may develop a separate sub-type of action with a broad scope. This will reduce the amount of work for Czech authorities by ensuring that the more mainstream operations are dealt with automatically, with limited analysis at the operation level. Similarly, it is advised to create a separate type of action or sub-type of action for those that are expected to entail infrastructure investments with a lifespan over 5 years. In case of hesitation,

Annex A - Conducting climate proofing in CPF can be used to clarify which investments this includes. Creating a separate type of action or sub-type of action will simplify the procedures later on, by avoiding mixing up simple operations (those that do not need a CP) and complex operations (those that need a CP, with support from Czech authorities and/or from financial intermediaries that are familiar with CPs).

- Is there any difference between different types of financial instruments?

There are no differences in the scope of application. The regulations on Cohesion Policy Funds impose the application of the DNSH principle for every euro spent under the funds. In that regard, the DNSH principle (and climate proofing, in case of infrastructure projects that exceed 5 years lifespan) are applicable to all financial instruments. All types of financial instruments must go through the same procedure in Step 1 (i.e., the agreements between Czech authorities and the EC and their modalities must be clarified to be able to define the type of action that will be funded by the financial instrument).

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Step 2: Integration of DNSH in the call design and selection process

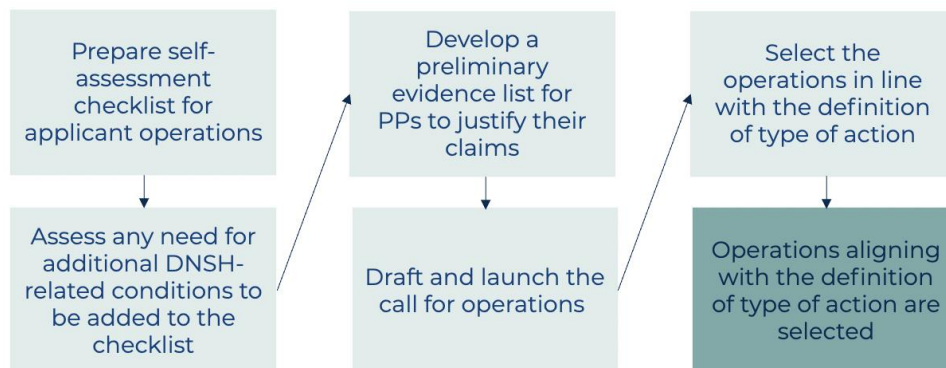
The eligibility criteria for funding are now clarified. The call may be developed. Step 2 focuses on the development of documents that will help PPs to confirm the alignment of their proposed operations with the eligibility criteria and to justify it. It then moves to the launch of the call to select the operations.

This step aims at selecting the projects in line with the definition of the type of actions clarified in the previous step. **The operations will align with the DNSH principle by aligning with the definition of type of action.** The step revolves around 5 sub-objectives:

- The development of a self-assessment checklist that will be used to assess the alignment between the applicant operations and the definition of type of action (as defined in Step 1).
- The identification of any need for additional DNSH-related conditions.
- The development of a preliminary evidence list for PPs.
- The launch of the call for operations.
- The proper selection of the operations aligned with the definition of types of actions.

To support this step, the template for self-assessment checklists (see Annex C - Template for self-assessment checklist for CPF) and for the preliminary evidence list (see Annex D - Template for preliminary evidence list for CPF) can be used.

Figure 2-2 Overview of Step 2 for CPF



Step 2.1: Develop the self-assessment checklist

Objective of the sub-step

This sub-step aims to develop a checklist that will help PPs to determine whether operations align with the type of actions approved under the programmes and their corresponding DNSH assessments. Checklists are developed by the MA to make them sufficiently specific, such that the PPs can answer easily on selected details.

The checklist should list the **funding eligibility criteria** identified in Step 1 in plain words (operational description of the legislation and technical clauses, no jargon, etc.):

- For the **key environmental legislation**, the checklist should provide a tick-the-box section that lists the main permits and clauses associated with the legislation (instead of listing the legislation per se). It should also list the exclusions that stem from the legislation (e.g., no production, transport or storage of fossil fuels).
- For the **results of the SEA**, the checklist should state in plain words any exclusion or mitigation measures that the SEA has proposed. It should ask to confirm that the operation respects the exclusions and mitigation measures (or that they are not applicable).
- Requirements resulting from **DNSH assessments carried out at the programme level**, such as those related to environmental objectives. Only those requirements that are not already listed under the key environmental legislation and the results of the SEA must be listed.
- In case of actions **assessed as DNSH compliant in line with the RRF methodology**, the requirements can be copied from the relevant mitigating measures listed in the CID. The PPs should be asked to confirm that their operation applies the mitigation measures (or that they are not applicable).

In case MAs develop a call for a very straightforward type of action with limited DNSH risks and small projects, the checklist may not be necessary. However, it is strongly advised to still write the criteria related to the key environmental legislation (first bullet point) in the general information of the call and in the contract with the project proponent (PP).

Specificity of financial instruments

This Step is applicable for financial instruments.

It is advised that the public authority in charge of the type of action develops the self-assessment checklist and then sends it to the financial intermediaries (so that they may integrate it in their documentation package on the financial instrument). This is preferable because they hold more precise technical expertise on the DNSH principle, due to their discussions with national entities in charge of the DNSH application, with the EC, and because they oversee the programmes (thus knowing precisely and in technical terms the type of projects expected). In case of technical difficulties or uncertainty, the public authority can consult the National Development Bank, which will act as a knowledge centre and can have the final decision on technical matters. In case of lack of capacity, this may be delegated to the financial intermediaries.

➤ What are the key elements to keep in mind to conduct this step?

Because the call will be conducted by a financial intermediary, it is strongly suggested to always develop a self-assessment checklist, even for smaller projects. This will ensure that the key environmental legislation is respected, even if the financial intermediary personnel has limited experience with environmental legislation. Additional specific elements for the financial instruments apply only after the checklist is fully completed (in the next step 2.2).

➤ Is there any difference between different types of financial instruments?

No. All financial instruments must follow the same procedure as described in Step 2.1. They are all subject to the self-assessment checklist (whether it is developed by the Czech authorities or by the financial intermediary).

Step 2.2: Assess the need for additional DNSH-related conditions in the self-assessment checklist

Objective of the sub-step

This sub-step aims at checking whether additional DNSH-related conditions must be added into the self-assessment checklist. In other words, it aims to allow for the assessment of alignment between the operation and the definition of the type of action.

In certain cases, it is possible that the five eligibility criteria listed in Step 1 are not sufficient to select operations. This may typically occur when the type of action is broad, complex (e.g., several objectives are pursued), or close to another type of action that is not aligned with the DNSH principle (e.g., for actions related to harmful sectors that are also instrumental for the climate transition). In that case, two additional DNSH-related conditions may be helpful to select the operations: climate proofing and the EU Taxonomy. MAs should consider using them to select operations:

- **Climate proofing (CP).** Useful for types of actions that are expected to involve operations in infrastructure with a lifespan above 5 years. In that case, it is mandatory to conduct a CP. The analysis of the CP and its results can be used to determine if the operation aligns with the type of action and with the DNSH principle. In practice, the MA can do so by adding questions to the self-assessment checklist about the scale and technical aspects of the operation. More information on the use of the CP results and on the conditions of application of CP are provided in Annex A.
- **EU Taxonomy.** Useful for types of actions that correspond to economic activities eligible under the EU Taxonomy. In practice, the EU Taxonomy can be used as a source of additional DNSH-related condition by helping to scope the operations that fall under the type of action. For instance, this can be done by:
 - Using the EU Taxonomy technical screening criteria for DNSH of the economic activities typically expected under the type of action to list tangible criteria in the self-assessment checklist. PPs will verify that their operation is eligible for funding by checking that it respects the technical screening criteria listed in the self-assessment checklist.
 - Identifying economic activities that are typically expected under the type of action and verifying that these are eligible for the EU Taxonomy. Eligibility for the EU Taxonomy can be used as a proxy to identify whether the operation has the potential to support the objectives of the programme and of the type of action. In practice, MAs can list the NACE codes and qualitative description of the operations that they expect to fund and that are eligible for the EU Taxonomy. Then, the PPs can check if their operation indeed corresponds to the NACE code and qualitative description of the activity. If it does, then it helps the MA to quickly spot that the operation has the potential to support the objectives of the programme and of the type of action. This does not preclude alignment with the preliminary evidence list; rather, it provides an indicative clue on the general alignment

of the activity with the scope of the call, which can help MAs gain time by excluding activities that clearly do not align.

If one or two of these DNSH-related conditions are found relevant, they should be added to the self-assessment checklist.

Specificity of financial instruments

Step 2.2 is applicable for financial instruments. Czech authorities in charge of the type of action should go through this step to consolidate the self-assessment checklist that is to be shared with the financial intermediaries.

- What are the key elements to keep in mind to conduct this step?

First, financial intermediaries should be familiarized with the DNSH principle, notably with the fact that it must be respected throughout the cycle of the operations to be funded. It is strongly advised to sign framework affidavits with the financial intermediaries where they confirm that they will ensure DNSH application throughout the cycle of all financial instruments that they manage.

In addition, when sharing the self-assessment checklist with the financial intermediary, the public authority should explain any technical difficulties or points of attention contained in the checklist. This will ensure that the intermediary can answer any questions from the PPs.

For types of actions or sub-types of actions that are likely to entail climate proofing (CP), Czech authorities can automatically add questions related to CP in the checklist. They should explain this to the financial intermediary and indicate that this may lead to additional procedures. They should also clarify the repartition of responsibilities between the financial intermediary and the Czech authorities (by specifying the precise contact points in the authorities that have an expertise on CP). Because CP requires specific expertise and experience, it may indeed be helpful for the financial intermediaries to delegate the CP analysis or analysis of the checklist questions on CP to the Czech authorities.

- Is there any difference between different types of financial instruments?

No. Guarantees and varied types of loans are all subject to this step.

Step 2.3: Develop the preliminary evidence list

Objective of the sub-step

This sub-step aims at listing the documents that will allow PPs to justify the claims made in the self-assessment checklist. This sub-step is implemented at the level of the call by the MA.

Suggestions of types of justifications are provided below for each element of the self-assessment checklist:

- For the **key environmental legislation**: permits, rights to operate, registrations to the relevant local and national authorities, declaration or letter of intent describing the operation, a permit for the operation that describes the objectives of the operation.
- For the **SEA**: documents specified in the opinion of the SEA regarding additional steps or mitigating measures to be implemented (e.g., measures asked for by a nature protection authority).
- For all **additional DNSH-related elements**: an accounting document showing the NACE code of the operation, any document required when assessing the DNSH-related element, the official results of the CP.
- If the type of action was assessed as compatible under **the RRF DNSH technical guidance**: documents listed in the Operational Arrangements of the RRP and required to prove DNSH alignment or to prove the alignment with the type of action.
- For **all the previous points**: audits dedicated to the justification of the responses in the self-assessment checklist.

Specificity of financial instruments

Step 2.3 is applicable for financial instruments. A preliminary evidence list must be developed by the MA in charge of the type of action, in line with the content of the self-assessment checklist. It must then be shared and explained to the financial intermediary, which will then provide it to the PPs when launching the call in Step 2.4.

- What are the key elements to keep in mind to conduct this step?

Because the financial intermediary may not have strong experience with the DNSH principle or with environmental documentation, it is strongly advised to develop a very specific preliminary evidence list (including the official names of the documentation, and, where applicable, which sections of the documentation should be analysed by the financial intermediary).

- Is there any difference between different types of financial instruments?

No. Guarantees and varied types of loans are all subject to this step.

Step 2.4: Launch the call procedure

Objective of the sub-step

This sub-step aims at launching the call for operations by opening funding to operations that align with the definition of the type of action. It does so by sharing the self-assessment checklist with PPs.

The call for operations can now be launched by:

- **Drafting the call.** The call must be described by providing a qualitative description of the expected activities and objectives (with concrete examples) and the conditions for the operations expected by the MA. Exclusions and the objectives of the operations expected must be clear. The examples, exclusions and objectives must closely align with the definition of the type of action. This will ensure that the operations align with the DNSH principle.
- **Sharing the self-assessment check list** with PPs interested in the call, as part of the call's documentation. It should be made very clear that the points listed in the checklist will require some justification at a later stage, in case the operation is selected.
- **Incorporating the PP guidelines in the call documentation.** Before integrating them, MAs should remove the introductory "Note for Managing Authorities", as well as Annex I to III (as explained in the section 1.4).

Specificity of financial instruments

Step 2.4 is applicable for financial instruments. It is advised that the Czech authorities draft the call, unless the financial intermediary has strong experience with the DNSH principle. Financial intermediaries should then publish the call and, if relevant, share it in the sectoral networks that are likely to benefit from the call. Similar to what is described in Step 2.4, the self-assessment checklist should be part of the call documentation (e.g., ready for download on the same webpage as the call presentation, with a mention that the checklist responses will need justifications) to reduce research time for the beneficiaries.

- What are the key elements to keep in mind to conduct this step?

The specificity of the call description is key to attract the right PPs and to ensure that they do not lose time asking questions to the financial intermediary. To this end, it is strongly advised to present the calls per sub-type of actions (as defined in Step 1) with concrete examples of investments involved, types of financial product to be provided, and without administrative or DNSH-related jargon.

- Is there any difference between different types of financial instruments?

There is no technical difference. There may be a difference in the channels of communication, if the financial intermediary separates its branches per type of financial product. In that case, it is important to draft the call per sub-type of action or per financial product, and to publish it on the relevant webpages.

Step 2.5: Select the operations

Objective of the sub-step

This sub-step aims to select the operations that have applied to the call, ensuring that they align with the type of action and its corresponding DNSH requirements.

MAs must pre-select the operations that align with the definition of type of action, based on the answers to the checklist. Operations that do not align with the definition of the type of action must be excluded from the call. In that case, PPs should be informed that their operation may not be funded. In case the checklist answers provided by the PP are incomplete, or if the answers are insufficient for the MA to clarify alignment with the call (e.g., if answers are too broad), the MA should ask the PP for more detail. Operations may only be selected after the details are provided and aligned with the call.

MAs should then share the preliminary evidence list with eligible PPs. Operations from PPs who justify the answers provided in the checklist can be selected. MAs can then issue the final resolution to confirm the selection of operations. This process (i.e., only verifying the documentation after the answers to the checklist are validated) avoids putting administrative burden on the PPs because it avoids asking them for a full application if they are not eligible. MAs may however prefer to ask all documentation at the same time as the answers to the checklist, if they lack capacity. In other words, the repartition of administrative burden between MAs and PPs is decided by the MAs.

PPs who cannot justify their answers from the checklist should be asked for clarifications and additional justifications.

Specificity of financial instruments

Step 2.5. is applicable for financial instruments. It should be applied by the financial intermediaries. In case they have a technical difficulty (typically, when there is uncertainty about an answer provided by a PP or when analysing the justificatory documentation), they may refer to their contact point at the Czech authority in charge of the type of action, and/or to the National Development Bank.

However, there is one difference between the procedure described in Step 2.5 and the procedure for financial instruments. While Step 2.5 leaves the choice of the repartition of burden to the MA, it is strongly advised to share the preliminary evidence list only with PPs that are eligible to the financial instrument (i.e., based on their responses to the self-assessment checklist). This is because the primary beneficiaries of financial instruments tend to be small entities, and it is thus advised to report the administrative burden from them to the financial intermediary.

- What are the key elements to keep in mind to conduct this step?

There are no key elements.

- Is there any difference between different types of financial instruments?

No. Guarantees and varied types of loans are all subject to this step.

Step 3: Verification and monitoring of the DNSH principle

Now that the operations are selected, Step 3 ensures that the DNSH principle is respected throughout the funding cycle. It does so by defining monitoring and reporting measures.

Importantly, and while the need for monitoring is recognized in the CPF-related regulations, the instructions for monitoring remain narrow. This step thus refers to the official instructions but is complemented by advice in *italics*, which can be adapted by MAs to better reflect their constraints and needs.

Figure 2-3 Overview of Step 3 for CPF to be implemented by MAs



Step 3.1: Define monitoring measures

Objective of the sub-step

This sub-step aims to define monitoring measures, which will be used to ensure the alignment of the operation with the DNSH-related conditions (i.e. definition of type of action and, when applicable, with the additional conditions laid down in the call) throughout the operation cycle.

While there is no obligation to monitor alignment of each operation with the DNSH principle, the monitoring must focus on ensuring that the operations align with the type of actions defined previously and under which the operations have been selected.

Step 2 selected operations that align with the definition of the type of action. MAs must now cascade down the definition of the type of action into monitoring measures. In line with the key characteristics of the type of action definition, the following monitoring measures can be determined (the following points are not exclusive; the use of one type of monitoring measure may not be sufficient, the MA may decide to use several of them):

1. For programmes that have been subject to a SEA: the monitoring measures or indicators that are imposed by the SEA (typically described in the declaration) must be used as a monitoring measure for the project. If the MA deems it necessary to make implementation easier, they may decide to make these monitoring measures more specific and detailed than those detailed in the declaration.
2. For operations that have been subject to a CP: the monitoring measures implied by the CP (e.g., those that are integrated in the EIA report) CP must be used as a monitoring measure for the operation.
3. For all operations:
 - Permitting: the monitoring of the environmental permits granted to the operation can be used to prove that the operation abides by European and national law (thus aligning with the definition of the type of action).
 - Proof of support to the policy objectives: a technical document linked to the policy objective that the programme supports through the operation can be used to monitor the support to the policy objective. For instance, if the programme supports the transition to a circular economy, a technical report can be requested by the MA to monitor the tons of materials re-used by the operation.
 - Fund-specific measures: strategic documentation specific to a fund can be used to identify monitoring measures. Calls for operations under a specific fund typically include a list of criteria that are specific to the fund (e.g., exclusions stated in the fund's regulation) or that help to target operations that align with the definition of the type of action. These criteria can be used to scope the monitoring measure.
4. For operations falling under types of action that were assessed under the RRF: the monitoring measures defined in the OA or CID must be used, as they “cascade” down from what was determined in the OA and CID to the CPF programme at hand.

5. Additionally, the report “Integration of environmental considerations in the selection of projects supported by the European structural and investment funds⁷” can be used to determine monitoring measures that will be sufficient to ensure the alignment of the operation with the type of action. While this report was initially intended to support the selection of operations, its use is advised by the EC to identify indicators and methods for monitoring.

The monitoring measures chosen should be listed in the contractual evidence list, which may be integrated in the body of the text of the contract with the PP, or as an Annex to the contract (i.e., ensuring that the contractual evidence list is part of the broader contractual clauses applicable to the operation). They should indicate the interval for monitoring verifications, so that the operation respects the DNSH principle throughout its operation cycle. A template for the contractual evidence list is provided in Annex (see Annex E - Template for contractual evidence list for CPF). The list may then be sent as a contractual clause to the PPs.

Specificity of financial instruments

Step 3.1. is applicable for financial instruments; the only difference with grants regards the timeline/interval of the monitoring measures.

The Czech authority in charge of the type of action should list the monitoring measures for each call. It will be then used by the financial intermediaries to (i) prepare the contracts for the PPs and (ii) monitor the operations selected. Alternatively, where the intermediary has large internal capacity and/or for simple projects, it is advised that the intermediary defines the monitoring measures.

This step should be conducted at the call level as much as possible. In practice, this means that the monitoring measures should be identified amongst the measures proposed in points 1 to 4 of Step 3.1. Measures that are specific to certain operations (as proposed in point 5) should be avoided and left to operations that are highly innovative (with limited knowledge about the risks for DNSH) and to calls broad calls (e.g., calls funding flexible solutions for competitiveness of SMEs). Once measures are identified, their interval of application should be defined. There are two options to do so:

- *Option 1:* measures come from the SEA, CP, OA or CID. In that case, the interval or milestones for conducting the monitoring defined in the SEA, CP, OA or CID must be used.
- *Option 2:* measures do not come from the SEA, CP, OA or CID, *OR* they do but their interval or milestones for conducting the monitoring is not clear. In that case, the interval of the monitoring measures should be designed for the longer terms than for grants. This is because financial instruments are repayable and tend to have longer operation cycles. For financial instruments with a repayment plan of up to 3 years, only an interim and final monitoring are suggested. Beyond 3 years, it is suggested to apply the monitoring measures every 2 years and for the last payment tranche.

- What are the key elements to keep in mind to conduct this step?

The first key element regards the scope of application for monitoring measures. For calls described at the level of sub-types of action in Step 2.4 (see section 0), it is advised to list the monitoring measures per sub-type of action. This will help to keep the monitoring measures targeted and relevant, thus avoiding the need for investment-specific monitoring lists. This also helps to easily spot where CP-related monitoring measures are needed, since the sub-types of actions were already scoped to group operations that need a CP.

The second key elements regard the proportionality principle. It is advised that the Czech authority prepares a simplified list of monitoring measures that apply only to SMEs. To do so, they should first follow the normal procedure (using the measures proposed in points 1 to 4). They can then remove the monitoring measures that are too complex for SMEs compared to the environmental risks at hand. They may also simplify those that are applicable to SMEs but that require large capacity (e.g., by asking a one-pager about the objectives and aspects of the operation instead of a full technical report about the policy objective).

- Is there any difference between different types of financial instruments?

No. Every euro lent by a Cohesion Policy Fund must support an operation that respects the DNSH principle throughout its cycle. As a result, financial instruments that are repaid before the end of the operation's cycle (e.g., senior debt) should not lead to stop the monitoring. In other words, the monitoring until the end of the cycle must be ensured for all types of financial instruments.

⁷ <https://op.europa.eu/en/publication-detail/-/publication/25295fb0-c577-11ea-b3a4-01aa75ed71a1/language-en>

Step 3.2: Carry out verifications

Objective of the sub-step

This sub-step aims at implementing monitoring measures defined in the previous sub-step.

Verifications must be conducted on the basis of the monitoring measures decided in Step 3.1. In case the verifications reveal that the operation does not align with the definition of type of action, the operation must course-correct (*typically, within the following 6 months*) or the funding must be stopped.

To ensure that operations align with the DNSH principle throughout the operation cycle, monitoring can take place on a recurring basis (e.g., every year or two years depending on the duration of the funding), unless the monitoring measures already defined other monitoring modalities (e.g., during the SEA). As discussed in the Annex Deliverable on Good Practices, this may be done by a (usually already-established) unit that is responsible for monitoring project compliance at a general level (not only for DNSH matters). It is thus advised to integrate DNSH monitoring into existing MAs' monitoring procedures.

Specificity of financial instruments

Step 3.2. is applicable for financial instruments.

The same rules should apply to financial instruments and should be implemented by the financial intermediary. This also means that, where the intermediary determines the need for corrective action, it is responsible for evaluating and checking it (*typically, within the 6 following months*). Czech authorities in charge of the type of action and the National Development Bank should provide the opportunity to the financial intermediaries to ask ad hoc and technical questions e.g., on the relevance and sufficiency of the verifications.

➤ What are the key elements to keep in mind to conduct this step?
There are no key elements.

➤ Is there any difference between different types of financial instruments?
No. Guarantees and varied types of loans are all subject to this step.

3. Guidelines for the Recovery and Resilience Facility

The regulatory basis for this chapter is the [Regulation 2021/241, Establishing the Recovery and Resilience Facility](#).

Step 1: Preliminary verifications

Step 1 aims at identifying the **definition of the specific measure** in question, along with its **DNSH compliant conditions**, outlined in the Czech Recovery and Resilience Plan (RRP)⁸, and the Council Implementing Decision (CID) on approval of the assessment of the recovery and resilience plan of Czechia and its Annex I. This includes the amended version of the RRP and CID made in 2023, which includes the RePowerEU chapter.

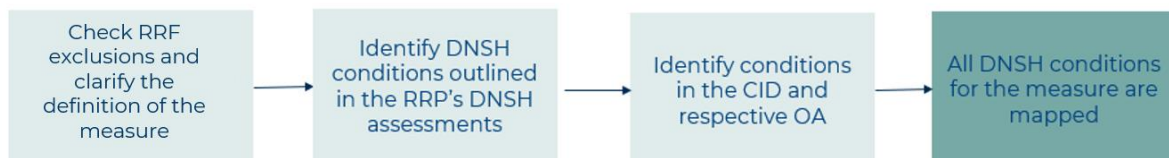
To do so, the step is divided in 3 sub steps:

- Step 1.1: Check RRF exclusions and clarify the definition of the measure
- Step 1.2: Identify DNSH-related compliant conditions outlined in the RRP’s DNSH assessments
- Step 1.3: Identify DNSH-related compliant conditions in the CID and respective Operational Arrangements (OA)

To assist CO in implementing this step, Annex F offers a template designed to facilitate the operationalization of this step, specifically in the collection and storage of all relevant information and findings derived from this step.

Following these sub steps, Step 2 will assist COs in the development of DNSH criteria for the design of the call for projects, which will ensure that all projects under the RRF funding align with the DNSH principle, in accordance with the commitments established between the Czech government and the European Commission.

Figure 3-1 Overview of Step 1 for RRF



Step 1.1: Check RRF exclusions and clarify the definition of the measure

Objective of the sub-step

This step aims to help COs in identifying DNSH conditions defined at the programmatic level (RRF) and at the level of the definition of the specific measure.

As a first step, COs should **check for any programmatic exclusions specific to RRF**, as these dictate which projects or expenses are ineligible for funding under this mechanism. Specifically, COs must ensure that the call is aligned with Annex III of the [Technical Guidance on the application of ‘do no significant harm’ under the Recovery and Resilience Facility Regulation 2021/C 58/01](#), which specifies exclusions related to power and/or heat generation, as well as related transmission and distribution infrastructure, using natural gas.

After checking for exclusions, COs should **identify the definition of the measure** at hand agreed between the Czech Government and the European Commission through the CID on the approval of the Czech’s Recovery and

⁸ The respective RRP documents can be found in the Czech’s RRP website

Resilience Plan⁹. This is relevant to understand the overall goal of the measure and type of projects that can be pursued, as well as to identify the overarching DNSH conditions defined at the level of definition of the measure.

The DNSH conditions are included in the description of the particular measure (see Figure 3-2). Moreover, the measure's corresponding component might set forth overarching DNSH criteria applicable to all measures within the same component, which merits careful examination and consideration.

The following constitute possible eligibility criteria defined at the level of definition of the measure:

- **Key EU environmental legislation** which has been used to define measure and to exclude certain types of operations.
- **Results of the SEA**, if one has been conducted.
- **Permits**, when necessary.
- For projects covered by the EU ETS mechanism, obligatory threshold to exceed the GHG emissions reductions required under the ETS. Transversal criteria for DNSH application, notably the target of 70% of preparation of construction and demolition waste for reuse or recycling, or the target of 30% of increase in energy efficiency in renovated buildings, also apply as eligibility criteria¹⁰.

Figure 3-2 Illustrative example of how measure descriptions in the CID incorporate DNSH criteria

Investice č. 2: Modernizace distribuce tepla v soustavách dálkového vytápění

Cílem tohoto opatření je snížit spalování uhlí pro výrobu tepla (a související výrobu elektřiny) do roku 2030 v souladu s přijatými posouzeními dekarbonizace dálkového vytápění v Česku podle reformy č. 1 této složky, a to zejména zvýšením účinnosti dálkového vytápění a snížením emisí skleníkových plynů a znečišťujících látek pomocí nalazení soustav parního rozvodu horkovodními systémy.

Očekává se, že toto opatření významně nepoškodí environmentální cíle ve smyslu článku 17 nařízení (EU) 2020/852, a to s ohledem na popis opatření a zmíněný kroky stanovené v plánu pro oživení a odolnost v souladu s technickými pokyny k uplatňování zásady „významně nepoškodovat“ (2021/C58/01). Konkrétně bude do tří let po modernizaci sítě zahájena rekonstrukce zdrojů výroby tepla a energie tak, aby splňovaly definici účinného dálkového vytápění a chlazení uvedenou v čl. 2 bodě 41 směrnice 2012/27/EU („soustava dálkového vytápění nebo chlazení, která používá alespoň 50 % energie z obnovitelných zdrojů, 50 % odpadního tepla, 75 % tepla z kombinované výroby tepla a elektřiny nebo 50 % z kombinace této energie a tepla“). Bude zajištěno, aby tyto zdroje výroby tepla splňovaly požadavky technických pokynů k uplatňování zásady „významně nepoškodovat“ (2021/C58/01) a nepoužívaly jako zdroj tepla tuhá fosilní paliva, výjma paliv splňujících kritéria pro výrobu tepla na bázi zemního plynu podle přílohy III technických pokynů k uplatňování zásady „významně nepoškodovat“.

Bude-li jako zdroj paliva využita biomasa, budou investice v souladu s kritérii udržitelnosti a úspory emisí skleníkových plynů stanovenými v článku 29 směrnice (EU) 2018/2001 o podpoře využívání energie z obnovitelných zdrojů („směrnice o obnovitelných zdrojích energie“, „RED II“). Budou využívány pouze odpady a zbytky biomasy, které lze získat udržitelným způsobem, a investice bude doprovázena opatřeními pro snížení emisí.

Bude zajištěn soulad s příslušnými právními předpisy EU a vnitrostátními právními předpisy v oblasti životního prostředí, aby byly emise v mezích úrovní emisí nebo nižší než úrovně emisí spojené s limity závěrů o nejlepších dostupných technikách (podle směrnice o průmyslových emisích).

The selected text was retrieved from the 2023 CID Annex and is respective to the DNSH-related conditions outlined in the description of Investment 2 of Component 2.3: Transition to Cleaner Energy Sources.

Specificity of financial instruments

Step 1.1 is applicable for financial instruments. The same step must be taken: the exclusions must be listed, along with any eligibility criteria from permitting, SEA or EIA, and any key EU legislation.

The step must result in a checklist document that defines the specific conditions to be used by the financial intermediaries to select the beneficiaries.

➤ What are the key elements to keep in mind to conduct this step?
There are no key elements.

➤ Is there any difference between different types of financial instruments?
Yes. There is a difference between loans and guarantees on one side, and equity and working capital on the other.

⁹ Both original CID published in 2021, and the respective amendment from 2023, should be consulted. These are available in the Czech's RRP website.

¹⁰ Notwithstanding the fact that it is not legally an exclusion, this criterion has been highlighted as a transversal, eligibility criterion by the EC representatives during clarification meetings and across all Member States.

For loans and guarantees, eligibility criteria are listed at the scale of the economic activity to be financed (e.g., exclusions listed in the checklist will be applied to the activity described in the RRP measure and that the beneficiary will implement). The exact same process as described in Step 1.1 must be conducted.

For equity and working capital, eligibility criteria are listed at the scale of the beneficiary that will implement the RRP measure. This is due to the fact that the financial instrument will be used freely by the beneficiary, and that it is not earmarked to a specific economic activity. The process described in Step 1.1 must thus be applied with more safeguards. First, the checklist must clearly state that the eligibility criteria from the permitting, SEA and EIA will apply to all the relevant economic activities of the beneficiary (i.e., even those that do not directly pertain to the RRP). Second, with regards to the exclusions and EU legislation, the checklist must list the following criteria:

- For any beneficiary whose activities include anaerobic digestion of bio-waste, landfill gas capture and utilisation, a monitoring plan for methane leakage of these activities must be in place.
- For any beneficiary whose activities include transport of CO₂ and underground permanent geological storage of CO₂, a detailed monitoring plan in line with the provisions of the CCS Directive 2009/31/EC and EU ETS Directive 2018/410 must be in place.
- Beneficiaries shall not be active in the financing of vessels, vehicles or rolling stock specifically dedicated to transport fossil fuels
- Beneficiaries shall comply with the national environmental, climate and social laws and regulations to which they are subject.
- Beneficiaries may not be engaging in activities restricted or excluded under EIF's Guidelines on Restricted Sectors and/or have a substantial focus on activities falling under EIF's restrictions stemming from the EIB Group Paris Alignment framework, i.e.:
 - Fossil fuel-based energy production and related activities, i.e.:
 - a. Coal mining, processing, transport and storage
 - b. Oil exploration & production, refining, transport, distribution and storage
 - c. Natural gas exploration & production, liquefaction, regasification, transport, distribution and storage
 - d. Electric power generation, exceeding the Emissions Performance Standard of 250 grams of CO₂e per kWh of electricity, applicable to fossil fuel-fired power and cogeneration plants, geothermal and hydropower plants with large reservoirs.
 - Energy-intensive and/or high CO₂-emitting industries, i.e.:
 - a. Manufacture of other inorganic basic chemicals (NACE 20.13)
 - b. Manufacture of other organic basic chemicals (NACE 20.14)
 - c. Manufacture of fertilisers and nitrogen compounds (NACE 20.15)
 - d. Manufacture of plastics in primary forms (NACE 20.16)
 - e. Manufacture of cement (NACE 23.51)
 - f. Manufacture of basic iron and steel and of ferro-alloys (NACE 24.10)
 - g. Manufacture of tubes, pipes, hollow profiles and related fittings, of steel (NACE 24.20) h)
 - h. Manufacture of other products of first processing of steel (NACE 24.30, incl. 24.31-24.34)
 - i. Aluminium production (NACE 24.42)
 - j. Manufacture of conventionally fuelled aircraft and related machinery (sub activity of NACE 30.30)
 - k. Conventionally fuelled air transport and airports and service activities incidental to conventionally fuelled air transportation (sub-activities of NACE 51.10, 51.21, and 52.23).

However, items a) - k) included are allowed if the beneficiary's economic activities in a)-k) qualify as environmentally sustainable investments as defined in the EU Taxonomy

- Beneficiaries shall not have a substantial focus on the production, rental or sale of polluting vehicles, unless they adopt and publish green transition plans. A substantial focus means that the beneficiary derives more than 50% of their revenues during the preceding financial year from activities and/or assets related to production, rental or sale of polluting vehicles. Production, rental or sale of polluting vehicles corresponds to any of the following:
 - Manufacture of combustion engine vehicles (sub-activity of NACE 29.10 Manufacture of motor vehicles)

- Wholesale and retail trade of polluting vehicles (sub-activities of NACE codes 45.11 Sale of cars and light motor vehicles, 45.19 Sale of other motor vehicles)
 - Rental and leasing of polluting vehicles (sub-activities of NACE 77.11 Renting and leasing of cars and light motor vehicles, 77.12 Renting and leasing of trucks)
- Polluting vehicles are those:
- That are M1 passenger cars and/or N1 light duty vehicles and that exceed the threshold of 50g CO₂/km
 - That are trucks and other heavy-duty vehicles such as tractors (i.e., categories N2 and N3), unless they are zero-emission or low-emission vehicles (i.e., with CO₂ emissions of less than half of the reference CO₂ emissions of all vehicles in the vehicle sub-group)
 - That are buses:
 - a. Characterised as ‘low floor’ buses (M2 and M3 categories, typically urban and suburban buses running on short distances within an agglomeration), unless they are electric and plugin hybrid buses
 - b. Characterised as ‘high floor’ buses (M2 and M3 categories, typically inter-urban coaches), unless they comply with the latest step with respect to pollutant emissions from heavy-duty vehicles under EURO VI (EURO VI-E).
- Beneficiaries shall not be active in activities covered by the ETS.
 - Beneficiaries shall not be active in the following:
 - Waste collection (NACE 38.1x)
 - Waste treatment and disposal (NACE 38.2x)
 - Processing of nuclear fuel (NACE 24.46)
 - Production of nuclear energy (sub-activity of NACE 35.11)

Step 1.2: Identify DNSH-related conditions outlined in the RRP’s DNSH assessments

Objective of the sub-step

This step aims to help COs in navigating the DNSH assessments developed for the specific measure under the RRP to identify DNSH-related conditions relevant for the call that will be developed.

Every measure in the RRP has been subjected to a DNSH assessment for each environmental objective, ensuring that the measures are developed in a manner that avoids significant harm to any of the six environmental objectives outlined in Article 17 of the Taxonomy Regulation. **The justifications in the simplified and detailed DNSH assessments** across the various objectives elaborate on the specific conditions that align a particular call and project with the DNSH criteria, thereby making the project eligible for funding under a specific measure. These DNSH assessments can be consulted in the Tabular Annex of the RRP. *While the DNSH conditions specified in the RRP often form part of the measure’s definition in the CID (addressed in step 1.3), it remains crucial to check these assessments to ensure that all conditions are thoroughly identified and adhered to.*

While reviewing the RRP annex with the DNSH assessments, COs must:

1. **Review the DNSH assessment outcomes for the designated measure.** For each environmental objective, a simplified assessment will have been conducted, occasionally supplemented by a detailed assessment, where necessary. The **Simplified DNSH assessment** typically outlines specific eligibility criteria and/or legislation that must be followed to align with the DNSH principle for that particular objective. **Detailed assessments** are undertaken in instances where there’s a considerable risk of the measure causing environmental harm to the objective. In such cases, the detailed assessment delineates required actions to mitigate or prevent environmental damage. The CO should examine both the simplified and detailed assessment for each objective, collecting all stipulated conditions pursuant to that measure, as these will have to be assured throughout the implementation of measures throughout the funding cycle¹¹.
2. **When a detailed DNSH assessment references environmental evaluations done at the measure level, it’s important to compile this related documentation.** For instance, if a CP or SEA (i.e., SEA to the relevant operating program) has been performed for the measure, CO should locate this documentation, as it is essential for subsequent stages.

¹¹ i.e. until the last disbursement of European funding for the project

The following list includes examples of types of conditions that are presented in the DNSH checklists as conditions for the development of the calls:

- Exclusions of different natures¹²
- Compliance with specific EU and/or national legislation.
- Granting of specific environmental permits/authorizations.
- Implementation of recognized management systems.
- Implementation of best environmental practices or usage of benchmarks.
- Demonstration of compatibility / alignment with EU and national environmental objectives, strategies, standards, principles, plans and/or targets, as per the respective regulations and/or CO practices.
- Implementation of specific plans or alignment with specific commitments developed by the Czech government, in the context of the RPP.

For illustration, Figure 3-3 Illustrative example of the DNSH assessment of a Czech RPP measure showcases the DNSH assessment of the objective ‘climate mitigation’ for the Czech RPP measure ‘Digital Services to Citizens and Businesses - Digital Services for End-Users in the Social Area’. In this case a simplified assessment suffices, and specific criteria is specified as to ensure compliance with the DNSH principle. Namely, the assessment requires alignment of calls and related projects with specific European and national regulations. In addition, projects under this measure that necessitate new hardware must demonstrate “significantly higher energy efficiency”, and there should be a preference for services and systems that can be hosted in cloud centres. This criterion should be incorporated in the call along with other DNSH related criteria outlined in the table for the remaining five environmental objectives for that particular measure.

Figure 3-3 Illustrative example of the DNSH assessment of a Czech RPP measure

Related measure (reform or investment)	Please indicate for which of the environmental objectives below you consider that a detailed Do-No-Significant-Harm assessment should be carried out, taking into account the life cycle of the measure.	
	Climate change mitigation	
	Yes / No	Detailed justification based on evidence if ‘no’ was selected
1 - 1.1 Digital services to citizen and businesses - 1.1.6 Digital services for end-users in social area	No	The activity triggered by the measure has a negligible foreseeable impact in the environmental context described above, taking into account both direct and indirect impacts throughout its life cycle. No risks of environmental degradation are identified as the only type of equipment installed under this investment activity is ICT hardware. In the individual projects, the hardware will replace the original technology and the original technology will be managed in accordance with Act No. 541/2020 Coll. on Waste, No. 542/2020 Coll. on End-of-Life Products, No. 477/2001 Coll. on Packaging and Directive 2012/19/EU on Waste Electrical and Electronic Equipment, Directive 2009/125/EC establishing a framework for the setting of ecodesign requirements for energy-related products, Directive 2011/65/EU on the restriction of the use of certain hazardous substances in electrical and electronic equipment and Directive 2021/19/EU laying down a common methodology and a format for reporting on reuse in accordance with Directive 2008/98/EC of the European Parliament and of the Council. At the same time, it will be replaced by hardware with significantly higher energy efficiency - i.e. it will provide significantly higher computing power for the same energy consumption. In the case of the implementation of the services and systems, the preference will be to place them in cloud centres, which have even lower environmental impacts through shared computing and storage space. However, from a security point of view, it is not possible to place all systems in cloud centres. Nevertheless, purchased new hardware will always taking into account the applicable national and European legislation. For these reasons, the implementation of the measures will not significantly undermine climate change mitigation objectives.

Specificity of financial instruments

Step 1.2 is applicable for financial instruments, but only to loans and guarantees (see below). The step must result in the updated checklist document.

- What are the key elements to keep in mind to conduct this step?
There are no key elements.
- Is there any difference between different types of financial instruments?
Yes. Since the CID was used only for the loans and guarantees, Step 1.2 is applicable only to loans and guarantees. It must be applied exactly as described in Step 1.2.

¹² These could be related to specific economic activities, sectors, type of assets, materials, geographical areas, among others.

Step 1.3: Identify DNSH-related milestones and targets in the CID and the respective Operational Arrangements

Objective of the sub-step

This step is designed to assist COs in identifying DNSH related conditions, milestones and targets defined in the CID and OA for a specific measure to ensure that these are integrated as criteria for the call that will be developed

The allocation of funds from the RRF must also meet any specific milestones and targets outlined in the CID for each measure. These are outlined in the tables of the Council Implementing Decision (CID) on the approval of the assessment of the recovery and resilience plan of Czechia and related Annex, as illustrated in Figure 3-4.

It is important to note that some milestones and targets related to DNSH are not explicitly labelled as such. When identifying DNSH-related conditions, the key question to ask is, 'Does this milestone/target aim at avoiding or limiting environmental harm?'.

Figure 3-4 Illustrative example of how the CID tables define milestones and/or targets for a specific measure

Poř. č.	Související opatření (reforma nebo investice)	Indicates whether the row relates to a milestone or target	Indicates the title of the milestone/target	Kvalitativní ukazatele (pro milníky)	Correspond to the validation of the milestone			Indicates the deadline for the implementation of the milestone		Popis a jasná definice každého milníku a cíle
		Milník/cíl	Název		Měrná jednotka	Výchozí stav	Cíl	Čtvrtletí	Rok	
113	Investice č. 2: Modernizace distribuce tepla v soustavách dálkového vytápění	Milník	Plán investic do zařízení na výrobu tepla/elektriny	Předložení Komisi				Q2	2024	<p>V souladu s technickými pokyny k uplatňování zásady „významně nepoškozoval“ (2021/C58/01) Česko před dokončením investic do sítě předloží konkrétní plán investic do zařízení na výrobu tepla/elektriny dodržujících technické pokyny k uplatňování zásady „významně nepoškozoval“ (2021/C58/01), zejména kritéria pro výrobu tepla a elektriny na bázi zemního plynu podle přílohy III technických pokynů v případě, že bude využit zemní plyn, a to včetně smluvních závazků převzatých českou vládou za účelem zadání příslušných prací.</p> <p>Do tří let po modernizaci sítě bude zahájena rekonstrukce zdrojů výroby tepla a energie tak, aby splňovaly definici účinného dálkového vytápění a chlazení uvedenou v čl. 2 bodě 41 směrnice 2012/27/EU („soustava dálkového vytápění nebo chlazení, která používá alespoň 50 % energie z obnovitelných zdrojů, 50 % odpadního tepla, 75 % tepla z kombinované výroby tepla a elektriny nebo 50 % z kombinace této energie a tepla“).</p>
114	Investice č. 2: Modernizace distribuce tepla v soustavách dálkového vytápění	Cíl	Úspory primární energie z modernizace distribuce tepla		Úspory primární energie v gigajoulech	0	245 327	Q1	2026	Bude dosaženo úspor primární energie ve výši 245 327 GJ.

COs should also consult the **RRF Operational Arrangements (OA)** between the European Commission and the Czech Republic¹³ to retrieve additional DNSH-related requirements, particularly related with **measure-specific verification mechanisms** that need to be put in place in order to ensure alignment of the project with the DNSH principle throughout the funding cycle. This information can also be useful for developing the call for tenders or applicants since it provides information on the monitoring procedures of the DNSH principle (relevant for step 3).

Specificity of financial instruments

Step 1.3 is applicable for financial instruments, but only to loans and guarantees (see below). The step must result in the updated checklist document.

- What are the key elements to keep in mind to conduct this step?
There are no key elements.
- Is there any difference between different types of financial instruments?
Yes. Since the CID was used only for the loans and guarantees, Step 1.3 is applicable only to loans and guarantees. It must be applied exactly as described in Step 1.3.

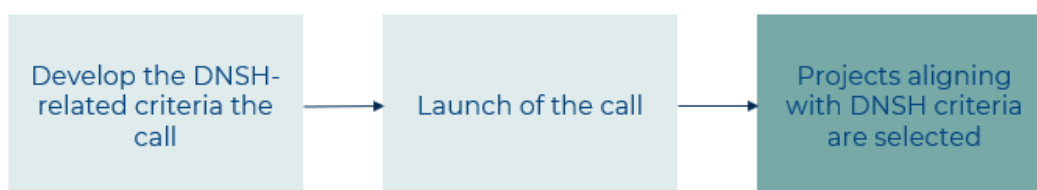
Step 2: Integration of DNSH in the call design and selection process¹⁴

Step 2 provides guidance for COs to ensure that calls for applications/tenders and projects under the RRF funding align with the DNSH principle, in accordance with the commitments identified in the previous step. This includes guidance is divided in three sub steps:

- Step 2.1: Develop DNSH criteria for the call
- Step 2.2: Launch the call procedure
- Step 2.3 Select the projects

To support the CO in implementing this step, Annex F provides a template that facilitates the operationalization of this step, specifically in the collection and storage of all relevant information and findings derived from this step.

Figure 3-5 Overview of Step 2 for RRF



Step 2.1: Develop DNSH criteria for the call

Objective of the sub-step

This step aims to help COs in developing DNSH-related criteria for the call considering RRF specific exclusions and the conditions, milestones, and targets identified in the RRP, CID and OA in the previous step. These criteria will ensure the selection and implementation of only those projects that adhere to the DNSH principle.

Once all the DNSH conditions, milestones, targets and verification mechanisms requirements for the specific measure have been identified, COs can start developing calls for projects. The calls for projects must be sufficiently specific to ensure that projects align with all the DNSH-related conditions laid down by the RRP, CID and operational arrangements. It is important to note that each condition can bring implications to different

¹³ The original and amended versions of the CID, as well as the Operational Arrangements made between EC and the Czech government can be found in the Czech's RRP website

¹⁴ If in the previous step conducting Sustainability Proofing (SP) or Climate Proofing (CP) was identified as a condition to comply with DNSH, check Annex B of these guidelines for more information on CP and its implications in call design.

phases of the application procedure and the project implementation. All should be made clear in the call for applicants and tenders.

Common procedure

It is advised to scope the call in a manner whereas many criteria are addressed at the call level. This can be done by splitting calls into 2 or more different calls where the projects expected require different types of exclusions or selection criteria. This will allow to simplify the call process, by listing most criteria as eligibility criteria for the call instead of setting up numerous criteria to assess each project in detail.

After a call is scope (i.e., once the list of expected types of projects is drawn), the DNSH principle must be integrated as follows:

- **In eligibility criteria:** DNSH conditions should be included in the form of exclusion or specific requirements. This will ensure that only projects which inherently align with the DNSH principle right from their conceptual stage are considered. In practice, all the conditions identified in Step 1 must be listed; fund-level exclusions and RePowerEU exemptions, CID and OA conditions, horizontal conditions, and any other condition agreed upon between Czechia and the EC.
Where the conditions are too broad to be translated into concrete criteria (e.g., because they are too qualitative or high level), it is advised to use the EU Taxonomy. This can be done by referring to the economic activity covered by the DNSH conditions from Step 1, and by using the technical screening criteria of the EU Taxonomy for this economic activity (only for the environmental objective referred to in the condition of Step 1). For instance, if the CID requires that projects building new constructions have a strong adaptive capacity, COs can refer to the technical screening criteria on adaptation for new constructions. This will help make the adaptive capacity concrete, helping PPs to prepare their application, to increase their impact, and to facilitate the CO's analysis.
- **In the request for documentation to be submitted as part of the funding application:** The call should specify the documents that project proponents need submit documents in order for COs to evaluate alignment with DNSH conditions (e.g., results from Environmental Impact Assessments (EIAs), latest supporting data evidencing good ecological status/potential, certificate provided by recycling centres on the amount of construction waste recycled, etc.). This will ensure that there is a concrete and measurable basis for assessing a project's compliance with DNSH criteria, ensuring a more informed and transparent decision-making process. Different types of documentation are suggested for justifying DNSH compliance. These could include:
 - From **key environmental legislation:** main permits and clauses associated with the legislation (instead of listing the legislation per se). It should also list the exclusions that stem from the legislation (e.g., no production, transport or storage of fossil fuels).
 - From the **SEA:** exclusion or mitigation measures that the SEA has proposed. It should ask to confirm that the project respects the exclusions and mitigation measures (or that this is not applicable).
 - For all **additional DNSH-related elements:** an accounting document showing the NACE code of the project and any document required when assessing the DNSH-related element.
 - For projects that have successfully undergone SP or CP: the documentation stemming from the assessment¹⁵ and the evidence of the application of the main conditions/measures identified in the assessment
 - For **all** the previous points: audits dedicated to the justification of the responses.
- **Conditions at the Contracting Stage:** This includes conditions like the requirement that a project's initiation is contingent on the outcomes of an environmental assessment tool (for example, climate proofing) or the submission of an environmental management plan¹⁶.

To support COs in this process, Box A provides a practical example of how to integrate DNSH conditions in the call design.

Box A: Practical example of how to integrate DNSH conditions in the call design

¹⁵ In some cases, SP or CP are identified as conditions for DNSH compliance in the RRP DNSH assessment or CID, for a particular measure.

¹⁶ An Environmental Management Plan is a comprehensive document that outlines how an organization, project, or development will manage and mitigate environmental impacts associated with its activities. The purpose is to ensure that environmental considerations are integrated into decision-making processes, from planning through implementation and monitoring stages.

Box A: Practical example of how to integrate DNSH conditions in the call design
Text in the CID

Component 2.6: Nature Protection and Adaptation to Climate Change

- **DNSH considerations in the description of the component:** “In order to ensure that the measure complies with the ‘Do no significant harm’ Technical Guidance (2021/C58/01), the **eligibility criteria contained in the terms of reference for upcoming** calls for projects shall require that only activities that comply with relevant EU and national environmental legislation can be selected, namely the Water Framework Directive, Floods Directive, Habitats and Birds Directive, Environmental Impact Assessment and Strategic Environmental Assessment Directives Procurement procedures shall be launched in accordance with the EU and national public procurement law . The Ministry of Agriculture shall ensure that **selected projects comply with the relevant EU and national environmental legislation**, such as the Water Framework Directive, Floods Directive, Habitats and Birds Directives, Environmental Impact Assessment and Strategic Environmental Assessment Directives, and the ‘Do no significant harm’ Technical Guidance (2021/C58/01).

Measure: Investment 1: Flood Protection

- **DNSH-related milestones and targets:**
 - “In line with the National Action plan for Climate Change Adaptation and State Policy of the Environment in the Czech Republic 2030 with a view to 2050, nature-based solutions shall **be given a preference**, while constructing and/or refurbishing of artificial concrete-based flood protection infrastructure **shall be avoided**.
 - The **listed projects shall be implemented only once permits are granted** by the relevant water authority based on an environmental impact assessment and relevant assessments in the context of Directive 2000/60/EC. These permits shall assess all potential impacts on the status of water bodies within the same river basin and on protected habitats and species directly dependent on water, considering in particular migration corridors, free flowing rivers or ecosystems close to undisturbed conditions, as well as current pressures related to water abstraction **The impact assessment shall establish that the project** (i) does not significantly or irreversibly impact affected water bodies, nor prevent the specific water body to which it relates nor other water bodies in the same river basin to achieve good status or potential, and (ii) does not significantly negatively impact on protected habitats and species directly dependent on water. Good ecological status/potential of the relevant water bodies in accordance with the requirements of the Water Framework Directive 2000/60/EC has been achieved and evidenced by latest relevant supporting data
 - Similarly, all the necessary results and conditions from the Environmental Impact Assessment, which **shall be completed** in accordance with Directive 2011/92/EU, shall be respected (in particular stakeholders’ consultation) as well as relevant assessments under the Habitats Directive as included in the conditions stipulated by the nature protection authorities.
 - Regarding the projects aiming at reconstruction or modernization of dams (and in particular the Orlik dam project): the **project’s design shall incorporate the necessary results and conditions from the Environmental Impact Assessment**, which shall be completed in accordance with Directive 2011/92/EU as well as relevant assessments in the context of Directive 2000/60/EC, including the implementation of required mitigation measures, ensuring compliance with the DNSH Technical Guidance (2021/C58/01). Any measures identified in the framework of the EIA and the assessment under Directive 2000/60/EC as necessary to ensure compliance with the DNSH principle **shall be integrated into the project and strictly complied with at the stages of construction, operation and decommissioning of the infrastructure**. The completion report shall **confirm the full respect of the outcome of the EIA** including the implementation of required mitigation measures, ensuring compliance with the DNSH Technical Guidance (2021/C58/01). **A risk analysis of the project shall be conducted**. This risk analysis shall also address future climatic conditions. Any reconstruction or modernization shall not lead to an increase of the dam capacity.

Incorporating DNSH-related conditions in the call design

Section	Specific DNSH-related conditions
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Project's Description	<ul style="list-style-type: none"> Information that projects should align with the 'Do no significant harm' Technical Guidance (2021/C58/01). Emphasize nature-based solutions and avoid concrete-based flood protection infrastructure. Projects must be in line with the National Action Plan for Climate Change Adaptation and the State Policy of the Environment in the Czech Republic 2030.
Eligibility Criteria	<ul style="list-style-type: none"> Only activities that comply with EU and national environmental legislation, including the Water Framework Directive, Floods Directive, Habitats and Birds Directive, Environmental Impact Assessment, and Strategic Environmental Assessment Directives. Implementation only after receiving permits from relevant water authorities based on environmental impact assessments and Directive 2000/60/EC.
Selection process and criteria	<ul style="list-style-type: none"> Projects evaluated for their impact on water bodies, protected habitats, and species, especially considering migration corridors and ecosystems. Projects must not significantly or irreversibly impact water bodies or prevent achieving good status or potential. Must not negatively impact protected habitats and species dependent on water.
Documentation to be Submitted	<ul style="list-style-type: none"> Environmental Impact Assessments complying with Directive 2011/92/EU, permits from water authorities, stakeholder consultation results, assessments under the Habitats Directive, and latest supporting data evidencing good ecological status/potential. For dam projects, include risk analysis addressing future climatic conditions and any measures identified as necessary for DNSH compliance.
Additional Requirements for Specific Projects	<ul style="list-style-type: none"> Projects like the Orlik dam must integrate results and conditions from the Environmental Impact Assessment as per Directive 2011/92/EU and assessments under Directive 2000/60/EC. COs must include required mitigation measures, ensure compliance with DNSH Technical Guidance, and provide a completion report confirming the full respect of EIA outcomes.

Simplified procedure (for non-physical investments)

For investments (i.e., not reforms) that do not involve physical operations, this process can be lightened to the eligibility criteria from the CID and OA only. Typically, this lighter process applies to investments that result in the following project:

- Desk research and projects involving only office work, meetings, and travels of the people involved. Typically, these projects would result in studies, develop, and recommend further activities, and strengthen networking.
- Research, development and innovation projects to develop technologies, products or solutions which are yet at the early development phase and do not involve, e.g., demonstrations and piloting activities with a physical location (typically TRL levels 1-2).
- Projects that focus on knowledge sharing through education, information campaigns, and seminars. The environmental impacts of people travelling or the use of existing infrastructures like meeting venues would not be significant.

- Projects related to simple energy efficiency measures, such as the replacement of existing windows with new, energy-efficient windows fulfilling the requirements from the self-assessments, CIDs or OAs, when applicable.
- Projects that develop operational processes in, e.g., social and health care sectors and in municipalities and that have only minor indirect environmental impacts as they are not linked to physical infrastructure building (e.g., data centres, hospitals most often would require a DNSH assessment). Many digitalization projects would be of this type of development project. The development of new digital tools and the indirect impacts when these are taken into use, would not lead to significant environmental impacts.

Project-level procedure (for complex, more original projects)

- In case the DNSH-related conditions for the measure are not sufficient to develop detailed criteria (e.g., if the call remain too broad that it impose a large burden on the MAs to select the projects) or in case the call remains too generic, MAs may require project proponents to conduct a DNSH assessment at the project level. In such cases, for the call design MAs should:
 - Clearly state in the call that an assessment of DNSH at the project level is required.
 - Attach the **Project Proponent (PP) Guidelines** to the call, which should include the Annex I to III.
 - Mandate the submission of DNSH assessments as part of the essential documentation.
 - Specify the specific environmental objectives that the project proponent must address in their DNSH assessment.
 - For each environmental objective, define the type of DNSH assessment required (simplified or detailed).
 - As possible, pre-fill the DNSH template with conditions and information already identified at the call level (as identified in this and previous steps of the MA guidelines).
- If possible, specify the relevant documentation that can help PPs to perform the project-level DNSH assessment.

Specificity of financial instruments

Step 2.1 is applicable for all financial instruments. The step must result in the call description and in the list of documents that applicant beneficiaries will need to provide to the financial intermediary.

- What are the key elements to keep in mind to conduct this step?

It is strongly advised to build calls around clear objectives, types of economic activities and of investments. This will ensure that calls are sufficiently specific to avoid project-level assessments. Ultimately, this will reduce the burden on financial intermediaries, which tend to have uneven levels of environmental expertise and an uneven capacity to ensure the quality of project-level assessments.

To do so, COs may use the wording of the ex-ante assessment, of the CID and the NACE classification to scope the call.

- Is there any difference between different types of financial instruments?

The process described in Step 2.1 should be applied in the same way for all financial instruments. Differences may emerge at the level of the content of the call description and of the documentation list, because the eligibility criteria identified in Step 1.2 are of a different nature.

Step 2.2: Launch the call procedure

Objective of the sub-step

This sub-step aims at launching the call for projects by opening funding to projects that align with the DNSH criteria defined in the previous stages.

After completing the identification of all criteria associated with DNSH principle, COs can integrate the criteria in the call for tenders/projects. Furthermore, MAs should incorporate the PP guidelines in the call documentation removing the introductory “Note for Managing Authorities”, as well as Annex I to III in cases that the project does not require a project level DNSH assessment.

Specificity for calls that require project-level DNSH assessment

In case the previous step defined that project proponents have to conduct a **DNSH assessment at the project level**, when launching the call, MAs should attach the PP guidelines to the call documentation with its Annexes (I to III). These annexes will aid PPs in assessing DNSH at the project level.

Following this integration, the call is then fully prepared and set for launch.

Specificity of financial instruments

Step 2.2 is applicable for all financial instruments - leaving aside the process for project-level assessments, in line with suggestions in Step 2.1. The step will result in the publication of the call and of its supporting documentation.

- What are the key elements to keep in mind to conduct this step?

It is advised that this step is conducted by the financial intermediaries themselves. While COs are better suited to develop the call and prepare the list of justification documents (Step 2.1), financial intermediaries have access to more complete and diverse channels of communication to reach private proponents (especially in the case of financial instruments, which tend to focus on SMEs). This will help to reach beneficiaries that are not familiar with public finance, and beneficiaries which may need extra investment and that can easily be identified by the intermediary’s front-office staff.

- Is there any difference between different types of financial instruments?

No.

Step 2.3: Select the projects

Objective of the sub-step

This step aims to help COs in understanding the implications of DNSH in the process of the selection of projects.

The selection of projects must adhere to the DNSH elements outlined in the call, complying with the respective selection criteria and processes. Based on the specific DNSH criteria, as identified in the previous step, this process may involve:

- Verifying alignment with specific DNSH-related eligibility criteria developed for the call.
- Ensuring the availability of documentation that facilitates the verification of DNSH alignment.
- Conducting a thorough analysis of specific documentation and assessing its compliance with the DNSH criteria of the call.

In certain situations, the selection of a specific project might depend on procedures or documentation that become available only at the stage immediately preceding implementation. In such instances, the project is selected on a provisional basis, contingent upon the subsequent availability and review of the required information.

Specificity for calls that require project-level DNSH assessment

In case the previous step defined that project proponents have to conduct a **DNSH assessment at the project level**, when reviewing applications MAs should:

1. Provide specific support to PPs in assessing DNSH, if requested.
2. Review the DNSH assessments and respective documentation provided by PPs as part of the project selection process and assess alignment with the DNSH principle.

3. For objectives that require a detailed DNSH assessment, verify that mitigation measures presented by the applicant to mitigate environmental risks are sufficient to avoid or reduce significantly the risk of the project having an adverse impact on the respective environmental objective(s).

If the application and its accompanying documentation are deemed non-compliant or insufficient in meeting the DNSH criteria established in the call criteria, the application should be considered non-compliant with both the call criteria and DNSH, making it subject to rejection. *However, as a good practice, it is advisable to request further clarification or additional information from the applicant before making a final decision to reject the application.*

Specificity of financial instruments

Step 2.3 is applicable for all financial instruments - leaving aside the process related to project-level assessments, in line with Step 2.1. The step will result in the selection of projects (for guarantees and loans) and of beneficiaries (for equity and working capital) to be financed.

- What are the key elements to keep in mind to conduct this step?

It is advised that financial intermediaries select the projects/beneficiaries. They may ask ad hoc questions to the National Development Bank, which acts as a central expertise centre for DNSH in financial instruments.

- Is there any difference between different types of financial instruments?

No.

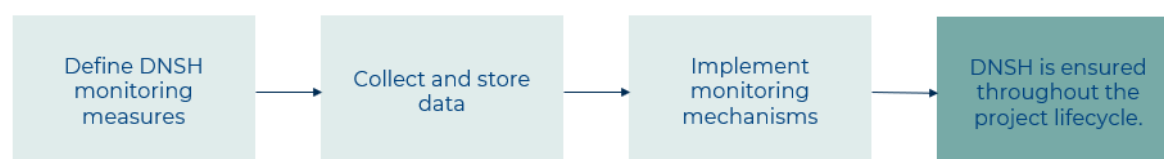
Step 3: Verification and monitoring of the DNSH principle

With the selection of projects complete, it is critical for COs to ensure **adherence to the DNSH principle throughout the project cycle**. Although monitoring is mandated by relevant Regulations, the guidelines provided are somewhat limited. Consequently, Step 3 not only elaborates on these official instructions but also includes supplementary elements, highlighted in *italics*, which COs can adapt as needed. More specifically, step 3 consists of three sub steps:

- Step 3.1: Define DNSH monitoring measures
- Step 3.2: Collect and store data
- Step 3.3: Implement monitoring mechanisms

To support the CO in implementing this step, Annex F provides a template that facilitates the operationalization of this step, specifically in the collection and storage of all relevant information and findings derived from this step.

Figure 3-6 Overview of Step 3 for RRF



Step 3.1: Define DNSH monitoring measures

Objective of the sub-step

This step is intended to assist COs in establishing monitoring measures that guarantee the alignment of projects with the DNSH principle throughout the project cycle.

Selected projects should adhere to the DNSH principle at every stage of the project funding cycle, in accordance with the ["Technical Guidance on the Application of 'Do No Significant Harm' under the Recovery and Resilience Facility Regulation"](#), and considering the DNSH related conditions, milestones and targets identified in Step 1.

The following constitute sources of monitoring measures that can be identified when developing the call or when verifying the investment:

- **RRP's DNSH assessments for the specific measure:** The DNSH assessment pertaining to a specific measure may include monitoring conditions (step 1.2). For instance, the generic eligibility criterion related to the recycling of construction waste may translate into a monitoring condition whereby the recycling rate remains equal or superior to 70%. This may take place by asking for the certificate provided by the recycling centre, which can help the CO estimate whether sufficient waste was recycled compared to the amount of waste expected from the magnitude of the project.
- **RRF's CID for the specific measure:** Conditions, milestones, and targets defined by the CID for a specific measure often constitute specific DNSH monitoring measures (step 1.3).
- **RRF's Operational Arrangements:** The Operational Arrangements (OA) of the RRF detail the verification mechanisms that should be established for each specific measure, as well as the required reporting period, which should be adhered to (step 1.3).
- **Permitting:** the monitoring of the environmental permits granted to the operation can be used to ensure that the operation indeed abides by European and national law (thus aligning with the definition of the type of action).
- **SEA results:** For measures that underwent a SEA, the monitoring measures imposed by the SEA should be adopted as monitoring measures for the project.
- **SP and CP results:** For projects that underwent SP and CP, the monitoring measures identified in the SP and CP of the project¹⁷.

The identified monitoring measures should be incorporated into both the contract conditions and the project's monitoring procedures to ensure consistent adherence to DNSH principles.

Specificity of financial instruments

Step 3.1 is applicable for all financial instruments. The step will result in the updated contracts between financial intermediaries and beneficiaries, by stating the contractual clauses to respect throughout the project cycle (including monitoring measures).

- What are the key elements to keep in mind to conduct this step?

It is advised that financial intermediaries identify the monitoring measures. They may ask ad hoc questions to the National Development Bank, which acts as a central expertise centre for DNSH in financial instruments.

- Is there any difference between different types of financial instruments?

The process is the same; difference will emerge in the sources to be used to identify the monitoring measures. Indeed, and while all financial instruments share commonalities (e.g., monitoring of permits, monitoring defined in SEAs/EIAs), they also rely on different types of exclusions and eligibility criteria (see Step 1.1). It is important to reflect both common and different types of exclusions and eligibility criteria into the monitoring measures. For the guarantees and loans, this will typically involve monitoring measures listed in the CID and in the OA. For equity and working capital, this will rather involve monitoring measures on the economic activities that the beneficiary should not be involved in.

Step 3.2: Collect and store data

Objective of the sub-step

This step supports COs in understanding how to collect and store DNSH data, in order to ensure the compliance with the reporting requirements established between the Czech government and the EC.

To respond to the biannual reporting requirement of the RRP, CO should collect data on the milestones and targets defined by the CID for each measure, including but not limited to the DNSH principle.

The Czech Government Resolution of 17 May 2021 No 467 sets the plan, tasks and competences of the bodies involved in the implementation of the recovery and resilience plan, which include responsibilities of the CO on data collection and management for the specific RRP components that is responsible for. Namely:

- **Data Entry:** In cooperation with other implementation entities, the CO ensures data entry into its information system and into the Delivery Unit (DU) information system. The CO is also responsible for the timeliness, completeness, and accuracy of the data entered.

¹⁷ This is relevant in case in the previous steps conducting Sustainability Proofing (SP) or Climate Proofing (CP) was identified as a condition to comply with DNSH. Check Annex B of these guidelines for more information on CP and its implications on DNSH monitoring.

- **Detailed Data Keeping:** The CO should keep detailed information for audit purposes and for monitoring by the European Commission (EC). This includes information on DNSH related data needed to ensure alignment with DNSH related targets and milestones, if defined by the CID for the specific measure.
- **Recording and Monitoring of Irregularities:** The CO is responsible for recording and monitoring irregularities in electronic form. This involves the investigation of these irregularities and reporting them to national authorities. This point underscores the need for a systematic and digital approach to data management concerning irregularities. This includes but is not limited to DNSH related irregularities.
- **Provision of Data for Auditing and Reporting:** COs are required to provide such data and answer to any data and information requests from the Ministry of Industry and Trade, the body responsible for coordination and monitoring of the RRP.
- **Compilation of Monitoring Reports:** The CO compiles summary monitoring reports on the implementation and status of the component based on data from other bodies and beneficiaries. This implies the collection and synthesis of various data sources for reporting purposes.

Specificity of financial instruments

Step 3.2 is applicable for all financial instruments. The data will feed into the overall reporting on RRF.

- What are the key elements to keep in mind to conduct this step?

It is advised that financial intermediaries collect the data and transfer it to the units and authorities in charge of the overall reporting to the EC.

- Is there any difference between different types of financial instruments?

No.

Step 3.3: Implement monitoring mechanisms

Objective of the sub-step

This sub-step aims at operationalizing the monitoring measures defined in step 3.1.

Verifications should be conducted on the basis of the monitoring measures decided in Step 3.1. In case the verifications reveal that the project does not align with the definition of measure, the project should course-correct (*typically, within the following 6 months*) or the funding should be stopped.

DNSH monitoring measures should be integrated as smoothly as possible into the project's general monitoring system. This system should **follow the verification mechanisms defined by the OA** of the RRP and should be **aligned with the EC's reporting processes and calendar** to ensure data relevance and availability at the time of reporting. By combining these systems, COs can streamline the monitoring of both general project progress and specific DNSH criteria for themselves and the EC, making the process more efficient and less burdensome.

The following are reporting commitments with the EC that should aid in setting up reporting mechanisms for calls/projects, which, in turn, will ensure adequate monitoring of the DNSH principle for the projects¹⁸:

- **RRP plans Semester reporting:** Member states are required to inform the European Commission of their RRP implementation progress every six months, by the end of April and mid-October¹⁹. Specifically, the semester report reviews projects alignment with measure definitions²⁰ and the progress towards targets and milestones as defined by the Common Provisions Regulation (CPR), in line with the established Operational Arrangements²¹.

¹⁸ Additional verifications may be conducted where measures involve a bulk of individual projects (e.g., verification that the 70% recycling rate was applied in the case of construction of individual houses).

¹⁹ The data and information provided in these reports feed into the RRF scoreboards which are updated periodically to inform different stakeholders on the progress of the implementation of Recovery and Resilience Plans.

²⁰ The level of detail of this analysis is more detailed in measures that involves various individual projects. In those cases, the EC may require information at the level of the project.

²¹ In Czechia the Ministry of Industry and Trade is responsible for coordination, monitoring and reporting of the recovery and resilience plan and is main point of contact for the Commission, in accordance with the Government resolution No 467 adopted on 17 May 2021

- **Project-level pre-payment reporting:** Beyond semester reporting, the EC mandates COs to submit detailed information on specific projects and funding requests before RRF funding is disbursed. This entails showing how projects meet the measure definitions, contribute towards achieving the milestones and targets set out in the CID and comply with both national and EU regulations, including the DNSH principle.

In preparing the project monitoring calendar, it is **essential for COs to factor in extra time** before the EC reporting deadlines. This additional time serves as a critical buffer for two key processes. Firstly, it allows for the thorough review of data gathered from the projects, which is especially vital for the detailed project-level pre-payment reports required by the EC. Secondly, this period facilitates the internal consolidation of information, a step that is crucial for the semi-annual RRP plan reports.

Specificity of financial instruments

Step 3.2 is applicable for all financial instruments, noting however that the location of reporting differs between types of financial instruments. Guarantees and loans monitoring should feed into both project-level and Semester reporting, while equity and working capital should only feed into the latter. Apart from this caveat, the process and timelines described in Step 3.2 should also be applied to financial instruments.

- What are the key elements to keep in mind to conduct this step?

It is advised that financial intermediaries conduct the monitoring and ensure reporting to Czech authorities. Additional time should thus be planned in the reporting to the EC, to allow Czech authorities to conduct controls (e.g., on a random or size-based basis on the quality of descriptions and reports). Both the intermediaries and the authorities should have the possibility ask ad hoc questions to the National Development Bank, which acts as a central expertise centre for DNSH in financial instruments.

- Is there any difference between different types of financial instruments?

Yes. As explained in Step 1.1, guarantees and loans finance specific projects that are described in the CID. Therefore, their implementation and subsequent monitoring should feed into the project-level reporting. In contrast, equity and working capital fund beneficiaries at large. Therefore, the monitoring of equity and working capital can only feed into Semester reporting.

Annex A - Conducting climate proofing in CPF

This Annex presents the main steps and implications of the Commission Notice 2021/C 373/01 Technical guidance on the climate proofing on infrastructure in the period 2021-2027²².

This Annex was developed for 3 key situations:

1. MAs may conduct a CP at the **call level**, if they are developing a call for which the underlying operations cannot be selected without proofing. In that case, it is advised that MAs use the Annex or a specific section of the Annex (e.g., proofing steps to identify mitigation measures) and apply them at the call level.
2. MAs may ask PPs about **details on their operation** to clarify if a CP is needed and/or to support the DNSH assessment. The Annex can be used to pinpoint which questions should be asked and how they relate to the process described in the guidelines and to the evidence lists.
3. MAs should conduct or ask for a CP for all **operations related to infrastructure and that have a lifespan exceeding 5 years**.

²² <https://op.europa.eu/en/publication-detail/-/publication/23a24b21-16d0-11ec-b4fe-01aa75ed71a1/language-en>

Specificity of financial instruments

This Annex is applicable for (i) financial instruments identified in Step 1 to be likely to fund operations that need a CP and (ii) for operations funded by financial instruments and identified in Step 2.2 to be likely to need a CP. The Annex should be used in a similar manner for financial instruments as for other operations, and feed into the documentation (self-assessment checklist, preliminary evidence checklist, contractual evidence list).

- What are the key elements to keep in mind to conduct this step?

It is advised that financial intermediaries implement the Annex in conjunction with the NDB in the first cases, in order to train them on the specificities of CP. In particular, they should be supported by the NDB to understand the key steps of a CP, how they relate to the call documentation, to spot key thresholds and points of attention in PP's responses, and to be able to estimate the relevance and sufficiency of mitigation measures proposed by PPs.

- Is there any difference between different types of financial instruments?
No, it applies similarly to guarantees and loans.

CP in the context of the self-assessment checklist

The self-assessment checklist should help identify if there is any need for a CP at the operation level. The information in this section can be used by MAs to develop the self-assessment checklist, which will be filled in by the PPs. The checklist should help PPs determine whether their operation regards infrastructure and has an expected lifetime of at least 5 years.

What is an infrastructure project?

An infrastructure project refers to the development, upgrade, or maintenance of set physical systems or facilities. These include:

- **Built environment:** Buildings, from private homes to schools or industrial facilities, which are the most common type of infrastructure and the basis for human settlement;
- **Nature-Based Infrastructures:** Namely green roofs, walls, spaces, and drainage systems;
- **Network infrastructure:** Notably energy infrastructure (e.g. grids, power stations, pipelines), transport (fixed assets such as roads, railways, ports, airports or inland waterways transport infrastructure), information and communication technologies (e.g. mobile phone networks, data cables, data centres), and water (e.g. water supply pipelines, reservoirs, wastewater treatment facilities);
- **Waste management systems:** Systems to manage the waste generated by businesses and households (collecting points, sorting and recycling facilities, incinerators and landfills);
- **Sector specific assets:** Physical assets from a wider range of sectors, including communications, emergency services, energy, finance, food, government, health, education and training, research, civil protection, transport, and waste or water;
- **Others:** Other eligible types of infrastructure may also be laid down in the fund-specific legislation, for instance, the InvestEU Regulation includes a comprehensive list of eligible investments under the sustainable infrastructure policy window.

Importantly, if only one component of the project falls under this list, then a CP is applicable.

An indicative list of example projects can be found in the Ministry of Environment (MoE) guidelines in section 4.2.1.

How should lifetime be calculated?

The concept of "lifetime" or "lifespan" lacks a formal definition in the technical guidance on climate proofing, as well as in the Common Provisions Regulation, where it establishes a lifespan-based threshold of 5 years or more.

However, in its typical application within the guidance, "lifetime" seems to denote the anticipated duration during which the infrastructure will remain operational.

This implies that within a single infrastructure project, various components could possess different lifetimes. Components that are operational for a shorter period have a lesser lifespan compared to the overall project—for example, parts that need replacement every few years. The technical guidance illustrates this concept by stating that "railway tracks will be replaced (as part of regular maintenance) more often than the railway embankment."

In practical terms, this concept usually implies extensive lifetimes, often spanning from 30 to 80 years. This is essentially the projected duration during which an infrastructure is expected to provide its intended services effectively.

An estimation of the design lifetime for example projects is provided in the MoE guidelines in section 4.2.3. Importantly, if only one component of the project is expected to have a lifetime of minimum 5 years, then a CP is applicable.

CP in the context of the preliminary evidence list

When the self-assessment checklist indicates that a CP must be conducted, the preliminary evidence list must ask for a proof that the CP has been conducted. For both the mitigation and adaptation pillars, the preliminary evidence list may ask for information on the CP screening, and on the CP proofing (in case the screening suggests risks).

How does the preliminary evidence list cover the mitigation pillar?

The list must first ask the proponent about the results of the screening. It must ask whether the operation may lead to relative and/or absolute emissions above 20.000tCO₂ eq./year.

If the operation is listed in the green list (section 4.3.3. of the MoE guidelines), there is no risk that it emits more than 20.000tCO₂ eq./year.

If the operation is listed in the red list (section 4.3.3. of the MoE guidelines), or not listed on any list, there is a risk that it emits more than 20.000tCO₂ eq./year. Therefore, the operation must undergo the second step: proofing.

The list must then ask about the results of the proofing, in case the screening finds that proofing is needed. It must ask how the operation will reduce its emissions, i.e. what mitigation measures will be implemented to keep yearly emissions under 20.000tCO₂eq. To do so, it must ask for the results of:

- The carbon footprint calculation and whether the operation will emit more than 20.000t CO₂eq./year.
- For operations that pass this threshold:
 - The results of the detailed analysis to monetise the emissions.
 - The results of the cost-benefits analysis.
 - The results of the verification of compliance with EU mitigation targets for 2030 and 2050 is needed.

Based on these results, the evidence list must ask about the mitigation measures that have been identified to remain under the threshold of 20.000tCO₂eq/year and in line with EU climate mitigation targets. Finally, the list must ask about how the measures will ensure energy efficiency of the operation.

How does the preliminary evidence list cover the adaptation pillar?

The list must first ask about the results of the screening to indicate whether the operation faces significant climate risks. It must ask for the sensitivity analysis and the exposure analysis, in line with the tables in section 4.4.3/Phase 1 of the MoE guidelines.

If climate hazards are identified with high or medium vulnerability levels in at least one climate risk, then the operation must undergo the proofing step. The list must ask whether proofing is required, and what are its conclusions (adaptation measures to better adapt the operation to climate risks, probability analysis, impact analysis and risk analysis, and how the applicable adaptation plans at the regional to European levels are accounted for).

CP in the context of the contractual evidence list

The contractual evidence list must help ensure that all proofing measures set up under the CP are indeed implemented. For each of the measures (as listed in the preliminary evidence list), MAs should design an appropriate monitoring mechanism. The mechanism and its modalities (documentation for justifications, timeline, etc.) should be listed in the contractual evidence list.

Annex B - Conducting climate proofing in RRF

Climate proofing refers to the process of mitigating and adapting to the potential impacts of climate change on various assets, infrastructure, and activities. This essentially involves taking steps to make things more resilient to future climate scenarios, mitigating potential damage and ensuring their continued functionality.

This Annex presents the main steps and implications of the [Commission Notice 2021/C 373/01m Technical guidance on the climate proofing on infrastructure in the period 2021-2027](#) and the [Commission Notice - Technical guidance on sustainability proofing for the InvestEU Fund](#) that integrates climate proofing.

This Annex was developed for 3 key situations:

1. COs may conduct a CP at the **call level** when developing a call that necessitates selection of underlying projects based on sustainability proofing (SP). In such instances, COs are advised to utilize this Annex or a specific section thereof (e.g., proofing steps to identify mitigation measures) and apply it at the call level.
2. For clarity on whether a CP is required or to support the Do No Significant Harm (DNSH) assessment, COs may inquire about **project details from Project Partners (PPs)**. This Annex serves as a guide for formulating pertinent questions and understanding their connection to the process outlined in the guidelines, as well as to the lists of evidence.
3. COs should conduct or ask for a CP for all **projects related to infrastructure if the DNSH assessment or the CID requires CP or sustainability proofing for the specific measure**. This is essential because CP is a fundamental component of sustainability proofing²³.

Specificity of financial instruments

This Annex is applicable for financial instruments supporting projects that require a CP, based on the CID conditions. The Annex should be used in a similar manner for financial instruments as for other operations, and feed into the documentation.

- What are the key elements to keep in mind to conduct this step?

It is advised that financial intermediaries implement the Annex in conjunction with the NDB in the first cases, in order to train them on the specificities of CP. In particular, they should be supported by the NDB to understand the key steps of a CP, how they relate to the call documentation, to spot key thresholds and points of attention in PP's responses, and to be able to estimate the relevance and sufficiency of mitigation measures proposed by PPs.

- Is there any difference between different types of financial instruments?

Yes. For guarantees and loans, the CP should be prepared at the scale of the proposed operation. For equity and working capital, the carbon footprint calculation should apply to all the PPs' owned and managed infrastructure (meaning that the 20.000tCO₂eq./year threshold applies to all infrastructure units).

CP in the context of RRF

While climate proofing is not inherently a mandatory requirement for RRF funding, the DNSH assessments or the CID may stipulate its necessity for specific RPP measures that may include components for infrastructure. This requirement may come either through directly requesting a climate proofing or by mandating sustainability proofing (SP), of which climate proofing is a fundamental component. In such cases, climate proofing becomes obligatory.

²³ [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52021XC0713\(02\)](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52021XC0713(02))

Additionally, climate proofing is strongly recommended for concepts and projects involving infrastructure that require a SEA and an EIA, respectively. This recommendation aims to ensure that potential climate change impacts are considered and appropriate mitigation measures are implemented. Nevertheless, in these scenarios, climate proofing is not mandated.

What is an infrastructure project?

An infrastructure project refers to the development, upgrade, or maintenance of set physical systems or facilities. These include:

- **Built environment:** Buildings, from private homes to schools or industrial facilities, which are the most common type of infrastructure and the basis for human settlement;
- **Nature-Based Infrastructures:** Namely green roofs, walls, spaces, and drainage systems;
- **Network infrastructure:** Notably energy infrastructure (e.g. grids, power stations, pipelines), transport (fixed assets such as roads, railways, ports, airports or inland waterways transport infrastructure), information and communication technologies (e.g. mobile phone networks, data cables, data centres), and water (e.g. water supply pipelines, reservoirs, wastewater treatment facilities);
- **Waste management systems:** Systems to manage the waste generated by businesses and households (collecting points, sorting and recycling facilities, incinerators and landfills);
- **Sector specific assets:** Physical assets from a wider range of sectors, including communications, emergency services, energy, finance, food, government, health, education and training, research, civil protection, transport, and waste or water;
- **Others:** Other eligible types of infrastructure may also be laid down in the fund-specific legislation, for instance, the InvestEU Regulation includes a comprehensive list of eligible investments under the sustainable infrastructure policy window.

Importantly, if only one component of the project falls under this list, then a CP may be applicable.

Assessing the need for a CP

The following constitutes ways of identifying the need for conducting a CP when implementing step 2 of the DNSH guidelines for RRF (section 3.2):

- **Step 2.2 - Identify DNSH-related conditions outlined in the RRP's DNSH assessments:** If the RRP's DNSH checklists for a particular measure indicate that a SP or a CP is needed to ensure alignment of measure with DNSH, then the CO can conclude that a CP is necessary for infrastructure projects undertaken under that measure.
- **Step 2.3 - Identify the DNSH-related commitments from the CID and operational arrangements:** If the CID specifically identifies the need to conduct a SP or CP for a particular measure, the CO should conclude that a CP is necessary for infrastructure projects undertaken under that measure.

CP in the context of the design of the call

If in the previous step it was concluded that a CP is needed, the CO should ensure that the call includes a requirement for the completion of a CP (step 3.1). For both the mitigation and adaptation pillars, the call should require submission of information on the CP screening, and on the CP proofing (in case the screening suggests risks).

How should the call cover the mitigation pillar?

The call should stipulate that project applicants include the results of the screening in their application documents and require statement on whether the project may lead to emissions above 20.000tCO₂ eq/year.

If the project is listed in the green list (section 4.3.3. of the MoE guidelines), there is no risk that the project emits more than 20.000tCO₂eq/year.

If the project is listed in the red list (section 4.3.3. of the MoE guidelines), or not listed on any list, there is a risk that the project emits more than 20.000tCO₂eq/year. The project must undergo the second step.

The call must require project proponents to submit together with the project application must then ask about the results of the proofing, in case the screening finds that proofing is needed. It must ask how the project will reduce its emissions, based on the technical estimations of the CP:

- Results of the carbon footprint calculation and whether the project will emit more than 20.000t CO₂eq/year.
- For projects that pass this threshold:
 - The results of the detailed analysis to monetise the emissions.
 - The results of the cost-benefits analysis.
 - The results of the verification of compliance with EU mitigation targets for 2030 and 2050 is needed.

Finally, the call must ask about the mitigation measures identified, and how these will ensure energy efficiency.

How should the call cover the adaptation pillar?

The call should stipulate that project applicants include the results of the screening to indicate whether the project faces significant climate risks. Furthermore, it should specify the need to submit the sensitivity analysis and the exposure analysis, in line with the tables in section 4.4.3/Phase 1 of the MoE guidelines.

If climate hazards are identified with high or medium vulnerability levels in at least one climate risk, then the project must undergo the proofing step. The call must require project proponents to declare whether proofing is required, and what are its conclusions (adaptation measures to better adapt the project to climate risks, probability analysis, impact analysis and risk analysis, and how the applicable adaptation plans at the regional to European levels are accounted for).

CP in the contracting and monitoring stages

The contract between the project proponents and the CO must include binding provisions that ensure that all mitigation and adaptation measures set up under the CP are indeed implemented. For each of these measures, COs should design an appropriate monitoring mechanism (as part of step 3.1). The mechanism and its modalities (documentation for justifications, timeline, etc.) should then be listed in the contractual agreement.

Annex C - Template for self-assessment checklist for CPF

What does this template entail?

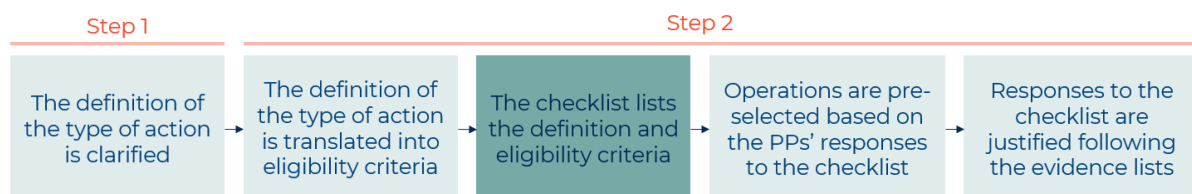
This document supports the guidelines for the application of the DNSH principle under Cohesion Policy Funds (CPF). It aims at supporting managing authorities (MAs) to design self-assessment checklists that will be shared with project proponents (PPs) to assess the alignment of their operation with the definition of the type of action to ensure DNSH compliance. The template should be used by MAs when developing a call for operations. It must be refined to fit with the call's specificities to make a relevant self-assessment checklist. PPs can then answer the self-assessment checklist.

The template contains the core building blocks that should be included in the checklist to ensure that the funding criteria identified in Step 1 - and which result in the definition of the type of action - are met by the operations. At this stage, the checklist is used by the PP to identify the criteria, and by the MA to select eligible operations. Documentary justifications will only be required at a later stage and will be listed in a separate document (contractual evidence list).

The template may also be used for financial instruments. It is advised that MAs refine the template to include a checklist that reflects their in-depth knowledge of the call and applicable environmental safeguards. The checklist may then be transferred to the entity that disburses the funds of the financial instrument and can then be used to help PPs assess their operations.

How to use this template?

This template should be used under Step 2 as a tool to present PPs with the definition of the type of action and the eligibility criteria for the call. The template requires the type of action that was defined under Step 1 and the eligibility criteria listed under Step 2, as depicted below. It will then be used to select the applicant operations and to develop the evidence lists.



The template should be used as an indicative starting point to design the checklist. It can be used to identify the core building blocks that must be addressed in the checklist and it requires amendments and additional details from the MA, in order to reflect the funding criteria identified in Step 1 of the guidelines.

The checklist should thus be refined for each call for operations. Instructions on amendments are presented in blue boxes. Elements that must be amended and/or filled in by the MAs are noted in blue. Elements in black may directly be reused by MAs. For more clarity for the PPs and to avoid using the jargon specific to CPF, these elements refer to the PPs as “you” and their proposed operations as “your project”.

Presentation of the call and of the PP’s responsibilities

This call for projects is supported by European funding. In order to ensure that this funding does not support projects that harm our environment, some criteria are applied to select projects. This self-assessment checklist aims to help you understand whether your project aligns with these criteria and whether it is eligible for funding.

It is important that you answer completely and accurately the questions on the checklist. If the checklist shows that your project is eligible, you will be asked to provide documents to justify your responses. In case justifications are inexistent or insufficient, the project may become ineligible.

What type of projects is the call open to?

Instructions

This section aims at defining in concrete terms what the call covers. It is important to use practical words and the jargon of the field (e.g., technical words for referring to energy efficiency projects) and to provide examples of specific projects and technologies. This will help PPs to understand rapidly whether their operation aligns with the expectations of the MA.

The objective of this call is [official objectives of the type of action as agreed upon with the Commission].

Typically, the call looks for projects that:

- [examples of operations that the type of action is typically expected to support]. This may for instance involve [measures, technologies, solutions typically expected].
- Other projects that directly support the objective of the call will also be considered.

Is my project eligible?

Permitting and environmental assessments

1. Does your project relate to any of the following?

Activity	Yes, my project relates to this activity	No, my project does not relate to this activity
Decommissioning or construction of a nuclear power station		
Activities covered by the EU ETS		
Activities related to tobacco products		
Activities related to airport infrastructure [in certain cases, MAs may still validate the operation, if it follows the exceptions of Article 7, (e), 2021/1058]		
Activities related to the disposal of waste in landfills [in certain cases, MAs may still validate the operation, if it follows the exceptions of Article 7, (f), 2021/1058]		
Activities related to facilities for the treatment of residual waste [in certain cases, MAs may still validate the operation, if it follows the exceptions of Article 7, (g), 2021/1058]		
Activities related to the production, processing, transport, distribution, storage or combustion of fossil fuels [in certain cases, MAs may still validate the operation, if it follows the exceptions of Article 7, (h), 2021/1058]		
Activities in housing that do not directly promote energy efficiency or renewable energy use		
The purchase of land, or real estate, or of infrastructure [this is not eligible under the ESF+ but is eligible in other CPFs]		
The purchase of furniture, equipment and vehicles [in certain cases, MAs may still validate the operation, if it follows the exceptions of Article 16, (b), 2021/630]		

2. Have your project obtained all permits required for its implementation? Amongst others, permits could be [name of the permits specific to the call and the sector of the operations expected].

- Yes

- No, but the permits are under validation. Please add the date expected:.....
- I am uncertain. Please describe the nature of your project and your hesitation in a few words.....
.....
.....

Instructions

It is advised to separate questions on the need for climate proofing in order to increase the control from the MA. By first asking whether the project is an infrastructure project, and then asking whether its lifespan will exceed 5 years, MAs may estimate the relevance of the PP’s response. For instance, if the PP declares that they intend to build a light railway system, and if they indicate that the operation’s lifespan will not exceed 5 years, MAs will be able to identify an inconsistency that must be discussed with the proponent. It is also advised to leave the possibility for PPs to express their uncertainties. This will help PPs to target their discussions with PPs that may reveal ineligible later on - thus saving time and undue administrative burden at a later stage.

3. Is your project related to the following list?

- **Built environment:** buildings, such as private homes, schools, industrial facilities, etc.
- **Nature-Based Infrastructures:** for instance green roofs, walls, spaces, drainage systems.
- **Network infrastructure:** for instance energy infrastructure (e.g., grids, power stations, pipelines), transport (fixed assets such as roads, railways, ports, airports or inland waterways transport infrastructure), information and communication technologies (e.g., mobile phone networks, data cables, data centres), and water (e.g., water supply pipelines, reservoirs, waste water treatment facilities).
- **Waste management systems:** systems to manage the waste generated by businesses and households (collecting points, sorting and recycling facilities, incinerators and landfills).
- **Sector specific assets:** physical assets in sectors such as communications, emergency services, energy, finance, food, government, health, education and training, research, civil protection, transport, and waste or water.

- Yes. Please describe the nature of your project in a few words:.....
.....
.....
- No
- I am not sure. Please describe the nature of your project and your hesitation in a few words
.....
.....

4. Will your project be used for more than 5 years?

- Yes
- No
- I am not sure. Please describe the nature of your project and your hesitation in a few words
.....
.....

Objectives of the project

5. Does the project support one or several of the following objectives?

Objective	Does the project support the objective?	If yes or unsure, please justify in a few words
[Add each of the objectives supported by the type of action, in relation to the environmental acquis, as identified in Step 1 of the guidelines]	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> I am unsure	
[Add each of the objectives supported by the type of action, in relation to the environmental acquis, as identified in Step 1 of the guidelines]	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> I am unsure	
[Add each of the objectives supported by the type of action, in relation to the environmental acquis, as identified in Step 1 of the guidelines]	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> I am unsure	
[Add each of the objectives supported by the type of action, in relation to the environmental acquis, as identified in Step 1 of the guidelines]	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> I am unsure	

Additional detail on the project

Instructions

Question 6 must only be added if Step 1 of the guidelines identified that the type of action was assessed in the RRP or with the RRF methodology.

If the type of action was assessed in the RRP, the MA must use the CID, OA or other commitments done to the EC to identify any selection criteria, milestone, or target that informs the eligibility of the operations. Selection criteria, milestones or targets that inform the eligibility criteria must be listed in the question.

If the type of action was assessed with the RRF methodology, the MA must check the methodology's conclusions to identify any relevant eligibility criteria. These criteria must then be asked in the question.

It is advised to pose one question per eligibility criterion.

6. Does the project [add the criteria identified in the RRF assessment of methodology and listed in the CID, OA or other commitments done to the EC, if there are any]?

Yes

No

This is not applicable to my project. Please specify why in a few words.....

.....

I am not sure. Please describe the nature of your project and your hesitation in a few words

.....

Instructions

Questions 8 and 9 must only be asked if Step 2 of the guidelines concluded that there is a need for additional DNSH-related conditions.

- 7. Does the project correspond to one or several of following NACE codes? [Add the NACE codes identified in Step 2 of the guidelines]
 - Yes
 - No
 - I am not sure. Please describe the nature of your project and your hesitation in a few words
.....
.....

- 8. If your project correspond to one or several of the NACE codes in question 8, does it [add the technical screening criteria from the EU Taxonomy and identified in Step 2 of the guidelines, if there are any]?
 - Yes
 - No
 - I am not sure. Please describe the nature of your project and your hesitation in a few words
.....
.....

Declaration of completeness

- I confirm that my responses reflect the reality of the project plans, and that elements that may change my responses have been communicated to the [name of the Czech authority in charge of the operation].
- I understand that, if my project is eligible, I will be asked to justify my responses of the checklist with official and technical documentation. If my responses are not sufficiently justified, the eligibility of the project may be cancelled.
- I understand that any changes in these responses during the implementation of the project must be shared immediately with the [name of the Czech authority in charge of the operation].

Prepared in.....on the.....

Project proponent signature:

Annex D - Template for preliminary evidence list for CPF

What does this template entail?

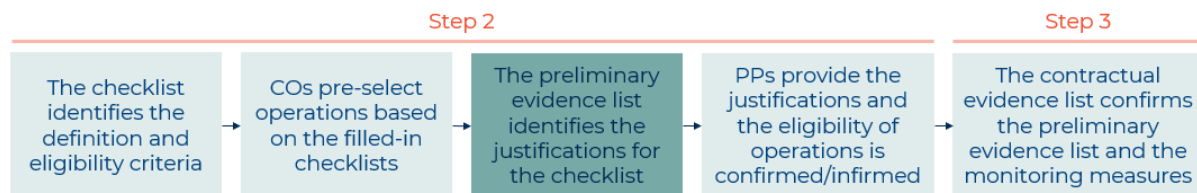
This document supports the guidelines for the application of the DNSH principle under Cohesion Policy Funds (CPF). It aims at supporting Managing Authority (MAs) to design preliminary evidence lists that will be shared with private proponents (PPs) to back-up their responses shared in the self-assessment checklists.

The template contains the core building blocks that should be included in the list to ensure that the elements contained in the checklist in Steps 2.1 and 2.2 are indeed justified. At this stage, the preliminary evidence list is used by the PP to gather justificatory documents, and by the MA to confirm or inform the selection of the operations.

The template may also be used for financial instruments. It is advised that MAs refine the template to develop the preliminary evidence due to in-depth knowledge about the call and applicable environmental safeguards (e.g., permits to be shared by PPs). The list may then be transferred to the entity that disburses the funds of the financial instrument and can then be used to help PPs gather their justificatory documents.

How to use this template?

This template should be used under Step 2 as a tool to present PPs with the list of documents that they must provide to justify their alignment with the definition of the type of action and the eligibility criteria for the call. The template requires the self-assessment checklist that was defined under Steps 2.1 and 2.2, as depicted below. It will then be used to confirm or inform the selection of applicant operations. It will finally be used to develop the contractual evidence list in Step 3, which makes the justifications part of the contractual clauses that PPs must respect throughout the operation cycle, and which lists the applicable monitoring measures.



The template should be used as an indicative starting point to design the list. It can be used to identify the core building blocks that must be addressed and it requires amendments and additional details from the MA, in order to reflect the funding criteria and the specificities of the checklist.

The list should thus be refined for each call for operations. Instructions on amendments are presented in blue boxes. Elements that must be amended and/or filled in by the MAs are noted in blue. Elements in black may directly be reused by MAs. For more clarity for the PPs and to avoid using the jargon specific to CPF, these elements refer to the PPs as “you” and their proposed operations as “your project”.

Presentation of the list and of the PP's responsibilities

This call for projects is supported by European funding. In order to ensure that this funding does not support projects that harm our environment, some criteria are applied to select projects. This preliminary evidence list aims to help you gather relevant evidence to justify the answers provided in the self-assessment checklist. This will allow the [name of the Czech authority in charge of the call for operation] to confirm the eligibility of your project.

It is important that you provide faithful and complete documents. If the assessment of your documents now or the implementation of your project later on suggest that there is a mismatch with the criteria of the call, you may be asked to reimburse the funds.

Justifications on the project

Objectives and scope

1. *On the total value of your project, time required to implement the project and activities covered.*
Please attach a copy of the [name of the core permit that shows authorisation to proceed with the project, typically a construction permit] delivered by the [local or national authority that delivers the authorization to conduct the project].

Instructions

Question 2 will be useful for more complex projects by helping to triangulate information on the scope and types of activities of the operation.

Questions 1 and 2a can be used in parallel to confirm that the operation is not active in fields that are excluded by the CPF.

Question 2b should be used to ensure that the PP does not fall under ETS-covered activities.

Question 2c should only be asked if the self-assessment checklist asked about the NACE code.

2. *On the activities covered by the project.*
 - a. In case an environmental assessment or evaluation was conducted for the project, please attach the summary conclusions and presentation of the project.
 - b. Please add the name of the branch or sector agreement(s) under which your company falls.
.....
.....
.....
 - c. Please attach [official tax or administrative document broadly used in Czechia and where the NACE code is included].

Instructions

Question 3 should only be asked if the documents required in Questions 1 and 2 are insufficient to ascertain the alignment between the operation and the definition of the type of action.

3. Please attach [relevant document that helps to ascertain the objectives of the operation, in line with the objective(s) of the type of action at hand].

4. *On the housing and equipment investments.*

Prepared in.....on the.....

Project proponent signature:

Annex E - Template for contractual evidence list for CPF

What does this template entail?

This document supports the guidelines for the application of the DNSH principle under Cohesion Policy Funds (CPF). It aims at supporting Managing Authority (MAs) to design preliminary evidence lists that will be shared with private proponents (PPs) to indicate which documents must be valid throughout the funding cycle and what monitoring measures are applicable.

The template may also be used for financial instruments. It is advised that MAs refine the template to develop the monitoring measures due to in-depth knowledge about environmental safeguards. The list may then be transferred to the entity that disburses the funds of the financial instrument and can then be used to help PPs gather their justificatory documents.

How to use this template?

This template should be used under Step 3 as a tool to present PPs with the list of documents that must be valid throughout the funding cycle and with information on the monitoring measures that they will have to go through. The template requires the preliminary evidence list that was defined under Step 2.3.



The list should thus be refined for each call for operations. Instructions on amendments are presented in blue boxes. Elements that must be amended and/or filled in by the MAs are noted in blue. Elements in black may directly be reused by MAs. For more clarity for the PPs and to avoid using the jargon specific to CPF, these elements refer to the PPs as “you” and their proposed operations as “your project”.

Presentation of the list and of the PP’s responsibilities

This call for projects is supported by European funding. In order to ensure that this funding does not support projects that harm our environment, some criteria are applied to pre-select projects. This contractual evidence list outlines:

- The justificatory documents that your project must respect throughout the funding.
- The verifications that [Czech authority that implements the programme] will conduct on your project during its implementation.

If the justificatory documents that must be respected are not respected (e.g., if a permit is removed), or if the verifications on the project suggest that there is a mismatch between your project and the criteria of the call, you may be asked to reimburse the funds.

Documents that must be kept valid throughout the funding

Instructions

All the documents that have been used to validate the funding for the operation must be listed in the section. This will help the PP to clearly understand which documents must be valid until the end of the funding cycle.

Documents that you provided to show the alignment of your project with the call must be kept valid throughout the funding. For instance, permits must be renewed in due time. Below are listed all the documents that must be kept valid:

- [list of documents that have been used in the preliminary evidence list]
- [list of documents that have been asked for in case clarifications were asked to the PP in Step 2.5]

Monitoring measures

Instructions

The table below should be tailored to each call to list the monitoring measures that will take place. It will help PPs to identify in advance what is expected from them for the monitoring and when.

For more complex operations, the table should also be tailored at the operation-level, for instance to list monitoring measures that derive from the conclusions of the climate proofing.

For the last column, it may be useful to double check the monitoring timeline agreed upon between the Commission and the Czech authorities. The monitoring of projects should indeed be conducted prior to the reporting to the Commission.

What will be verified	Documents to be submitted to demonstrate compliance	Timeline
[Simple description without jargon of the objective of the monitoring point]	[Indication of the type of document that will be required from the PP]	[Indication of the point in time when the monitoring will be conducted]

Declaration of completeness

- I know that I must be able to provide the documents listed in this form when [name of the Czech authority in charge of the operation] request them.
- I confirm that I will immediately declare to [name of the Czech authority in charge of the operation] any element (e.g., applicability of the documents, changes compared to the descriptions provided in the self-assessment checklist) that changes during the funding period.
- In case the two first declarations are not respected, I understand that I may need to reimburse the funding received.

Prepared in.....on the.....

Project proponent signature:

Annex F - Templates for DNSH application in RRF

What does this template entail?

The following templates aim at supporting COs in assessing the alignment of a specific measure with the DNSH principle, serving as a complementary document to the MA guidelines developed with the same goal. Specifically, these help operationalizing Step 1-3 of those guidelines.

Specificity of financial instruments

The template may also be used for financial instruments. It is advised that COs refine the template to include a checklist that reflects their in-depth knowledge of the call and applicable environmental safeguards. The checklist may then be transferred to the entity that disburses the funds of the financial instrument and can then be used to help PPs assess their operations.

How to use this template?

Table 0-1 Key information about each template

Steps	Description
Step 1: Preliminary verifications	This template supports COs in gathering all RRF programmatic exclusions and DNSH-related conditions from the RRF documents for the specific measure, as specified in step 1 of the MA Guidelines.
Step 2: Develop criteria based on the DNSH conditions for call design and launch	This template supports COs in identifying specific criteria that should be defined to assure that the conditions identified in Step 1 are assured for the stages of development of the call and project selection process.
Step 3: Verification and monitoring of the DNSH principle	These templates assist COs in implementing step 3 of the MA Guidelines. This includes defining project monitoring measures for the DNSH criteria, establishing reporting timelines and data sources, and linking these with the reporting requirements agreed between the Czech government and the European Commission.

Step 1: Preliminary verifications

1. Insert the programmatic exclusions specific to RRF regulation, as outlines in Annex III of the of the Technical Guidance on the application of 'do no significant harm' under the Recovery and Resilience Facility Regulation 2021/C 58/01 (Step 1.1)

2. Insert the measure description specified in the CID (Step 1.1)

3. Did you identify any specific DNSH conditions in step 1?

Yes

No

If you have answered 'no' to the question go to question 5.

4. If you answered yes to the previous question, identify the overreaching DNSH conditions (1 condition for each table)

Name the condition						
Source of the condition						
Type of condition ²⁴	Criteria		Milestone		Target	Verification mechanism
Description of condition						

Step 2: Develop criteria based on the DNSH conditions for call design and launch

Development of criteria for compliance with DNSH conditions

5. Which type of criteria needs to be developed at the call level to ensure compliance with the DNSH-related conditions identified in step 1?
- Exclusions. Please specify.....
 - Compliance with specific EU and/or national legislation. Please specify.....
 - Granting of specific environmental permits/authorizations. Please specify.....
 - Implementation of recognized management systems. Please specify.....
 - Implementation of best environmental practices or reaching benchmarks Please specify.....
 - Demonstration of compatibility / alignment with EU and national environmental objectives, strategies, standards, principles, plans and/or targets. Please specify.....
 - Implementation of specific plans or alignment with specific commitments developed by the Czech government, in the context of the RPP. Please specify.....
 - None, because no specific DNSH conditions were identified in step 1 (question 3)
 - Other. Specify:
- Independent of the criteria, all projects should still include the following statement in the call, as to ensure compliance accountability of projects with the DNSH principle: "All projects selected have to comply with the DNSH principle throughout the projects' cycle, as specified in the Technical on the application of "do no significant harm" under the Recovery and Resilience Facility Regulation".*
6. Which type of documents does the project proponent (PP) has to submit to comply with the DNSH criteria?
- Specific permits. Please specify:
 - Registrations to the relevant local and national authorities. Please specify:
 - Documents specified in the opinion of the SEA regarding additional steps or mitigating measures to be implemented . Please specify.....
 - The official results of the SP or CP

²⁴ Specify the type of condition by marking an 'x'

- The official results of the EIA
- An accounting document showing the NACE code of the project
- A project-level DNSH assessment
- Other. Specify:
- No documents have to be submitted

If the project DOES NOT need a project-level DNSH assessment, you should delete Annex I to III from the PP guidelines before attaching these as call documentation.

Project selection

Question 7 should be answered for each of the project applications received.

7. For each criteria defined in question 5 for the project:
 - a. The application complied with DNSH-related criteria identified in question 5
 - Yes
 - No
 - b. The documents presented and/or justifications submitted in relation to the DNSH criteria suffices
 - Yes
 - No
 - c. An analysis of the specific documentation concluded that the application is aligned with the DNSH criteria of the call
 - Yes
 - No

If for any question the answer is 'no', the application can be considered non-compliant with DNSH and be subject to rejection. However, the CO can decide to request further clarification before rejecting the application.

8. Are procedures or documentation required to assure alignment with the DNSH principle only available at a later stage of the application process or implementation stage?
 - Yes
 - No

If the answer is yes, the project is selected on a provisional basis, contingent upon the subsequent availability and review of the required information. If the information is only available at the implementing stage, the contractual conditions should specify this contingency

Step 3: Verification and monitoring of the DNSH principle

1. Identify the sources of monitoring measures needed to ensure alignment of projects with the DNSH principle throughout projects' cycle.
 - For measures that have been subject to a SEA: the monitoring measures that are imposed by the SEA must be used as a monitoring measure for the project.
 - For projects that have been subject to a SP or CP: the monitoring measures that are imposed by the CP must be used as a monitoring measure for the project.

- Permitting: the monitoring of the environmental permits granted to the project can be used to ensure that the operation indeed abides by European and national law (thus aligning with the definition of the type of action).
- For measures that are subject to DNSH-related milestones, targets and verification mechanisms defined in the CID: these should translate in monitoring measures aligned with the reporting calendar (step 3.3)
- No milestones and targets were identified: In that case, there no mandatory monitoring requirements related to DNSH. However, the CO is still responsible to assure overall compliance with DNSH.

The monitoring measures identified should be listed in the contract. The contract may then be sent to the project proponents that had been selected in the previous step.

9. For each monitoring measure specify the following information

Monitoring measure	
Is the monitoring measure essential to ensure compliance with conditions in the CID and OA?	<input type="checkbox"/> Yes. <input type="checkbox"/> No.
Periodicity of monitoring <i>[If the answer to previous question was 'yes', the measure should be monitored considering the EC reporting calendar specified in step 3.3. Otherwise, the CO could define a different period as seen suitable]</i>	
Sources of data to be requested to PP and analysed by MA	



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