



# Methodology for the application of the DNSH principle at the national level in Czechia

Final Inception Report

**Contract details**

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

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in Czechia

In association with:



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## 0 List of abbreviations

Abbreviations	Descriptions
ČBA	Czech Banking Association
CF	Cohesion Fund
CP	Climate proofing
CPD	Continuing professional development
CNB	Czech National Bank
DNSH	Do No Significant Harm
EAFRD	European Agricultural Fund for Rural Development
EC	European Commission
ERDF	European Regional Development Fund
ESF+	European Social Fund +
EU	European Union
JTF	Just Transition Fund
KoM	Kick-off meeting
KPI	Key Performance Indicator
MoE	Ministry of Environment
MRD	Ministry of Regional Development
NRB	Czech National Development Bank
P	Programme ( <i>Operační program</i> )
OoG	Office of the Government
RRF	Recovery and Resilience Facility
RRP	Recovery and Resilience Plan
RfS	Request for Service
SME	Small and Medium-sized Enterprise
TJTP	Territorial Just Transition Plan
TSC	Technical Screening Criteria
OP JAC	The Johannes Amos Comenius Programme
OP JT	Operational Programme Just Transition
IROP	Integrated regional operational programme

# 1 Status and next steps

## 1.1 Current status

### 1.1.1 Conduction of the inception phase: kick-off and technical meetings

This inception report presents an updated methodology and work plan for the project, based on the kick-off meeting, and other discussions. In the course of month 1 (the inception phase), the following meetings and discussions have taken place:

- **Introductory meetings** between the project team, the beneficiary and the DG Reform on 2 September 2022 and 9 September 2022.
- **Kick-off Meeting** on 13 September 2022, with DG REFORM and the beneficiary. During the Kick-off Meeting (KoM), the project team presented the proposed approach (as per the technical offer) and gathered first round of feedback on the approach both from DG REFORM and the beneficiary.
- **Introductory call** between the project team and Ministry of Environment on 20 September 2022, on the current status and support needed on the development of methodology for **climate proofing** (CP) assessment and the development of the overall guidelines for the CPR.
- A follow-up bilateral call with Ministry of Environment after the KoM during which the Ministry of Environment (MoE) explained the current status on the development of the methodology for CP assessment as well as flagging where support from the project team would be useful.
- Four **technical meetings** with leads of the Programmes (Ps) and RRP components were held on 29 and 30 September 2022 based on their specific focus area.

### Technical meetings on current implementation of the DNSH and the CP for RRF and CPR

The purpose of these meetings was to understand the type of projects currently being financed via the EU Funds, the current status of development of methodologies on DNSH principle and/or CP assessment (as two separate concepts) for specific EU Funds (mainly RRF and ESIF). This knowledge was used to refine work under subsequent deliverables as well as to ensure prioritisation of needs by the beneficiary authorities.

The technical meetings were structured per areas/topics of intervention as per guidance from the beneficiary. Each meeting was organised to topically bring together relevant government Programmes (P) and respective components of the Recovery and Resilience Plan (RRP)<sup>1</sup>. The following topical meetings were held:

1. R&I, digitalisation, business and social issues;
2. Energy;
3. Environment and circular economy; and
4. Transport and mobility.

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<sup>1</sup> The distinction between the two programmatic terms is based on the sources of EU funding. Operational programmes are funded under different cohesion policy funds (ESIF), each programme has a managing authority (“ŘO - řídicí organ”) and the overall coordination (including methodological) between programmes is overseen by the Ministry of Regional Development (National Coordination Authority). RRP (“NPO - Národní plan obnovy” = National Recovery Plan) is funded from the RRF and is divided topically into components, each component has an “owner” (employed in various ministries based on the area of focus of the component) and the overall coordination/guidance (not binding) across components is overseen by the Ministry of Industry and Trade (Delivery Unit).

Each meeting began with a short presentation by the project team with an aim to introduce the key aspects of the TSI project, its main objectives, planned deliverables and the timeline. This was followed by listing the three main focus areas of the technical meetings (as stated above) to which participants were asked to answer as to the best of their knowledge. At least one representative from each programme and RRP component proceeded to provide information as per three areas, with the detail and the depth of input varying across different Ps/RRP components. Where the detail of the information was not deemed sufficient, the representative was prompted to provide additional information.

**Overview of DNSH and CP assessment application differences across programmes:**

- Many Ps and RRP components already have an initial guidance or approach to integrate the DNSH principle into projects and programmes. The current DNSH and CP assessment application process and detail of guidance information provided to project applicants however varies across programmes.
- There is a difference between programmes whether DNSH and CP are being evaluated at the project level or just on the programme level.
  - In certain programmes project applicants are required to complete forms and provide information on their compliance with the DNSH. The respective forms and a declaration are provided as part of call documents, along with guidance and instructions on how to complete the forms. Certain programmes (e.g., IROP) invite project applicants to qualitatively describe how they are meeting the six EU Taxonomy environmental objectives as part of a short form/declaration.
  - Other programmes provide guidance documents with instructions on how to apply DNSH and CP, along with pre-populated templates to provide examples on information to be provided (e.g., OPTAC).
- There is a difference between programmes when it comes to the approach to interpretation of specific DNSH requirements for a project applicant. For example, OP Environment and OP Just Transition do not shift the responsibility of interpreting requirements to the project applicant. Instead, specific technical requirements are identified at the programme level and the applicant is only provided with call-specific DNSH requirements they need to comply with. As a result, the applicant does not need to be fully familiar with the DNSH principle and only needs to provide what is requested from them, making the process more efficient.
- The project team notes differences in the stages of project calls (for funding applications) across programmes. Calls for certain programmes (e.g., Interreg) are still in the preparation phase and no call has been issued yet. Other programmes have already held multiple calls (for applications).

**Key challenges in programmes:**

- There appears to be limited communication and coordination between the programmes on how the DNSH principle and CP assessment methodology are being approached, though there is interest to share experiences and lessons learned;
- Majority of programme owners stated that the current application and respective documentation was developed under time pressure to make sure a process was in place



when new calls started and there is still a need to confirm whether the current application approach used is sufficient;

- There is a lack of definition of infrastructure and a lack of clarity about the requirements for CP and/or DNSH, for example, in relation to the lifespan and the overall value of a project, its lifespan or emissions, as well as on the division of responsibilities between actors (e.g., a lack of clarity whether a governing body can adapt/specify the requirements).
- There is a strong interest across several programmes in support for developing the methodology for CP assessment, and particularly at the level of the adaptation pillar.

#### **Key findings in RRF components:**

- Component owners adapted DNSH requirements for their component on their own - most confirmed they based it on the methodological guidelines provided by the MIT and the EU Technical guidance on the application of 'do no significant harm' under the Recovery and Resilience Facility Regulation (2021/C 58/01).
- The guidance documents and forms provided as part of the call documentation vary based on the owner of the components and provide different detail of information and instructions.
- Some of the DNSH requirements were omitted from certain calls because they are covered by existing legislative processes (e.g., building permits, EIA etc.).

#### **Key challenges in RRF:**

- Owners of components with no infrastructure or construction element (i.e., cybersecurity education, or R&D, etc.) require advice on when and how to apply simplified DNSH requirements, or a confirmation that the current approach is sufficient.
- Similarly to programmes, there is a lack of definition of infrastructure and a lack of clarity about the requirements for CP and/or DNSH, for example, in relation to the lifespan and value of a project, or the emissions, as well as on the division of responsibilities between actors (e.g., a lack of clarity whether a governing body can adapt/specify the requirements).

Findings from the technical meetings provide a basis for additional technical analysis, prioritisation of work and stakeholder consultations under DVL 2 and DVL 3. These findings will feed into DLV 2 by helping to identify the main challenges and gaps compared to European requirements for applying the DNSH principle in the RRF, InvestEU and the Cohesion Policy funds (e.g., legislative inconsistencies, missing processes or data sources required to implement DNSH assessments, etc.). They will also feed into DLV 3 by helping to pinpoint topics of interest for workshops with fellow Member States, and thus by helping to identify the most relevant Member States to involve in the workshops and interviews conducted in DLV 3. The findings, and in particular the challenges and needs identified, will also be of importance in DLV 4 and DLV 5 to ensure that the guidelines developed are practical and meet the needs of the stakeholders consulted. They will therefore feed into DLV 6 and DLV 7 by helping the project team to understand priority points for stakeholders

#### **1.1.2 Conclusions of the inception phase: refined objectives**

The meetings held during the inception phase have been used to refine our understanding of the objectives of the project, the status quo, and the problems that need to be overcome. The key

objective of this assignment remains to improve the capacity of the Czech public authorities to apply the DNSH principle (and CP where relevant) as required by different EU funds and programmes (the application of the DNSH principle could have minor differences across the EU funds, which will be highlighted as part of the DVL 2.1.5). This underlying objective is to unlock the Czech authorities' capacity to scale up the economic transition to implement the European Green Deal and Fit for 55 package.

The meetings indicated that Czech public sector authorities have a good understanding of the orientation of EU public funds and programmes towards climate and environmental objectives. This understanding was verified for both the Multiannual Financial Framework 2021-2027 and Next Generation EU. Czech public authorities also appear to clearly link the application of the DNSH principle to longer-term impacts, and in particular to the progress towards national climate targets.

During the inception phase, several key DNSH and CP principle-related issues were clarified, enabling the objectives of the project to be refined:

- Czech authorities have outlined their experience with the application of DNSH and CP under the Recovery and Resilience Facility (RRF ) and have clarified that accessing funds under the ESIF is the next priority.
- It was found that the development of DNSH methodologies and the implementation of CP guidelines was coordinated between three ministries (i.e., MoE, MRD and MIT). The Ministry of Regional Development (National Coordination Authority) is the coordinating body for the different cohesion policy fund (ESIF) programmes (including methodological coordination). The programme implementation is, however, decentralised, posing challenges to the systematic and homogeneous interpretation and application of the DNSH principle and of CP guidelines. As a result, the “good understanding of the orientation of EU public funds” should entail a good understanding of all the EU funds relevant to the Czech context, and an understanding aligned across Ministries and Ps.
- Implementation of the DNSH principles has been carried out on the topical basis (i.e. individually based on Ps and CZ RRP components) rather than systematically focusing on the needs of a specific EU fund. Systematic application of DNSH and CP principles should be tailored to the needs of specific EU funds.
- The focus of the Czech authorities has been on ex-ante screening of projects to unlock disbursement of fundings. There is no systematic approach to applying in-depth DNSH assessments during project monitoring or (final) evaluation.

The technical meetings have shown that the limited capacity for implementing the DNSH principle and CP guidelines relates to a lack of practical and concrete tools, such as

- Definitions of key terms,
- Criteria for determining the applicability of the DNSH principle and of guidelines,
- User-friendly guidelines to translate highly technical content into practical action (e.g., translating general data on climate risk into steps for assessing the resilience of infrastructure).

Therefore, the “capacity to integrate the DNSH principle and CP guidelines into public investments” should cover capacity at a concrete, project level in particular.

The project contributes to the implementation of the European Green Deal. This requires that the results produced in the project are useful for Czechia and that the project provides a demonstration value through the sharing of lessons learned for other EU Member States. This requires cooperation with and between European authorities (e.g. DG REGIO and SG-RECOVER/ECFIN) to ensure a clear understanding of the objectives of the DNSH principle and CP guidelines for different EU funds and to subsequently provide best practices and lessons learnt for Czechia as well as for other Member States, all of which are initiating efforts to implement the DNSH principle and CP application.

More specifically, the impact goals of this technical assistance project are as follows:

- The capacity to integrate the application of DNSH principle and CP guidelines into public investments in Czechia is enhanced.
- The beneficiary authorities are able to integrate the DNSH principle application and CP as a part of their normal processes. This requires clear guidelines and tools to facilitate the use of the guidelines by private stakeholders, and it may necessitate the organisation of training session for these stakeholders.

### 1.1.3 Presentation of the inception report

This report presents, in chapter 2, a deliverable-by-deliverable update of the methodology addressing the key points highlighted above from the kick-off meeting, the bilateral discussion with MoE and the four technical meetings. Furthermore, in chapter 3 this report provides agreements with regard to management and coordination, as well as an updated timeline for the overall project, including suggested dates for key milestones and meetings. The minutes of the Kick-off Meeting can be found in Annex A. Lastly, as per the requirements of the Request for Service (RfS), Annex B includes a draft visual project summary fiche.

## 1.2 Stakeholder mapping during the inception phase

As per the RfS, one of the tasks of the inception phase has been to initiate stakeholder mapping. To date, the stakeholder mapping comprises of three main groups:

1. Relevant stakeholders identified with the support of the Office of Government;
2. Additional relevant stakeholders identified during the technical meetings; and
3. Any other relevant stakeholders identified during the course of the inception phase.

The table below includes a preliminary list of relevant stakeholders from all three groups.

Figure 1-1 Preliminary stakeholder mapping carried out in the course of the inception phase

Stakeholder	Role	Involvement
Ministry of Environment	P managing authority/RRF Component owner	DLV 2.3, DLV 6, DLV 7
Ministry of Regional Development	P managing authority/RRF Component owner	DLV 2.3, DLV 6, DLV 7
Ministry of Industry & Trade	P managing authority	DLV 2.3, DLV 6, DLV 7
Ministry of Agriculture	P managing authority	DLV 2.3, DLV 6, DLV 7
Ministry of Finance	Materially competent ministry	DLV 2.3, DLV 6, DLV 7
Ministry of Education, Youth and Sports	P managing authority	DLV 2.3, DLV 6, DLV 7
Ministry of Labour and Social Affairs	P managing authority	DLV 2.3, DLV 6, DLV 7

Ministry of Health	RRF Component owner	DLV 2.3, DLV 6, DLV 7
Czech Banking Association (Committee for Sustainable Financing)	Financial and expert support for project applicants	DLV 2.3, DLV 6, DLV 7
National Development Bank	Financial and expert support for project applicants /RRF Component owner	DLV 2.3, DLV 6, DLV 7
Czech National Bank	Materially competent authority	DLV 2.3
State Environment Fund	RRF Component owner	DLV 2.3, DLV 6, DLV 7
Nature Conservation Agency	RRF Component owner	DLV 2.3, DLV 6, DLV 7
Academy of Sciences, Global Change Research Institute (CzechGlobe)	Data support provider to ministries	DLV 2.3
SEWACO	Relevant interested expert/potential project applicant	DLV 2.3, DLV 6, DLV 7
Integra	Relevant interested expert/EIA expert/advisor to project applicants	DLV 2.3, DLV 6, DLV 7
Enviros	Relevant interested expert/advisor to project applicants	DLV 2.3, DLV 6, DLV 7
PwC	Relevant interested expert/advisor to project applicants	DLV 2.3, DLV 6, DLV 7
Deloitte	Relevant interested expert/ advisor to project applicants	DLV 2.3, DLV 6, DLV 7
European Investment Bank	InvestEU implementing authority/Advisor to project applicants (via JASPERS)	DLV 2.3
University of Economics and Business	Relevant interested expert	DLV 2.3
Czech Infrastructure Association	Relevant interested expert	DLV 2.3
CzechInvest	Relevant interested expert/RRF Component owner	DLV 2.3, DLV 6, DLV 7

### 1.3 Next steps

In the table below the key short-term actions are outlined from side of the project team, from the side of DG REFORM, and from the beneficiary that have been taken and/or will be taken in the course of the inception phase.

Figure 1-2 Key short-term actions

Responsible party	Action	Timeline
Project team	Agree on regular progress calls	Scheduled on bi-weekly basis, on Thursdays at 13:30.
Project team & the beneficiary	Hold an additional meeting to further explain status of CP approach	Held on 20 September 2022.
Project team & the beneficiary	Hold 4 technical meetings	Held on 29 and 30 September 2022.
Project team, DG REFORM & the beneficiary	Agree on the approach for the deployment of the ad-hoc support days	In progress, approach revised based on feedback received presented below.

## 2 Updated methodology and approach

The chapter at hand provides an overview of the updates to the methodology (as presented in the proposal).

### 2.1 Deliverable 2 - Report on the as-is situation on the application of the DNSH principle in Czechia in EU funds and programmes

Figure 2-1 Overview of planned resources and expected involvement of other actors for Deliverable 2

Resources (mandays)	PM	Senior	Junior
	4	36	34
Task Lead	Julian Toth		
Indicative timeline	Month 2 (October 2022) - Month 4 (December 2022)		
Involvement of other actors	Coordination of 40 ad-hoc consurlling days - OoG, (MIT Delivery Unit), MRD (National Coordination Authority) Consultations and provision of existing guidance materials: All programme and RRF component owners Stakeholder consultations - stakeholders involved in the task 2.3 in the table 1.1 Advice and consultation - DG REFORM, DG ECFIN, DG CLIMA, DG ENVIRONMENT, DG REGIO, and DG FISMA		

The activities under the Deliverable 2 will focus on assessing the current application of the DNSH principle and CP in Czechia within the context of the requirements, and the existing guidance for relevant EU funds and programmes. These funds include the European Regional Development Fund (ERDF), the European Social Fund Plus (ESF+), the Cohesion Fund (CF), the JTF, the RRF and the Invest EU Programme. The project team will further assess the current application, the level of understanding by key stakeholders in all programmes financed by the funds stated above, as well as all relevant RRF components. The initial list of RRF components as well as the Ps<sup>2</sup> in scope was also provided by the OoG. The assessment will be informed by the insights collected as part of the DVL 1, along with an in-depth review of all relevant documents on internal guidance at the ministry/P level (e.g. methodology and guidance, application forms, declarations etc.). Based on the information collected, detailed mapping of the current state of the application in Czechia across programmes will be carried out in order to identify gaps and main discrepancies. Subsequently, the project team will complete targeted interviews with relevant stakeholders, based on the list provided by the OoG and as identified during our analysis in this deliverable, to collect feedback on the DNSH application process, main challenges and priorities. Findings and conclusions will be summarized in a report drafted in English and translated into Czech.

#### **2.1.1 Task 2.1 - Assess current state of the application of DNSH against the requirements of EU funds and programmes and provide technical support to Czech authorities**

<sup>2</sup> OP TAC, OP Environment, OP Transport, OP Interreg, OP JAC, OP JT, OP TA and IROP

As a first step, the project team will conduct a mapping exercise to analyse information acquired in the four technical meetings with representatives of programmes listed above, the RRF component owners, and one bilateral meeting with specific focus on CP assessment, which took place as part of DLV 1. The mapping will be presented as a comprehensive table and provide relevant information on the current state of application of DNSH, existing methodological guidance, key priorities and challenges, problematic areas and topics, etc. This will enable the project team to assess the differences in the current status of development across different Programmes (of cohesion policy Funds) as well as CZ RRP components and can be used as the stepping stone to identify gaps in information and to plan next analytical steps more effectively.

Simultaneously, the project team will review and analyse all existing documentation and resources currently in use or in development as part of the application of DNSH and CP at the Programme and CZ RRP component measure level as identified during the technical meetings. This will include internal documents on methodological guidance developed by Czech authorities, application forms used in calls for projects, and other declarations and statements, as well as the guidance documents issued by the Commission - and the Council Implementation Decision for the CZ RRP<sup>3</sup>. This analysis will enable the project team to better understand the current state of the DNSH application process across programmes and components, on which the project team will build when developing recommendations in DLV 4 and drafting the methodological guidance in DLV 5. The team will start with the review of the internal methodological guidance for the application of the DNSH principle developed by the Ministry of Industry and Trade - the Delivery Unit (CZ RRP national coordinator) with support of the Ministry of the Environment as part of the RRP, which is the key documentation currently in use. The guidance focuses on the consolidation of the DNSH assessment, drawing from the European Commission's Technical guidance on the application of 'do no significant harm' under the Recovery and Resilience Facility Regulation and adds reporting obligations within RRP. It does not include substantive guidance of how to implement provisions of the Art. 17 of the Taxonomy Regulation in practice of the (cohesion policy) Funds. Subsequently, the review will expand to other internal documents such as the draft guidance on DNSH and CP currently being developed by the Ministry of the Environment, with the aim to address inconsistencies in existing application processes across Programmes. This guidance focuses on elaborate specification of concrete DNSH conditions and possibilities of how to implement the DNSH within the Funds administration and also proposes fusion of the DNSH and CP in climate objectives.

#### **Process to tap into the 40 ad-hoc days**

Direct technical support will be available to assist Czech authorities in the application of the existing DNSH and CP technical guidance documents in the form of maximum 40 FTE days. The RfS specifies that the project team is to provide ad-hoc support to the beneficiary where required. To ensure that these support days are deployed as efficiently as possible, the project team suggests to focus on a number of priority areas that can be useful across multiple Programmes and RRP component measures. The need for these ad-hoc support days will be mainly in the early months of the project until the guidelines to be developed as a part of the DVL 5 will be available.

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<sup>3</sup> Official [DNSH guidance](#) and [Annex](#) by the Commission; CID Annex for the CZ RRP, and the DNSH requirements present in both the description of the measures but also in the Milestones and Targets; Operational Arrangement for the CZ RRP, which include DNSH requirements in the verification mechanisms "explanatory note" on the application of the DNSH principle under cohesion policy (EGESIF\_21-0025-00); SWD(2022) 225 on Climate Mainstreaming Architecture in the 2021-2027 Multiannual Financial Framework [pdf \(europa.eu\)](#)

At the time of preparing the inception report, the project team has not yet received specific requests for the RRP components. Support in preparation of ex-ante DNSH self-assessments for new CZ RRP component measures is possible, especially (but not only) for the dedicated REPowerEU chapter.

Regarding the Cohesion Policy Funds, a preliminary list of cross cutting CP priority areas has become clearer as a result of the different discussions held in the course of the inception phase. The CP issues highlighted below will be included in the discussion materials with the coordinating beneficiary authority to inform selection process for the ad hoc support:

- Support was requested, as a strong priority, for the methodological guidance on how to implement phase 2 of the mitigation CP pillar, especially assessment of the individual investment project with the EU climate neutrality pathway;
- Review of the implementation of the adaptation pillar of CP was requested. More holistic review of the use of the methodologies and data provided by the Commission's guidance and their transposition into actionable steps and Czech-specific methodologies can be considered in subsequent deliverables (DVL 4&5);
- Support to the development of the CP methodology, by reviewing the approaches of other Member States<sup>4</sup>;
- Support for the development of an infrastructure definition under the CP assessment (i.e., lifespan, type, and purpose)'
- Support to implement the adaptation pillar of CP, notably by translating the methodologies and data provided by the Commission's guidance into actionable steps and Czech-specific methodologies;
- Support of the methodological guidance on how to implement phase 2 of the mitigation CP pillar, especially assessment of the individual investment project with the EU climate neutrality pathway;
- Support and additional clarification in areas and project types where CP is not mandatory and can be omitted.

To ensure an efficient and realistic cooperation in view of the support time slots distribution, all requests for this ad-hoc support will be coordinated together with the Office of Government (OoG). The OoG is seeking requests for support from different beneficiary authorities responsible for programme and project implementation under the RRP as well as the CPR. OoG will consult the needs with the Delivery Unit of the Ministry of Industry and Trade (MIT), responsible for the RRP, and the Ministry of Regional Development (MRD), as the the National Coordination Authority for the CPR.

To ensure an effective and coordinated selection process, the project team can conduct an initial review of support requests and classify it by a) sector/area of intervention and b) the nature of support requested to be able to draw synergies in support, if any. The project team will also provide a high level estimate of days required for each request. Subsequently the project team proposes to discuss and prioritise the request with the OoG, and if need be also with MIT and MRD. Once priorities are set and fully understood, the project team will come up with a coherent proposal of how and during which

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<sup>4</sup> This would inform the analysis of the current approach in Czechia in DLV 2. This would be complementary to the knowledge exchange as part of the DLV 3, which is specifically focused on the DNSH principles and not the CP methodology. DVL 2 and 3 would this way be aligned via a MSs best practices review for DNSH (as a part of the DLV3) and CP (as a part of the DLV2).



timeline the ad hoc support can be implemented. The project team will also indicate an allocation of days to specific tasks.

The deadline for sending requests for the CPR has been set to 22<sup>nd</sup> November, following a meeting that presented the request on 10<sup>th</sup> November 2022. A meeting to present the request to authorities responsible for different RRP components will be held on 25<sup>th</sup> November 2022 and the deadline for sending requests for the CPR will be set for 2<sup>nd</sup> December 2022. Additionally, the beneficiary has requested an extension in the timeline for delivering the ad hoc support beyond the timeline envisaged for the DVL 2, under which this support was envisaged in the RfP. These developments require the following changes to the initial timeline.

- In order to enable the extension of the ad hoc support beyond the DVL 2 timeline, the project team proposes to deliver only outline of requests and ad hoc support provided under DLV 2.1 during the initial submission. DLV 2.2-2.6 will be delivered in full at the end of the DLV 2 time period.
- As the inputs on the ad hoc support and to further discuss priorities for immediate needs with the beneficiary will only be available after the current deadline of the DVL 2, the project team would like to request extension of the initial delivery of DVL 2 by 1 month to 31<sup>st</sup> December 2022 (i.e. at the end of month 4 instead of month 3 of the project).
- The project team proposes a cut of date for the delivery of DVL 2.1 as 28<sup>th</sup> February 2022 (i.e. month 6 of the project), when delivery of DLV 4 is also expected.
- In summary, DLV 2.1 will be outlined by the end of month 4 and implemented (and accepted) by the end of month 6, before start developing the guidelines as a part of DLV 5.

### **2.1.2 Task 2.2 - Review of national guidance material on the application of DNSH and reporting mechanisms in the context of different EU funds and programmes in Czechia**

As the first step in Task 2.2 the project team will conduct a review of existing national guidance materials for the application of DNSH and its reporting mechanisms under the EU funds and programmes implemented in Czechia. The project team will assess whether there are future needs for DNSH guidelines for funds which might not have yet developed guidelines to ensure that the full scope of projects is covered. The collected resources and information will be reviewed against the methodological guidance at the EU level and subsequent requirements, with specific focus on identifying gaps in implementation and interpretation of guidance between EU5 and CZ level. This will further inform analysis under Deliverable 2.6.

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<sup>5</sup> Technical guidance on the climate proofing of infrastructure in the period 2021-2027, available at <https://op.europa.eu/en/publication-detail/-/publication/23a24b21-16d0-11ec-b4fe-01aa75ed71a1/language-en>

InvestEU: Commission Notice on Technical guidance on sustainability proofing for the InvestEU Fund, available at <https://eurocid.mne.gov.pt/sites/default/files/repository/paragraph/documents/11576/investeusustainabilityproofingguidanceen.pdf>

Technical guidance on the application of 'do no significant harm' under the Recovery and Resilience Facility Regulation, available at [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52021XC0218\(01\)&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52021XC0218(01)&from=EN)

ANNEX to the Council Implementing Decision on the approval of the assessment of the recovery and resilience plan for Czechia, available at <https://data.consilium.europa.eu/doc/document/ST-11047-2021-ADD-1/en/pdf>

Operational Arrangement for the CZ RRP, available at [https://ec.europa.eu/info/sites/default/files/countersigned\\_cz\\_rrf\\_oa\\_en.pdf](https://ec.europa.eu/info/sites/default/files/countersigned_cz_rrf_oa_en.pdf)

In practice, the project team will enter in contact with the Ministries and Agencies responsible for (i) identifying, supporting and reviewing the applications for public and private interventions in EU funds and programmes and for (ii) implementing the public reforms and interventions supported by EU funds and programmes. These institutions have been identified in coordination with the Czech authorities and based on the desk research about the interventions in Czechia supported by Cohesion funds and RRF.

The second step will be to derive the key reporting mechanisms from the national guidance material that are useful in the application of the DNSH principle. This will include the internal methodological guidance. The project team will consider various country-specific perspectives from the key guidance material and in particular the guidance material as part of the preparation of the Czech RRP developed by the MIT and the recently developed DNSH and CP guidance by the MoE, currently in the review and approval process by the Czech authorities

### ***2.1.3 Task 2.3 - Stakeholder interviews to collect feedback***

The collection of information from key stakeholders will build on the findings and understanding from Task 2.1-2.2 and serve the analysis in Task 2.4-2.5. For Task 2.3 it will be necessary to collect information from those involved in the preparation of projects related to EU funds and programmes and national guidance material and experts with a critical view and understanding of the current challenges and how they can be solved. Stakeholder feedback will be collected through interviews with key stakeholders of Czech national authorities and other relevant stakeholders with expertise in the application of EU environmental and climate methodology, and who also act as advisors to both the Czech authorities and organisations/project implementers applying to calls (e.g., experts on national and EU law related to implementation of DNSH, banks, the Czech Banking Association, the Czech Infrastructure Association, businesses, regional EIA experts, EIB/Jaspers, SME Association, Industry Association, as well as regional, local and municipality authorities), and builds on ISFC's previous work in Czechia. The final list of relevant organisations and contacts will be reviewed and confirmed by the OoG, which has a strong understanding of the current state and networks across programmes. The project team foresees 5-10 key stakeholder interviews depending on findings based on information acquired by review of available resources on the programme level, technical meetings carried out in the inception phase and the team's expert knowledge.

### ***2.1.4 Task 2.4 - Analysis of EU and national legislation***

Data collected on the application of DNSH and Climate Proofing for EU funds and programmes from previous sub-tasks is the starting point for the comprehensive legislative analysis in Task 2.4. The analysis will be conducted at two levels and run in parallel: 1): analysis of relevant EU legislation that requires Member State compliance related to DNSH application and the six environmental objectives (e.g. Water Framework Directive, Strategic Environmental Assessment (SEA), Environmental Impact Assessment (EIA), Habitats Directive, Waste management legislation, Energy Efficiency Directive), 2) analysis of the relevant national legislation, including the current legislative tools, procedures and conditions applicable to each of the programmes and the areas/sectors they focus on, including the RRF components (mainly Component 2 of the CZ RRP with focus on infrastructure). This also includes the sector and project specific legislation (e.g., building permission procedures) and public tender procedures that are intertwined with and support the DNSH assessment in Czechia. The legislation in scope will be assessed and identified by the project team and external environmental law experts and will predominantly focus on the main law(s) under each of the six environmental objectives and relevant RRF components (e.g. key energy-related legislation, water and waste management, nature

protection, infrastructure and construction etc.). To better understand the big picture of the decision-making process and data flows, analysis will also include a review of the structure of public and administrative authorities involved in the process.

The project team will examine to what extent the already existing and applicable legislation (at national, regional and local level) can be applied to align with the DNSH requirements and help minimise the administrative burden linked to the application of the DNSH. To ensure a structured and consistent approach, each relevant legislation at both levels will be further reviewed against the six environmental objectives in the EU Taxonomy and the technical guidance on the application of DNSH by the EC, specifically assessing the extent components of each legislation address them.

Key to this analysis will be to extract applicable procedures for ex-ante DNSH assessment that fulfil DNSH requirements while adequately respecting all relevant legal frameworks and procedures. For example, an EIA report or data/reports required for obtaining a permit may in some cases reflect a minimum requirement in terms of DNSH, and in other cases offer the opportunity for a downscaled DNSH assessment. In other words, legal procedures can help to determine whether an in-depth analysis of climate and environmental risks is necessary, or where to focus efforts. Across sectors and projects, effective guidelines for DNSH should build on data created through smart legal procedures and thereby serve the principle of proportionality to avoid excessive administrative hurdles.

#### ***2.1.5 Task 2.5 - Analysis of interconnection between DNSH requirements in EU funds and programmes and related applicable environmental methodologies***

In Task 2.5 the project team will take stock of the interlinkages between DNSH requirements of the relevant EU funds and programmes, and other applicable environmental methodologies. It will do so in close cooperation with the EC. This topic appears as a horizontal issue across a number of Member States.

The starting point will be to outline how DNSH criteria may differ within and across EU funds and programmes. Related applicable environmental methodologies will then be identified for each fund and their interlinkages with the DNSH criteria will be explained. We will indicate the step of the DNSH assessment where specific environmental methodologies come into play and how they are interdependent with the DNSH assessment (if at all).

In order to ensure clarity, we propose to conduct and write this analysis separately for the InvestEU from the RRF and the Cohesion Policy funds. For the InvestEU, this separate analysis will ensure that we analyse the broader objectives of the climate tagging method (which is aligned with the method for the RRF and the Cohesion Policy funds, but envisages additional intervention fields and is more closely intertwined with the EU Taxonomy<sup>6</sup>). We will also analyse the interconnection with the environmental pillar of sustainability proofing<sup>7</sup>, which is a prime example of a related applicable environmental methodology. A clear analysis of the differences between the RRF and the Cohesion Policy funds will also be conducted, in particular focusing on the differences in the scale of implementation (individual operations or measures under the RRF vs. definition of types of actions in the Cohesion Policy funds).

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<sup>6</sup> See [https://ec.europa.eu/info/sites/default/files/about\\_the\\_european\\_commission/eu\\_budget/swd\\_2022\\_225\\_climate\\_mainstreaming\\_architecture\\_2021-2027.pdf](https://ec.europa.eu/info/sites/default/files/about_the_european_commission/eu_budget/swd_2022_225_climate_mainstreaming_architecture_2021-2027.pdf)

<sup>7</sup> See <https://op.europa.eu/en/publication-detail/-/publication/1f78cbb7-e39e-11eb-895a-01aa75ed71a1/language-en>

For all funds, an important related applicable environmental methodology will be climate tagging, which determines whether a sustainability objective is not targeted, significant, or principal. As stated in the RRF DNSH Technical Guidance<sup>8</sup>, simplified approaches to DNSH may apply when the objective (e.g., climate mitigation) is principal (i.e., coefficient is 100%). In other words, the nature of the investment and its objective(s) may determine the extent to which environmental methodologies are applicable.

In addition, relevant documentation on DNSH requirements in Cohesion Policy funds will be analysed with an aim to ensure that all future deliverables focused on the development of the methodological guidance are built upon the existing guidance, such as the Commission explanatory note<sup>9</sup> providing clarification on compliance and interconnection in the context of the DNSH and European Regional Development Fund, European Social Fund Plus, Cohesion Fund and Just Transition Fund. As mentioned above, this deliverable will require particular cooperation with the Commission, so as to ensure that the project team obtains the most up-to-date information with regard to the DNSH requirements across all EU funds and environmental methodologies. The project team will specifically consult the Commission’s units with relevant expertise such as DG REFORM, DG ECFIN, DG CLIMA, DG ENV, DG REGIO, and DG FISMA

**2.1.6 Task 2.6 - Identification of gaps in the existing DNSH guidance**

DVL 2 sub-tasks 2.1-2.5 of DLV 2 will feed into task 2.6 to help identify key gaps in existing DNSH guidance at the EU and national levels. In addition, these gaps will be taken into account and addressed when drafting recommendations as part of Deliverable 4. Gaps related to guidance material may include, for instance:

- Potential lack in consistency between how the DNSH and CP assessment has been applied at the programme and RRF component level in Czechia versus the EU level guidance material for DNSH and CP for both the ESIF and RRF funds. In particular, this will focus on the existing guidance documents developed by MoE and MIT in Czechia along with the specific requirements under each EU fund and its interpretation in form and materials for project applicants under calls for funding (within the OPs and RRF components).
- Based on the legislation analysis in 2.4 and stakeholder consultation in 2.3, the project team will also aim to identify potential gaps in the consideration of alignment between requirements of DNSH and CP assessment and national legislative procedures (e.g. building permit procedures, EIA, water management law etc.) at the Czech national level, which may require the same information and data in order to comply.

**2.2 Deliverable 3 - Existing practices report on application of DNSH principle by other Member States**

Figure 2-2 Overview of planned resources and expected involvement of other actors for Deliverable 3

Resources (mandays)	PM	Senior	Junior
	3	19	19
Task Lead	Jeroen van der Laan		

<sup>8</sup> Technical guidance on the application of ‘do no significant harm’ under the Recovery and Resilience Facility Regulation, available at [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52021XC0218\(01\)&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52021XC0218(01)&from=EN)

<sup>9</sup> Commission explanatory note APPLICATION OF THE “DO NO SIGNIFICANT HARM” PRINCIPLE UNDER COHESION POLICY, available at <https://ec.europa.eu/transparency/expert-groups-register/core/api/front/document/64317/download>

<b>Indicative timeline</b>	October 2022 - January 2023
<b>Involvement of other actors</b>	For identifying common challenges and relevant practices: DG REFORM, DG REGIO, DG CLIMA, DG ENV, SG RECOVER/ECFIN For discussing the common challenges and relevant practices: Member States selected (see Task 3.1 for the selection)

The Technical guidance on the application of the DNSH principle under the RRF Regulation<sup>10</sup> offers a list of guiding principles and lays out indications on the scope, legislative documents and Technical Screening Criteria applicable to the analysis of measures and investments under EU funds and programmes. These allow for flexibility in the methods used to implement the DNSH principle. For instance, “proportionate climate risk assessments” may employ a variety of methods with different scopes and indicators. In addition, other Member States may have developed concrete and technical methodologies to enact high-level aspects of the Technical Guidance.

One of the sources of information for this Task will be the work that Trinomics is doing under the DG REFORM projects on DNSH guidelines for implementing the Green transition in Finland, and Implementation and Monitoring of the Recovery and Resilience Plan (RRP) for the Green Transition in Spain. In the former, the project team will identify and review challenges, lessons learnt and potential good practices related to the implementation of the DNSH principle in a national context, based on the in-depth analysis of the application of the DNSH principle by Finnish stakeholders; in the latter, the project team is working closely with Spanish national authorities to understand how to align current monitoring and reporting practices with the RRP requirements (including DNSH criteria), which has allowed us to have a primary information source on reporting practices’ effectiveness. The project team has also liaised with DG REFORM, DG ENV, DG REGIO and DG CLIMA to incentivise the sharing of lessons learnt and potential good practices, and to identify relevant information and sources outside of the above-mentioned projects and Member States. The project team anticipates focusing on Member States with similar policy and governance context as Czechia, to ensure usability of the lessons learned in the Czech context.

Notwithstanding the need to identify lessons learnt and good practices relevant to the Czech context, the aim of this deliverable is to provide lessons learnt and potential good practices applicable to all Member States. This broader approach intends to produce a deliverable that may be shared beyond the context of this project.

### ***2.2.1 Task 3.1 - Identification of EU Member States for the analysis of good practices and lessons learnt***

This task will seek to select three (3) to five (5) EU Member States that illustrate potential good practices and that may provide lessons (including challenges faced) for the application of DNSH guidelines in the Czech context. The task will consist in a desk review in consultation with DG REGIO and SG-RECOVER/ECFIN to identify such relevant practices across the EU Member States. The project team proposes to structure this analysis based on the elements presented below in Table 2 (countries highlighted in blue are those for which the project team is currently conducting DNSH-related projects and thus have up-to-date primary information - with the abovementioned caveats). The table integrates the conclusions of the KoM and of the technical meetings. As an outcome of this desk review, the

<sup>10</sup> C(2021) 1054, Technical guidance on the application of “do no significant harm” under the Recovery and Resilience Facility Regulation [https://ec.europa.eu/info/sites/default/files/c2021\\_1054\\_en.pdf](https://ec.europa.eu/info/sites/default/files/c2021_1054_en.pdf)

project team will present a selection of a maximum of five key countries based on a scoring-type matrix that will assess the different countries' DNSH implementation developments as presented in Table 2-1. The more elements a Member State covers, the higher the score will be.

**Table 2-1 Elements to address for the selection of Member States for the analysis of lessons learnt**

Elements to address in the analysis of Member States	Parameters for selecting Member States	Potential Member States
Implementation of the DNSH principle in projects developed by private actors in a similar economic context	The Member State benefits from the Just Transition Fund	<u>Examples:</u> Lithuania, Estonia, Latvia, Austria, Poland
Implementation of the DNSH principle in transitioning sectors that are at a similar stage of maturity as in Czechia	The Member State receives support from the ERDF and/or from the cohesion fund	<u>Examples:</u> Croatia, Bulgaria, Estonia, Greece, Cyprus
Implementation of the DNSH principle in key sectors identified in the RRP and that are most likely to represent a risk of significant harm at the implementation level	The assessment of the Member State's RRP identified risks in the protection of nature and adaptation to climate change in the sector of water infrastructure, the sustainable use of bioenergy, the support to zero- or low-emission vehicles, and the reuse or recycling of construction waste	<u>Examples:</u> Finland (sustainable use of biomass, construction waste, zero-emission vehicles) Sweden (construction waste), Latvia (zero-emission vehicles, flood risk infrastructure, construction waste), Austria (sustainable use of biomass), Estonia (construction waste)
Implementation of the DNSH principle guidelines in a similar governance setting	The Member State develops guidelines for the DNSH principle in a decentralised manner, i.e., involving equally several administrations	Examples will be identified in consultation with DG REGIO, SG-RECOVER and DG REFORM.

*Note: the analysis of lessons learnt encompasses both good and bad practices, and challenges faced.*

### **2.2.2 Task 3.2 - Analysis of good practices and lessons learned from other EU Member States**

Acknowledging (i) the high grade received by Czechia for DNSH risks in its RRP and the advice to ensure close monitoring of measures at the implementation stage and (ii) the challenges raised during the KoM and technical meetings, it is suggested to focus the research on:

Methodologies and format for reporting the implementation and ex-post impact of the projects and programmes, in relation to the points of attention raised in the Commission's analysis of the Czech RRP and to the difficulties raised by stakeholders in the implementation of Cohesion Policy Funds. This should notably entail a review of the elements that Member States intend to report on, of the methodologies that they will use to do so, and of the format that they will use to report. Importantly, it is likely that this research will be hindered by the nascency of the RRP implementation; the expectation is that most Member States have not prepared methodologies and reporting formats yet.

Notwithstanding the relevance of good practices and lessons learnt abroad, the project team will ensure that outputs and analyses are tailored to the Czech cultural, political, and decision-making context. The project team will use its in depth understanding of the Czech government, Ministries, and the financial sector and extensive experience with unique financial and economic challenges and opportunities, such as the low financial literacy and underdeveloped capital markets, the dominance of

heavy industry in real economy, or the preparedness level for a green transition of the energy mix. For instance, with regard to practices related to governance mechanisms, practices should notably entail processes to align practices across Ministries and to centralise the implementation of the DNSH principle.

### 2.2.3 Task 3.3 - Organisation of online seminars with selected EU Member States

Seeking to exchange good practices and share lessons learned on the application of the DNSH principle, the project team will organise at least three online seminars with the selected EU Member States. The exact number of online seminars will depend on the number of selected Member States. The webinars will discuss some of the main challenges of the early application of DNSH and how these challenges have been overcome in the selected EU Member States. Experts and peers from other EU Member States will be invited to these webinars, if DG REGIO and DG REFORM identify potential synergies with other ongoing projects. In addition to the team from Czech authorities involved in the project, stakeholder groups identified in Task 2.3 will be invited.

Our core project team will work on the content of the seminars, agendas and details of activities to foster interaction for the webinars as well as seminar promotion materials. The project team anticipates the agenda-setting for the up to three seminars to follow a similar structure (See Table 2), but the content and discussion material will be different as each will focus on one specific fund or programme. Pre-communication (including the registration and concept note) and promotion of the seminars will be launched early on so that all relevant stakeholders are aware of the event and can prepare to participate well in advance. This will also allow them to submit questions and suggestions of topics to be discussed in advance, and thus to tailor the webinars to final beneficiaries' needs. The webinars will be held as online meetings, and participants will be able to join virtually using an online conferencing platform (e.g., MS Teams). Our team has extensive experience in organising such online participatory meetings and the project team recommends that the webinars have a maximum length of 2-2.5 hours. The final agenda, duration, format, and list of participants will be decided upon in consultation with the Steering Committee after the Member States have been selected.

Table 2-2 Draft agenda online webinars - good practices and lessons learned

Time	Activity	Responsibility/input
09:30	Welcome: presentation of the agenda, introduction to the project, and expected outcomes of the webinar	Project team/Steering Committee (to be determined)
09:45	Panel discussion on good practices: presentation of selected DNSH-related good practices by Member State representatives. This presentation will be based on scoping instructions provided by the core team, prior to the webinars.	Project team (facilitation)/ Input from MS representatives, moderated by project team members
10:45	Roundtable/Open floor discussion: Q&A with Member State representatives	Project team based on participants' questions sent to project team previous to the workshop
11:30	Reflection on main takeaways	Project Team
11:50	Wrap-up and closing	Project Team

## 2.3 Deliverable 4 - Report on recommendations for revising and supplementing existing guidance on the application of the DNSH principle

Figure 2-3 Overview of planned resources and expected involvement of other actors for Deliverable 4

Resources (mandays)	PM	Senior	Junior
	3	22	14



<b>Task Lead</b>	Julian Toth
<b>Indicative timeline</b>	December 2022 - February 2023
<b>Involvement of other actors</b>	DG REFORM and authorities managing public investments

The internal methodological guidance for the application of the DNSH principle, assessment of projects, and its reporting for investments and other measures financed by the RRF was developed as part of the CZ RRP. In addition, the MoE also recently developed a methodological guidance for DNSH and CP assessment, which is currently circulated for review and approval internally. Both guidance documents will be taken into account for the revision upon as part of the Deliverable 4 when creating recommendations.

### **2.3.1 Task 4.1 - Identification of key types of investments/interventions**

Initial identification of key areas and types of investments under all available funds and programmes (and RRF components) will be based on the findings from the meetings from DLV1, analysis and follow-up stakeholder consultations in DLV2, and an additional review as part of this task under DLV4. This identification process will start with an assessment of the RRP at a measure level, specifically examining key green investments and reforms covered in the approved plan, such as sustainable transport and clean mobility, reducing energy consumption in the public sector, cleaner energy sources, and building renovation (mainly focusing on the measures under Component 2 with focus on infrastructure). The list of selected measures will be reviewed against the Commission Technical guidance, CID Annex and the Operational arrangement<sup>11</sup> for the application of the DNSH for the RRF to confirm the requirements and criteria for assessment and reporting on the DNSH principle both at the

<sup>11</sup> Technical guidance on the climate proofing of infrastructure in the period 2021-2027, available at <https://op.europa.eu/en/publication-detail/-/publication/23a24b21-16d0-11ec-b4fe-01aa75ed71a1/language-en>

Technical guidance on sustainability proofing for the InvestEU Fund, available at <https://eurocid.mne.gov.pt/sites/default/files/repository/paragraph/documents/11576/investeusustainabilityproofingguidanceen.pdf>

Technical guidance on the application of 'do no significant harm' under the Recovery and Resilience Facility Regulation: [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52021XC0218\(01\)&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52021XC0218(01)&from=EN)

ANNEX to the Council Implementing Decision on the approval of the assessment of the recovery and resilience plan for Czechia <https://data.consilium.europa.eu/doc/document/ST-11047-2021-ADD-1/en/pdf>

Operational Arrangement for the CZ RRP [https://ec.europa.eu/info/sites/default/files/countersigned\\_cz\\_rrf\\_oa\\_en.pdf](https://ec.europa.eu/info/sites/default/files/countersigned_cz_rrf_oa_en.pdf)

<https://op.europa.eu/en/publication-detail/-/publication/23a24b21-16d0-11ec-b4fe-01aa75ed71a1/language-en>  
<https://eurocid.mne.gov.pt/sites/default/files/repository/paragraph/documents/11576/investeusustainabilityproofingguidanceen.pdf>  
[https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52021XC0218\(01\)&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52021XC0218(01)&from=EN)  
<https://data.consilium.europa.eu/doc/document/ST-11047-2021-ADD-1/en/pdf>

Technical guidance on the climate proofing of infrastructure in the period 2021-2027 <https://op.europa.eu/en/publication-detail/-/publication/23a24b21-16d0-11ec-b4fe-01aa75ed71a1/language-en>

Technical guidance on sustainability proofing for the InvestEU Fund <https://eurocid.mne.gov.pt/sites/default/files/repository/paragraph/documents/11576/investeusustainabilityproofingguidanceen.pdf>

Technical guidance on the application of 'do no significant harm' under the Recovery and Resilience Facility Regulation: [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52021XC0218\(01\)&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52021XC0218(01)&from=EN)

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Operational Arrangement for the CZ RRP [https://ec.europa.eu/info/sites/default/files/countersigned\\_cz\\_rrf\\_oa\\_en.pdf](https://ec.europa.eu/info/sites/default/files/countersigned_cz_rrf_oa_en.pdf)



tendering and procurement stage, as well as target and milestone fulfilment stage. Respective ministries responsible for identified investment areas and types aligned with DNSH will be consulted for additional contextual information and input on foreseen potential administrative and procedural challenges in the respective investment areas.

Key investments and interventions in other funds and programmes will be assessed based on the guidance provided by the Commission for the application of the DNSH principle under cohesion policy. Our review will focus on programme areas and RRP components, where DNSH and CP is expected to be most challenging, such as transport, agriculture, industry support components and investments with infrastructure elements. In addition, the review will also include certain programmes and components with no or limited infrastructure elements focused on area such as education, social issues, or R&D.

Once types of investments and interventions at the fund/programme level have been identified, an easy-to-use and coherent cross-programme (fund) categorisation will be developed based on the shared characteristics.

### **2.3.2 Task 4.2 - Draft recommendations for revising and supplementing existing DNSH guidance to different EU funds and programmes**

Based on the review and assessment (part of the previous deliverable), the project team will draft a list of practical recommendations with specific steps and guidance in alignment with DNSH guidance, CID Annex and Operational Arrangement Agreement. The recommendations will serve for revision of the existing guidance at the national level, such as the internal methodological guidance under the RRP. The aim of the proposed revisions will be to enhance and supplement the existing guidance documentation in an overarching and fit-for-purpose approach. It will ensure alignment in the application of the DNSH principle across different EU funds and programmes, while taking into account existing differences. This will result in a solid and streamlined capacity across the Czech authorities responsible for implementation. The recommendations will specifically focus on each aspect and stage of the existing guidance for the DNSH, such as evaluation in programme preparation, public procurement, project assessment, as well as reporting and control setting, and will take into account the specific criteria, conditions, and procedures under each fund/programme, as well as consider other methodologies related to environmental assessment in Czechia. In addition, by leveraging ISFC’s in-depth understanding and experience of the local landscape, each recommendation will take into account the current challenges and risks faced by relevant EU fund and programmes, such as for example for the lack of public engagement, low support for the requalification, and low financial literacy in the some regions in Czechia.

## **2.4 Deliverable 5 - National guidelines on the application of the DNSH principle for authorities managing public investments and project implementers/grant beneficiaries**

Figure 2-4 Overview of planned resources and expected involvement of other actors for Deliverable 5

Resources (mandays)	PM	Senior	Junior
	4	31	45
Task Lead	Julian Toth		
Indicative timeline	February 2023 - June 2023		

Informed by the previous Deliverables, DLV 5 will produce overarching methodological guidelines on the application of the DNSH principle and CP where relevant for authorities managing public investments (Task 5.1) and for project implementers/grant beneficiaries (Task 5.2). The guidelines will help all actors apply the DNSH principle and CP in a fit-for-purpose manner and take into account specific DNSH and CP application context for different types of beneficiaries in programmes and RRP, such as for recipients under Cohesion policy, who are also supported from financial instruments (FIs), or final beneficiaries in so-called umbrella projects, where the grant beneficiary further distributes the support received to other subjects. Attention will be paid to minimising administrative burden for such sub-beneficiaries in multi-layered projects as well as for small project funding from Interreg programmes. The guidelines will be drafted in English and translated into Czech.

For this Work Package, the project team will particularly build on the insights gained from our ongoing DG REFORM project on DNSH guidelines for implementing the Green transition in Finland which will aim to develop national operational guidelines for the application of the DNSH principles for public authorities managing public investments and for project implementers and beneficiaries. Where possible, the project team will also build on lessons learnt identified by DG REGIO, as suggested during the KoM.

**2.4.1 Task 5.1 - Draft methodological guidelines for authorities managing public investments**

The national methodological guidelines for managing authorities will be drafted in accordance with the output from DLV 2-4, and will build upon the detailed requirements as listed in the Rfs. In addition, the project team will also consider the recently created methodological guidance for DNSH and CP assessment for authorities managing public investments developed by the MoE.

In Box 2-1, the project team presents a draft content outline with the methodological guidelines for authorities managing public investments. This technical guidance will include visual tools to facilitate the application of the guideline, such as decision trees, and other flow-chart like diagrams to simplify the decision-making processes. The final approach and guidance content will be determined in collaboration with the Steering Committee currently planned for end of March or early April 2023.

**Textbox 2-1 Draft content outline - methodological guidelines for authorities managing public investments**

DNSH and CP - methodological guidelines for authorities managing public investments	
1.	<b>Introduction</b> , with objectives and content of the guideline, as well the target audience (i.e., authorities managing public investments)
2.	<b>DNSH background and regulatory framework including, among others:</b>
	<ul style="list-style-type: none"> <li>a. A short overview of the main regulatory components related to the DNSH principles, including e.g., the EU Taxonomy Regulation, Delegated Regulation on Technical Screening Criteria, Corporate Sustainability Reporting Directive (CSRD, Corporate Sustainability Due Diligence (CSDD) Directive, etc.</li> <li>b. A short overview of the rationale and logic of CP;</li> <li>c. Overview of DNSH specificities and requirements for selected funds/programmes</li> </ul>
3.	<b>Compilation of key definitions (glossary) for DNSH and CP assessments</b> (for instance, <i>substantial contribution, significant harm, direct/indirect impacts, DNSH compatibility, EU taxonomy-eligible/aligned, infrastructure, lock-in, climate and environmental tagging according to EU budget and funds legislation</i> etc.)

4. **Step-by-step processes for DNSH and CP application (where relevant)**, building upon the DNSH checklist (in Annex I of the DNSH Technical Guidance<sup>12</sup>, as well as guidance and handbooks developed by other institutions and governments<sup>13</sup>) and on the Sustainability and Climate Guidance for CP. Some key aspects of guidance to be included in this chapter include:
- a. *Identification of the DNSH assessment type* needed, depending on the requirements of different EU funds and the scope of application national funding programme for which the assessment is required (e.g., DNSH ‘simplified approach’ vs DNSH ‘substantive analysis’)
  - b. *Assessment of information gaps*; the project team will prepare an overview of the main information inputs that are required to carry out DNSH and CP assessments, (including a mapping of data that needs to be collected from project implementers/grant recipients, and what information that may be available can be used (and how) for DNSH and CP assessments)
  - c. *Screening public investments against DNSH criteria*, where the project team will provide recommendations for technics to efficiently screen and select investments based on their alignment with the DNSH principles
  - d. *Considering DNSH requirements* in the call preparation phase with key points to take into account for authorities managing public investments to optimise DNSH application (e.g., including suitable monitoring indicators that also provide information to track DNSH compliance)
  - e. *Applying DNSH for ex-ante assessments*, in line with the varying requirements of EU funds- and programmes and requirements under the EU Sustainable Finance legislation, such as the CSRD or Art.8 of the taxonomy regulation.
  - f. *Applying DNSH and CP for ex-post evaluations and verification mechanisms* (and how to make use of the data available from investment/project implementers, which could be used as evidence/proof for the alignment). For public authorities, it is necessary to ensure compatibility between reporting and verification systems, the structure of the future data warehouse, data needs, and mechanisms that will be available for project implementers/grant beneficiaries to justify DNSH
  - g. *Steps to follow to translate climate modelling into risks* specific to Czechia and to the infrastructure at hand in the context of CP. This could include methodologies, references to tools, and decision trees
  - h. *Steps to follow to translate alignment of the project with the EU climate neutrality pathway, notably by implementing the mitigation pillar of CP for projects with absolute or relative emissions higher than 20 000t CO<sub>2</sub>e per year*
  - i. *Resources to ensure the actual CP, beyond the assessment* and thus to ensure the resilience of the undertaking. To the extent possible, resources will be provided in a sector-specific manner, in line with the topics raised during the technical meetings
  - j. *Points of attention to ensure a homogeneous CP interpretation* and application across OPs
5. **Case studies**: The project team will select practical cross-cutting as well as in-depth sector-specific case studies on the operationalization of DNSH based on the identified key areas and project applicability, that illustrate situations (challenges) that may arise during the DNSH and CP application throughout the different processes conducted by authorities managing public investments (Ministries and OPs) and will provide guidance and recommendations on how to best address with these potential difficulties. The project team will include a dedicated case study to showcase the DNSH assessment of infrastructure projects (with a focus on CP)
6. **Other recommendations for the successful DNSH and CP application**, including for instance:
- a. How to optimise resources and assign roles to minimise administrative burden and increase flexibility, e.g., during procurement and calls for grants’ procedures. Given the various objectives of different investments and their different nature, it will be key to integrate differences in requirements into a standard guideline that can be effectively used by authorities that manage public investments
  - b. How to design and improve templates, and data collection and assessment to systematically include DNSH assessments e.g., into public procurement procedures while at the same time making it simple, feasible and effective;
7. **Templates and complementary tools and materials for DNSH and CP assessments**, where the project team will seek to include, among others, templates and links to further information and resources (e.g., examples of other templates developed by peers, documents with additional recommendations and guidance). The materials for DNSH and CP assessment could include, for example, template for presenting call documents, standard pre-populated templates for project beneficiaries to help them to fulfil the call’s requirements; check-lists of requirements for calls that are required to be adhered to as per DNSH and/or CP requirements.

#### **2.4.2 Task 5.2 - Draft methodological guidelines for project implementers/grant beneficiaries**

<sup>12</sup> <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A52021XC0218%2801%29>

<sup>13</sup> See, for instance, the DNSH guidance document prepared in Finland [Implementation of the DNSH principle for measures set out in Finland’s recovery and resilience plan](#). Chapter 3 includes a two-stage DNSH assessment of projects, including examples of tables and illustrative diagrams to guide the reader. A separate explanation is provided for different types of projects. Similarly, Spain published its [Guidance for the design and development of actions in accordance with the principle of not causing significant damage to the environment \(Guía para el diseño y desarrollo de actuaciones acordes con el principio de no causar un perjuicio significativo al medio ambiente\)](#). In addition, the Frankfurt School - UNEP Collaborating Centre for Climate & Sustainable Energy Finance has published the [DNSH handbook](#) in 2021

The methodological guidelines for project implementers and grant beneficiaries will to a large extent mirror the guidelines for authorities managing public investments above and build on the output from DLV 2-4. The outline of this guidelines is presented in Textbox 2-2 but adapted for project implementers and grant beneficiaries. Particularly, the project team will provide guidance on the technical and legal requirements for project implementers to demonstrate and verify DNSH alignment. Similar to the guidelines for authorities managing public investments the project team will include a section dedicated to screening mechanisms, DNSH and CP application considering information needs (data needs may differ across funds/programmes and according to sectoral activities), ex-post verifications; and include practical cross-cutting as well as in-depth sector-specific case studies on the operationalization of DNSH and recommendations for templates and other relevant aspects for DNSH application (e.g., on how to optimise administrative burden). The project team will include specific recommendations and a dedicated case study to showcase the DNSH assessment of infrastructure projects. The guidance will include visual tools to facilitate the application of the guideline, such as decision trees, and other flow-chart like diagrams to simplify the decision-making processes. The content of the final version will be determined in collaboration with the Steering Committee. The guidance will be drafted in English and translated into Czech.

**Textbox 2-2 Draft content outline - methodological guidelines for Project implementers/grant beneficiaries**

<b>DNSH and CP - methodological guidelines for project implementers/grant beneficiaries</b>	
1.	<b>Introduction</b> , with objectives and content of the guideline, as well the target audience (i.e., Project implementers/grant beneficiaries )
2.	<b>DNSH background and regulatory framework including, among others:</b>
a.	A short overview of the main regulatory components related to the DNSH principles, including e.g., the EU Taxonomy Regulation, Delegated Regulation on Technical Screening Criteria, Corporate Sustainability Reporting Directive (CSRD), Corporate Sustainability Due Diligence (CSDD) Directive, etc. ESG reporting (CSRD), Corporate sustainable due diligence etc., etc.
b.	A short overview of the rationale and logic of CP;
c.	Overview of DNSH specificities and requirements for selected funds/programmes
3.	<b>Compilation of key definitions (glossary) for DNSH and CP assessments</b> (for instance, <i>substantial contribution, significant harm, direct/indirect impacts, DNSH compatibility, EU taxonomy-eligible/aligned, infrastructure, lock-in</i> etc.)
4.	<b>Step-by-step processes for DNSH and CP application (where relevant)</b> , building upon the DNSH checklist (in Annex I of the DNSH Technical Guidance <sup>15</sup> , as well as guidance and handbooks developed by other institutions and governments <sup>16</sup> ) and on the S&C Guidance for CP. Some key aspects of guidance to be included in this chapter include:
a.	<i>Identification of the DNSH assessment type</i> needed depending on the scope of application considering the funding programme for which the assessment is required (e.g., DNSH ‘simplified approach’ vs DNSH ‘substantive analysis’)
b.	<i>Assessment of information gaps</i> ; the project team will prepare an overview of the main information inputs and technical requirements to carry out DNSH and CP assessments, (including a mapping of data that needs to be collected from project implementers/grant recipients, and what information that may be available can be used (and how) for DNSH and CP assessments)
a.	<i>Screening public investments against DNSH criteria</i> , where the project team will provide recommendations to efficiently screen and select investments based on their alignment with the DNSH principles , highlighting differences in data needs actors different funds and programmes and according to sectoral activities.

- b. *Applying DNSH for ex-ante assessments, in line with the varying requirements of EU funds- and programmes and requirements under the EU Sustainable Finance legislation, such as the CSRD or Art.8 of the taxonomy regulation.*
  - c. *Applying DNSH and CP for ex-post evaluations and verification mechanisms (and how authorities managing public investments will use data collected from investment/project implementers) providing information on how the reporting and verification systems work, the structure of the future data warehouse, data needs, and mechanisms that will be available for project implementers/grant beneficiaries to justify DNSH.*
  - d. *Resources to ensure the actual CP, beyond the assessment and thus to ensure the resilience of the undertaking. To the extent possible, resources will be provided in a sector-specific manner, in line with the topics raised during the technical meetings*
  - e. *Points of attention to ensure a homogeneous CP interpretation and application across programmes*
5. **Case studies:** The project team will select practical cross-cutting as well as in-depth sector-specific case studies on the operationalization of DNSH based on the identified key areas and project's applicability, that illustrate situations (challenges) that may arise during the DNSH and CP application throughout the different processes conducted by project implementers/grant beneficiaries (e.g. administrative burden) and will provide guidance and recommendations on how to best address with these potential difficulties. The project team will include a dedicated case study to showcase the DNSH assessment of infrastructure projects (with a focus on CP)
6. **Other recommendations for the successful DNSH application**, including for instance:
- a. How to optimise resources and assign roles to minimise administrative burden and increase flexibility, e.g., during procurement and calls for grants' procedures. Given the various objectives of different investments and their different nature, it will be key to integrate differences in requirements into a standard guideline that can be effectively used by authorities that manage public investments
  - b. How to design and improve templates, and data collection and assessment to systematically include DNSH assessments e.g., into public procurement procedures while at the same time making it simple, feasible and effective;
7. **Templates and complementary tools and materials for DNSH and CP assessments**, where the project team will seek to include, among others, templates and links to further information and resources (e.g., examples of other templates developed by peers, documents with additional recommendations and guidance).

#### **2.4.3 Task 5.3 - Recommendations for roles and responsibilities in DNSH implementation and data management**

In the DNSH guidelines, the project team will make recommendations about the roles and responsibilities of the key actors involved in the practical DNSH implementation, including the collection and management of data verification. This will include an indication of the types of data required in order to comply with reporting obligations, the minimum level of the data needed to report on the implementation of the DNSH principle and CP, and the existing data collection mechanisms and practices. This analysis will take into account both levels: 1) entities managing public investments, and 2) project implementers/grant beneficiaries.

The indication of data needs will be complemented by the analysis of the DNSH-related data governance in Czechia. To do so, the project team will identify the actors involved in the collection and management of the relevant data at different levels and whether (and how) these data management systems (or databases) are connected or complement each other. The status and details of these data management systems will be reviewed through a desk study and by key informant interviews with the

responsible persons from both entities managing public investments, and project implementers and their advisors, identified as part of stakeholder interviews and consultations as part of the analysis in the DLV 2. Some of the informants will be also identified directly by OoG and programme owners, who have a good understanding of the existing data flows and already collaborate with certain data providers in Czechia (Academy of Science, CzechGlobe, Czech Hydrometeorological Institute). These interviews will also be used to identify the bottlenecks and recommendations for improvement. As an outcome of this analysis, the project team will provide a clear set of recommendations for data flows, data management and monitoring systems to be put in place, as well as the responsibilities and roles of the actors involved.

Finally, the project team will further seek to identify potential gaps in the data management systems that need to be filled and provide recommendations on what interventions could help bridge these gaps. It is important to note that fulfilling the DNSH requirements should be efficient, clear and fair to all project implementers. These recommendations (e.g., such as establishing common databases for DNSH-related data) will seek to ensure that data accessibility is ensured for all stakeholders, and that it would not become a competitive advantage. Key aspects to look at will be availability, accessibility and quality of data needed for DNSH alignment, in particular for CP and resilience.

## 2.5 Deliverable 6 - Capacity building and communication on the national guidelines on the application of the DNSH principle

Figure 2-5 Overview of planned resources and expected involvement of other actors for Deliverable 6

Resources (mandays)	PM	Senior	Junior
	4	36	35
Task Lead	Julian Toth		
Indicative timeline	June 2023 - August 2023		
Involvement of other actors	Public authorities/Authorities managing public investments - stakeholders involved in DLV6 as per table 1.1 External stakeholders - relevant interested experts involved in DLV6 as per table 1.1 Project implementers / grants beneficiaries - to be identified as per task 6.1 below		

Based on DLV 5 outcomes, the project team will prepare online training material (e-modules), organise and deliver trainings and seminars for the relevant parties. The project team will also develop a communication strategy to communicate to all concerned parties as identified in the task 1.2, 2.3 and based on discussion with key stakeholders and OoG during the implementation of the project, on the use of the national guidelines. The project team will also provide ongoing support from ISFC's side to answer any questions or provide clarifications - stakeholders will have the opportunity to email or call ISFC team for any questions or clarifications which will be responded to within 48 hours.

### 2.5.1 Task 6.1 Identification and engagement of participants for training and seminars

Relevant stakeholder groups have been identified during the inception phase (as is shown in section 1.2). The training needs as well as the persons/organisations to be involved will be further refined over DLV 3 and DLV 4. Training will be organised using the “train the trainer” approach, which requires a clear identification of the key persons from each authority managing public investments as well as grant beneficiaries/project implementer. The identification of the key persons or departments that have the responsibility for training or which could take that role will be done in cooperation with the



organisations. It is anticipated that the potential participants would be involved in funding processes, communication (information delivery towards project applicants), human resources or continuing professional development (CPD)(organisational training planning).

To design effective training and supporting materials, a survey will be designed and distributed by the trainers among the funding organisations’ participants before the training, as well as to participants from grant beneficiaries/project implementer groups, based on a list of relevant contacts provided by authorities managing public investments, ministries, stakeholders identified by appointed trainers, and stakeholders identified in the task 1.2. The survey will collect initial expectations and needs for the training, views on how further training could or should be organised, priority topics to be discussed, and practical suggestions about training delivery and format. It is assumed that the training would be delivered via two seminars, each with approximately 40 participants. One seminar would be aimed at the authorities managing the public investments. The other seminar would be aimed at project implementers / grant beneficiaries / umbrella organisations.

**Table 2-3 Preliminary list of stakeholders**

Preliminary list of stakeholders to be invited	
Public authorities and policy / decision makers	Ministry of Industry and Trade (RRP Coordination Department - the Delivery Unit), Ministry of the Environment, Ministry of Regional Development, Ministry of Transport, Ministry of Agriculture, Ministry of Finance National Development Bank (NRB) Czech National Bank (CNB) Business and Investment Development Agency (CzechInvest)
Industry representatives	Members of the Confederation of Industry of the Czech Republic Czech Banking Association members (ČBA) Czech Chamber of Commerce Union of Towns and Municipalities

### **2.5.2 Task 6.2 - Preparation of online training material and training of trainers**

The preparation of training material will focus on the use and application of the guidelines, data collection systems and reporting mechanisms. Training materials will be made available and possible to use beyond project end and can be modified according to Czech authorities’ and EC needs. The materials will be prepared in English and Czech.

This will be in the format of a “train the trainers” approach, which invites dedicated contact persons per entity to be trained. Experts/practitioners from other EU Member States may be invited to contribute where appropriate. The rationale for the “train the trainer” approach is to enable the material to be cascaded down to a much larger group of final recipients - via the trainers that the project team would train. A train the trainer approach requires the trainers to have a sound grasp on more than just the bare information that is to be passed on. It requires the trainers to be given a slightly broader knowledge on the context of the DNSH principles and how and why they can be applied. It is important for the trainer to understand the core of issues and approach thoroughly as they need to be more knowledgeable on this than their ultimate trainees in order to answer questions that these trainees might have and to have some authority to be seen as a credible teacher/ trainer.

The detailed content of the training materials would be shaped according to the key aspects of the national guidelines which require expert guidance. The RfS already specify that the focus will be on application, data collection systems, and reporting mechanisms. Areas beyond these will be discussed and agreed upon with the client group. The agenda should be simple and follow a logical structure, e.g., as exemplified below:

Context - what is DNSH? Origin and purpose;

- Overview of the Czech approach;
- Step by step details - through initial steps to monitoring of implementation and benefits;
- Case study examples - possibly including other Member States, with illustrations and speaker.

The project team would also suggest structuring the training materials in such a way that it fits into the CPD programmes of the professionals who are most likely to be the final recipients of the training (e.g., spatial planners in the authorities managing the funds, civil engineers and architects in the project implementers / beneficiary organisations). This is likely to increase the uptake of the training material, as professionals have an added incentive to take part (as professionals often need to obtain a certain number of hours of CPD accredited training per year to retain their professional status).

For the delivery of the “train the trainers”, the project team assumes that one training is deliverable within 2-3 hours, and suggests that it is delivered in one (half) day. To engage the participants and to maximise the capacity building potential, the project team will help to organise the communication of the training opportunity to the key stakeholders by using their communication channels. The project team will use different learning platforms, for the training which will enable an effective distribution of training materials and the creation of learning tasks for participants. The project team suggests using “Microsoft Teams” which has developed into a reliable tool with interactive functions and evolved to be a flexible virtual platform supporting participatory processes. Throughout the training sessions feedback will be collected from the participants and incorporate tasks related to further capacity building actions.

### **2.5.3 Task 6.3 - Seminars**

The project team will organise and facilitate at least two one-day seminars, with estimated 40 in-person participants each and additional participants included through a hybrid format (e.g., those from other EU Member States). Once the development of the seminar content starts, the project team will finalise the seminar format with the Commission, beneficiary, and key stakeholders. Seminars will be organised in English in case of participation of European Commission representatives or other EU Member States. National seminars will be run in Czech.

Based on experience, the project team suggests booking or reserving the anticipated seminar dates and venues at the beginning of the project to ensure event dates are booked in stakeholder diaries. The venue for the seminar will be decided and booked approx. 45-60 days prior, with calendar invites for participants sent out 30 days prior to the event. The project team in Czechia (ISFC) is able to offer an equipped room for the seminars and arrange for basic catering and refreshments during the day. Should there be any unforeseen issue with the availability of this space, OoG is able to provide a venue with technical equipment but without refreshments. In this case, the project team will organise catering for the OoG’s venue.

The project team will dedicate two team members who will serve as the main contact points for all seminar-related questions and who will work closely with the Czech contacts. The dedicated team members will develop and use a protocol for the organisation of the seminars, tracking of invitees, attendance confirmations, inputs, and Our core project team will work on the design of seminar content, agendas and details of working methods as well as promotion materials. The project team



anticipates the agenda-setting for the two seminars to be somewhat different in terms of content and material, e.g., the project team will include thematic experts and peers from other EU Member States during at least one seminar. Our team will facilitate and lead the work in the seminars according to the work plan. The seminars will have clear working sessions using different facilitation methods (roundtable discussions, panels, focus groups, Q&A sessions). The project team will have a sufficient number of project team members participating and facilitating the work and carrying out rapporteur tasks for seminar reporting.

#### 2.5.4 Task 6.4 - Draft and submit reports and communication strategy

Seminar discussions and recommendations will be summarised in separate seminar reports, with the most important discussion points and key recommendations. The reports will be drafted in English and translated in Czech.

The communication strategy will be a self-contained 3-4 pages long document. The aim is to spread awareness of the guidelines to a large audience consisting of the relevant authorities managing public investments and project implementers/beneficiaries, and to obtain their feedback. The strategy will identify communication needs based on discussions in tasks 6.1 - 6.3, discussion and consultations with stakeholders as part of DLV 1 and DLV 2, and ISFC's experience of running workshops and seminars for both public and private sector in Czechia. It will further, describe appropriate means of communication to engage these stakeholders. The strategy will also consider leveraging and collaborating with relevant associations (e.g. Czech Banking Associations, Infrastructure Association, Association of developers, etc.) to amplify the message and reach wider audience. The textbox below presents an indicative structure and content, which can be fine-tuned together with the DG REFORM and the beneficiary and other key stakeholders.

#### Textbox 2-3 Draft outline structure and content of the communication strategy authorities

<b>Context:</b> short, simplified overview of the DNSH approach.				
<b>Communication objectives and scope:</b> short text explaining the objectives and scope of the communication strategy, i.e., to promote the implementation of the DNSH principle in Czechia. Highlights and contextualises each of the key policy areas covered (i.e., green components).				
<b>Relevant stakeholders:</b> initial list of key stakeholders and their roles with respect to the implementation of the DNSH principle along with an overview of how the relevant stakeholders will be identified.				
<b>Communication needs:</b> the strategy will outline communication needs, depending on the type of stakeholder and develop messages accordingly. The messages will be tailored to the audience and will be clear and concise, making use of visuals and infographics as needed.				
<b>Communication activities and materials:</b> overview of the different communication activities/channels, their objective, stakeholders targeted, and their frequency. The project team will pay particular attention to ensuring that the right channels are used to target the different audiences (especially distinguishing between national, regional, local authorities and wider public). The project team expects to include an overview table as follows:				
<i>Table 24 Example communication matrix</i>				
Activity/Channel	Materials	Aim	Audience	Frequency
Website	Press releases	Awareness raising within various ministries' websites	General public	Once
Specialised presentations	Power point presentation/ leaflets	Awareness raising in specialised settings, as part of existing seminars, conferences, etc.	Specialised audience	At least 2 per year
Social media	Online content	Awareness raising on DNSH	General public	Weekly
Workshops & seminars	Power point presentations, factsheets	Increased engagement & improved implementation of RRP green components	Public authorities/ Investors	At least 4 in first 6 months
<b>The timing of the consultation and interlinkages between tasks:</b> this section will identify when the communication activities are intended to be conducted and show interlinkages between tasks.				

## 2.6 Deliverable 7 - Pilot implementation of the national DNSH guidelines

Figure 2-6 Overview of planned resources and expected involvement of other actors for Deliverable 7

Resources (mandays)	PM	Senior	Junior
	5	82	55
Task lead	Julian Toth		
Indicative timeline	August 2023 - January 2024		
Involvement of other actors	Authorities managing public investments - All programme and RRF component owners External stakeholders - relevant interested experts involved in DLV7 as per table 1.1 Project implementers / grants beneficiaries - to be identified as per task 7.4 below		

The pilot implementation of the guidelines on the application of the DNSH principle (and CP where relevant) in DLV 7 will be key to finalise and iteratively shape up the DNSH and CP guidelines. At this testing and usability stage, it is paramount that the project team ensures an effective and iterative approach, which will be done in very close collaboration with the Czech OoG and the key stakeholders.

### 2.6.1 Task 7.1 - Support the testing/use of templates developed as part of the DNSH guidelines

The team will support the testing/use of the guidelines and related templates developed to facilitate alignment with DNSH extensive requirements across EU funds and programmes (e.g., RRF, ERDF, ESF+, Cohesion Fund, JTF, Invest EU), and which are to be used for CP assessment and implementation, and for an ex-ante DNSH self-assessment of the Social Climate Fund if the Fund is implemented the second half of 2023.

The project team proposes to test each of the templates developed in Task 5.1-5.2 by going through a mock-up application process for (i) interventions to be financed by EU funds and programmes (one mock-up per fund listed in the RfS), (ii) for an intervention or project that needs to be climate proofed and (iii) for an intervention that needs to go through an ex-ante DNSH self-assessment.

Throughout each mock-up application process, the team will test, among others, the following:

- The DNSH principle is referred to in each aspect of the public procurement procedures that the proponents of interventions may come across;
- The DNSH principle is referred to in each horizontal implementation procedures;
- That the way the DNSH is referred to is sufficiently tailored to the intervention at hand, i.e., that the way the DNSH principle is described is sufficiently specific to the sectors and environmental objectives of (i) the funding programme supporting the intervention or (ii) of the CP process that the intervention must go through, or (iii) of the ex-ante DNSH self-assessment that the intervention must pass;
- That references to the DNSH principle and subsequent criteria/procedures are self-explanatory, clear to Czech authorities, and do not require additional research by users.

Each mock-up will be concluded with a concise and systematic list of the key difficulties and gaps identified. This will provide a basis to amend the templates in Task 7.3.

### 2.6.2 Task 7.2 - Pilot the national guidelines for ex-ante assessment of different activities/interventions

The most relevant activities/interventions to pilot for ex-ante assessment will be identified together with the Czech OoG and authorities managing public investments preparing the calls. They will predominantly target programme calls and RRF components, where DNSH and CP is expected to be most challenging, such as transport, agriculture, industry support components and investments with infrastructure elements.

For all funds, it is of key importance that the DNSH and CP guidelines strongly facilitate the pre-implementation stage of activities/interventions, in particular by helping to identify whether the activities/interventions and the underlying projects require an in-depth DNSH assessment. This identification process (i.e. “screening” in CP terms) may be supported by key tools, mechanisms and methods, including, inter alia, environmental methods (e.g., carbon footprint assessments, environmental impact assessments, strategic environmental assessments, etc.). Key tools may also include checklists that consider the materiality of the risk that an activity/intervention or underlying project misaligns with the DNSH principle. In general, the project team may propose that ex-ante assessments follow a matrix approach as developed in the Invest EU guidance, where likelihood of risks, and potential impacts if risks occur are effectively mapped against each other. In addition, when proposing how to deal with measures to handle risks, the mitigation hierarchy is of core importance - where the order of priority is to avoid, then minimise, then restore, and lastly offset any impacts that remain.

For Cohesion Policy funds, the pilots should also help ensure that guidelines are sufficient to identify programmes and projects that are aligned with the definitions of types of measures - which are themselves compliant with the DNSH principle.

Pilot cases need to be demand-driven and thus the work to finalise the selection of the pilot cases will be done together with the Czech OoG, and the pilots should be shaped according to inputs by key stakeholders. Up to 10 types of activities/interventions across different EU funds and programmes (including the RRF), will be pilot tested. The trainings and seminars organised in DLV 6 should already provide a strong understanding of the topics where there is greatest need for support. Where there are key gaps, additional workshop(s) can be proposed to address the practical application of the guidelines for the different use cases. It is assumed that many of the stakeholders participating in the work with the pilot cases have already participated in the trainings organised in DLV 6. Those trainings have also provided input around the needs to modify training materials or guidelines and raised in-depth questions that are related to specific type of projects. Training materials and guidelines tailored for the pilots will be modified by our team. The project team is also prepared to organise separate training for pilot cases if needed. These trainings would also cover project implementers.

### ***2.6.3 Task 7.3 - Pilot and revise the part of the guidelines related to verification of data collection systems and reporting mechanisms***

The guidelines will also be piloted from the data and reporting perspective, based on the data collection systems and reporting mechanisms produced in DLV 5 for up to 15 pilot investments (or other interventions where applicable). The Czech OoG will select the sample of investments/interventions across the different EU funds and programmes, that they find to be most useful from the data and reporting perspective. In addition, based on the information acquired in deliverable 5 and Task 5.3, the project team will also aim to recommend investments/interventions, where ample data is expected to be collected. For the delivery of pilots, the project team will utilise the outputs from Task 5.3, and

naturally the lessons learned and key recommendations from trainings and seminars in DLV 6. As for Task 7.2, the project team are prepared to modify the training material and guidelines related to the pilots, and potentially to organise separate training for pilot cases if needed. The revision of the guidelines will be informed through the results and lessons learned from the pilots, as well as the feedback from relevant stakeholders. The project team will assess if potential follow-up consultations through the connections established with key stakeholders in Task 5.3 are needed.

#### 2.6.4 Task 7.4 - Organisation of seminars/workshops

The project team will organise one or two virtual seminars aimed at awareness raising and sharing of experiences among stakeholders nationally and at EU level. With one of the key objectives being to raise awareness, former communication materials may come in handy, and the project team would also encourage stakeholders who have not done so, to provide feedback on the DNSH and CP communication strategy in DLV 6. Potential participants of the seminars would be all stakeholders that have been invited to consultations throughout the project, and which are further relevant from the implementation perspective. In order to maximise the utility and sharing of experiences in the online seminar(s), the project team will effectively moderate and facilitate the seminars through a tailored mix of sessions and break-out rooms. The date and time, as well as agenda, will be shared well in advance. The project team will work closely with the Czech OoG by nominating key contact points and by ensuring clearly defined responsibilities among those involved from the project team.

## 2.7 Deliverable 8 - Project final report

Figure 2-7 Overview of planned resources and expected involvement of other actors for Deliverable 8

Resources (mandays)	PM	Senior	Junior
	4	10	7
Task lead	Peter Janoska		
Indicative timeline	January 2024 - February 2024		
Involvement of other actors	DG REFORM and the beneficiary; audience to the project		

The Final Report should provide the beneficiary and the Contracting authority with the opportunity to adapt the project's results to another context. The team aims to provide Czech authorities with the key variables that should motivate an update of the guidelines, such that they have the possibility to sustain the impacts of the project in the coming years. In line with the approach described in Deliverable 3, and which leverages synergies with other projects of DG REGIO and SD-RECOVER, the team aims to provide lessons learnt in such a way that they can easily be applied to other EU Member States (e.g., presentation of the key variables that have proven to influence the buy-in of the guidelines).

#### 2.7.1 Task 8.1 - Draft and submit Final Report

The final report will present each deliverable with a summary of activities conducted, of the potential challenges and solutions and of their conclusions. The outcomes of the project, supported by an analysis of the key performance indicators (KPIs) provided below, will be detailed.

Table 2-4 KPIs against which the final report will be analysed

Indicator	Description
The outputs of the project are delivered in a timely manner	All deliverables are conducted on time within 18 months, including the reception and integration of feedback, and the approval by the Steering Committee.
Difficulties and unforeseen challenges are communicated in due time	In case an unforeseen difficulty or challenge emerges and has the potential to jeopardise the timeliness and/or quality of the project, the project manager notifies DG REFORM within a week and discusses a solution.
The project is tailored to the final beneficiaries' needs	Within the legal boundaries of the contract and proposal, the project team strives to consult final beneficiaries and/or to integrate the needs that they raise in the deliverables.
Continuity of services is assured	In case a member of the team is incapacitated and cannot provide the necessary inputs for the deliverables, he/she is replaced within a week by a colleague with an equivalent profile.

Furthermore, the report will offer specific recommendations with supporting timelines, suggestions of actors to involve and advice on the methods to be used (where applicable). Finally, lessons learnt will be presented around key variables (e.g., when variable x evolves, bottom-up data collection is more efficient) such that lessons can be replicated in other Member States and guidelines updated when necessary.

### **2.7.2 Task 8.2 - Presentation of the project**

The team will prepare a short presentation and a factsheet for a broad audience, beyond the Czech authorities involved in the project (e.g., other Ministries, national agencies, practitioners likely to be involved in the implementation of the RRP or in applications for EU funding). The team will make use of its experience in designing clear, exemplified and infographics-based slides and factsheets, so that stakeholders that are not familiar with European funding, with CP or with the DNSH principle can easily grasp the rationale and outcomes of the project.

# 3 The project team, workplan & project management

## 3.1 The project team and individual roles & responsibilities

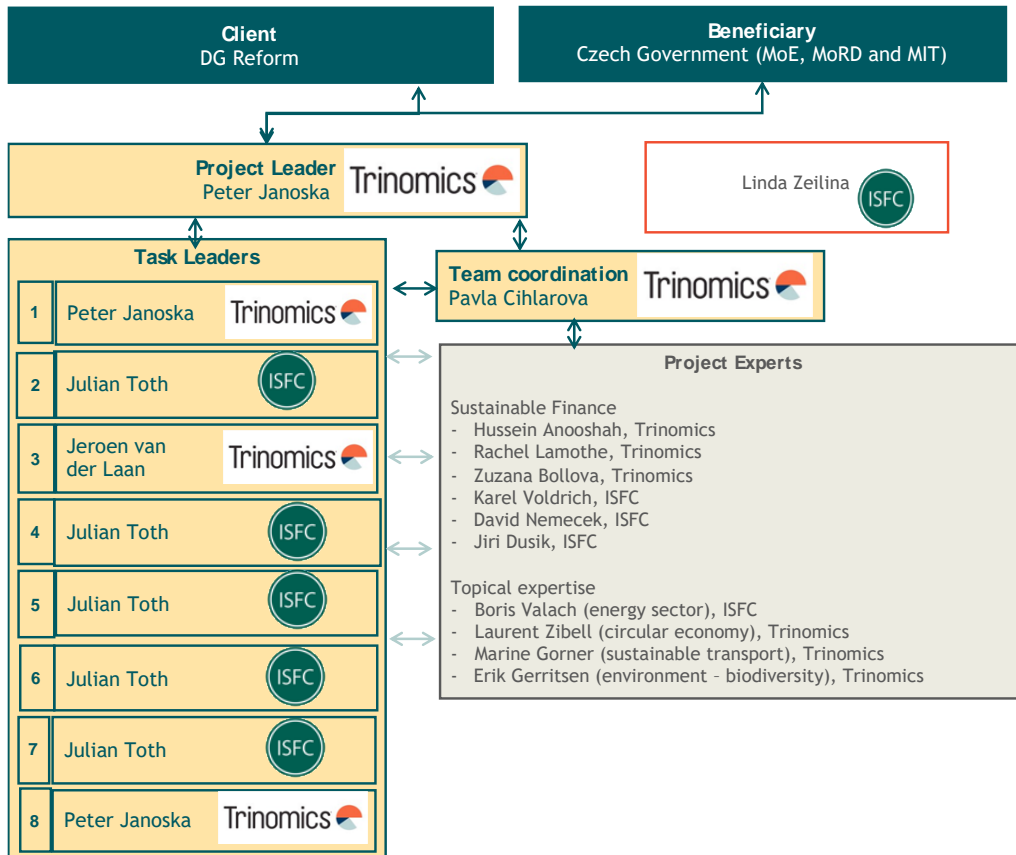
Acknowledging the complexity of this project - notably due to the topical/sectoral expertise needs and to the multiplicity of final beneficiaries - the team is structured our team around tasks and with a pool of experts. On a daily basis, the project will be run by 4 types of team members, whose responsibilities are outlined below:

- **Project leader:** Peter Janoska will liaise with DG REFORM and with the beneficiaries and Steering Committee. He will be ensuring that experts are adequately supported, that resources are judiciously allocated, and that any pending issues are resolved. For all deliverables, he will monitor the advancement in line with the timeline, with the objectives set in this inception report, and he will act as the first line of control on the quality of reports and outputs. For this last task, he will coordinate with Linda Zeilina to ensure that the quality of each deliverable is assured in time.
- **Team coordinator:** Pavla Cihlarova will ensure that the steer of the project leader translates in a smooth implementation. To this end, she will be responsible for coordinating and organising the work of the team (e.g., identifying issues in resourcing, setting up meetings, informing the larger team of expected capacity needs, etc.).
- **Task leaders:** Peter Janoska, Julian Toth and Jeroen van der Laan will be in respective charge of tasks. This repartition is based on their experience in similar projects. They will provide expertise backstop, will identify which sustainable finance experts and which topical experts are better suited to develop each deliverable, will steer the content of the deliverables (e.g., providing the structure and the scope of each deliverable) and will be responsible for identifying any issues in relation of expertise, timeliness or quality of the work.
- **Sustainable finance experts:** the project experts include sustainable finance professionals with experience in similar projects, including experts with experience in the Czech context of sustainable finance. Compared to the team put forward in the technical proposal, the present team includes one change. Vegard Dahl is now replaced by Rachel Lamothe. Both hold similar experience and expertise, including experience with assignments for DG REFORM in the field of sustainable finance and with the DNSH principle. Sustainable finance experts are responsible for developing the outputs, for providing materials to the final beneficiaries and stakeholders (where relevant), and for conducting research. Furthermore, an additional expert Dusan Jirik has been added to the team.

In addition to this daily-basis repartition of work, the project also has an additional team of **topical experts**. Topical experts have sectoral experience (in energy, circular economy, sustainable transport, biodiversity and water) and can thus ensure that the outputs are aligned with the technical conditions faced by stakeholders. They will be mobilized by task leaders on an ad hoc basis, depending on the content and requests of DG REFORM and of the final beneficiaries. Four topical experts have been brought onboard for the following topics: energy sector (Boris Valach), circular economy (Laurent Zibell), sustainable transport (Marine Gorner) and environment - biodiversity (Erik Gerritsen).

The structure of the team and its interactions with the client and beneficiary are provided in the figure below.

Figure 3-1 Project team structure



### 3.2 Updated project timeline

In the figure below, a slightly updated project timeline is presented. The timeline remains very much intact in comparison to the proposal. The agreed change is in relation to Deliverable 3, where the project team proposes to extend the timeline by one month (as indicated by the red arrow below). The reasoning for this is that with September 2022 being the month when the project started, the last delivery of Deliverable 3 would be end December 2022, which is not ideal for organisation of international workshops. In light of this, the project team propose to extend the timeline of Deliverable 3 by one month and to hold the three seminars in the course of January 2023.

In addition to the agreed change to Deliverable 3, the project team also proposes to extend the timeline for Deliverable 2. The reasoning for this proposed extension is elaborated on in section 2.1 on Deliverable 2.

Figure 3-2 Updated project timeline

Deliverable / Month	1 (Sept 2022)	2 (Oct 2022)	3 (Nov 2022)	4 (Dec 2022)	5 (Jan 2023)	6 (Feb 2023)	7 (Mar 2023)	8 (Apr 2023)	9 (May 2023)	10 (Jun 2023)	11 (Jul 2023)	12 (Aug 2023)	13 (Sept 2023)	14 (Oct 2023)	15 (Nov 2023)	16 (Dec 2023)	17 (Jan 2024)	18 (Feb 2024)
DLV1	◆																	
DLV2				◆														
DLV3				◆														
DLV4						◆												
DLV5										◆								
DLV6												◆						
DLV7																		◆
DLV8																		◆
Quarterly progress reports				#1				#2				#3				#4		
Steering Committee meetings	#1			#2				#3				#4				#5		



### 3.3 Communication with DG REFORM and the beneficiary

To ensure an effective and efficient project communication with the client and the beneficiary, the project team proposes to hold regular bi-weekly progress calls with DG REFORM as well as the Czech Office of Government (as the coordinator of the beneficiary authorities). The purpose of these regular meetings will be to inform on progress, ongoing work and (discuss) next steps. These bi-weekly meetings have been set for Thursday afternoons (13:30 - 14:00). The calls will be attended by the core project team (the Project Manager, Project Coordinator, respective Task leads) and additional project members, where required. Ahead of the call, the project team will send a list of items to be discussed. Following a call, a short summary of the discussion will also be shared.

Additional meetings with the beneficiary can be scheduled ad-hoc, where specific topics, requests or issues can be discussed.

In addition, the project team will remain in a close contact with DG REFORM and the beneficiary via email. Furthermore, to ensure a smooth process for information sharing, a shared folder is being created. Access to this folder will be provided to representatives of DG REFORM and the Czech Office of Government (and other colleagues where relevant).

## Annex A Kick-off Meeting minutes

<i>Time &amp; date</i>	13/09/2022, 10:00 - 12:00	
<i>Location</i>	Online (Teams)	
<i>Participants</i>	Client & beneficiary: <ul style="list-style-type: none"> <li>- Riikka Torppa (DG REFORM)</li> <li>- Caroline Robert (DG REFORM)</li> <li>- Milan Madera (Office of Government)</li> <li>- Nikola Blokesova (Office of Government)</li> <li>- Richard Jurik (Ministry of Environment)</li> <li>- Jan Hlavacek (Ministry of Environment)</li> <li>- Viktor Jaros (Ministry of Regional Development)</li> <li>- Petr Hrazdil (Ministry of Regional Development)</li> <li>- Katerina Nevesela (Ministry of Regional Development)</li> <li>- Martina Cerna (Ministry of Regional Development)</li> <li>- Lenka Ruzickova (Ministry of Regional Development)</li> <li>- Lucie Dankova (Ministry of Regional Development)</li> <li>- Ivana Ptackova (Ministry of Industry and Trade)</li> </ul>	Project team: <ul style="list-style-type: none"> <li>- Peter Janoska (Trinomics)</li> <li>- Jeroen van der Laan (Trinomics)</li> <li>- Pavla Cihlarova (Trinomics)</li> <li>- Rachel Lamothe (Trinomics)</li> <li>- Julian Toth (ISFC)</li> <li>- Karel Voldrich (ISFC)</li> </ul>
<i>Agenda</i>	10:00 - 10:15 Short tour de table & introduction of the team 10:15 - 10:30 Presentation of initial background / scoping research 10:30 - 11:15 Discussion on methodology & open issues (per DLV) 11:15 - 11:30 Discussion on data needs, sectoral prioritisation and EU funds scope 11:30 - 11:50 Work plan, communication 11:50 - 12:00 AOB	

### 3.4 Initial background / scoping research

The Request for Service (RfS) included a request for the project team to provide a brief overview of the status quo and background research on the topic. To that end the project team provided a brief overview of the following topics (for details please refer to slides 7, 8 and 9):

- Nature of projects in Czechia's RRP;
- Background on DNSH; and
- DNSH 'in action'.

#### Discussion:

**Riikka Torppa:** the presentation provided useful context. One thing that should be flagged is, that while the main body of knowledge exists in relation to the application of DNSH in the context of the RRF, that the objective of the study is to provide practical DNSH guidelines beyond those for the RRF and with a particular focus on the Cohesion Policy Funds. There is a need to take stock of all existing practices in the first stages of the project - but this does not preclude a prioritization of practices, analyses and activities later on in the project. DG REFORM can be of assistance in facilitating contacts with other European Commission (EC) services and Member States (MS).

**Milan Madera:** the existing cross-cutting guidance on DNSH is only a draft, developed in cooperation with Ministry of Regional Development (MRD). The Czech authorities are looking for an overarching methodology applicable to various funds. As there is an urgent need for such methodology the CZ

authorities have started working on this and would like the project's methodology to enhance the existing methodology.

**Richard Jurik:** CZ authorities are currently working on a concise DNSH and CP methodology for the purpose of the Cohesion Policy Funds. The perspective of the Ministry of Environment (MoE) is to have a methodology that reflects both DNSH and CP, in order to have a comprehensive methodology that will also consolidate the environmental substance (general recommendations for the DNSH implementation according to six envi. objectives) and principal stages of the DNSH and CP process (DNSH assessment and implementation). MoE will not upon agreement with MRD address formal procedures related to coordination (i.e. formal obligation of DNSH assessment on OP level, reporting obligation on OP level etc.) of the EU funds that differ between MIT (NRP) and MRD (cohesion funds) as well as separate funds (such as Modernisation fund and forthcoming Social climate fund). Currently, Czech authorities have mainly developed guidance related to environmental objectives and parallel DNSH and CP application for Cohesion funds, and the most urgent support from the project should focus on CP. Though from legal perspective, requirements may differ between funds (e.g. CP isn't compulsory under some funds but is under other funds). As such, the CZ authorities need a concise methodology; lack of such methodology can have negative effects on how CZ can rely on EU funds - such guidance is of utmost political importance. The current, existing methodology will be a recommended (not mandatory) framework guidance until the results of the project at hand will be available. CZ authorities aim to share a draft of the current methodology in the coming month, including the scenarios for implementation. **The implications for the REFORM project are that CZ authorities will require support in facilitating the implementation of current methodology, starting this autumn. The project team is to start consulting the CZ authorities as soon as possible, which will allow for understanding of the implications of the current guidelines.**

**Peter Janoska** (in response to Richard): the remainder of the year will be spent on two key activities - assessment of the 'as is' situation and hands-on support to the CZ authorities. The team will be happy to discuss how to support the beneficiary on any immediate requests. There will be a need for fund-by-fund discussions to understand how advanced each guidelines are.

**Richard** (in response to Peter): suggestion to hold a meeting next week, where the thinking of the CZ authorities on how to merge the methodologies can be presented and discussed. It would be useful for the team to review experience of other MS' and how they deal with CP.

**Lenka Ruzickova:** stresses and supports what Richard said - both DNSH and CP are key for the CZ authorities (CP currently being possibly even more critical as relevant projects are already being submitted and how CP will be required isn't clear yet, in order to avoid that at a later stage it is found that CP requirements had not been met). **There is a need for the project team to start discussing with (regional) authorities managing public investments as soon as possible.**

## 3.5 Methodology per Deliverable

### 3.5.1 DLV 1

**Aim:** to discuss, review and agree the project activities, methodologies and outputs, define roles and responsibilities, set up a structure for project governance.

### Discussion:

The team is happy to receive any documents available on the status quo of DNSH in CZ;

#### Key technical meetings:

- **Peter:** list of contacts received was very useful but extensive. The team would like to receive key contacts per meeting and to plan those with a Doodle based on availability of those key contacts;
- **Milan:** will send an updated version, including their functions & contact details and divided per fund (though there are some overlaps). Agrees with the suggestion to set up meetings based on availability of the crucial names;
- **Richard:** suggestion to set up 4 meetings (1) cohesion fund managing authorities, 2) RRP managing authorities, 3) overarching horizontal meeting with Richard and colleagues from coordination departments, and 4) other stakeholders - aside of the applicants).
- **Katerina Nevesela:** request for confirmation from the project team that the project will focus on both DNSH as well CP.
  - **Riikka:** assurance to all partners that DLV2 (as is situation) will also include CP - as per the RfS (the title of the project only refers to DNSH for convenience);
  - **Richard:** EU legislation<sup>14</sup> requires the application of the CP methodology, for all projects with 5+ years of life expectancy. As such, he suggests to schedule the technical meetings as soon as possible. The horizontal meeting (3) with MRD can also be used to further discuss this.

Project team encourages the CZ authorities to flag if there is anything (else) to consider with priority in order to reflect in the planning.

### 3.5.2 DLV 2

Aim: Assess the extent to which existing DNSH guidance material in Czechia, together with technical guidance material, and legislation, provides a sufficient framework for DNSH alignment across the relevant EU funds and programmes.

#### Discussion:

Topics for discussion flagged by the project team clarified under DLV 1.

**Riikka:** encouragement to the project team to reallocate resources so far possible to reflect the plea for urgency by the CZ authorities. The 40 man day ad-hoc support as per the RfS will become clearer following the technical meetings under DLV 1.

- Inception report needs to include a description of a method on decision making for issues that cannot be resolved during the inception phase, to allow for predictability and clarity on how and when decisions will be taken.
- CZ authorities to provide input how the 40 man day support should be deployed, to allow for predictability and clarity in time planning during the technical consultation meetings.

**Milan:** suggests that the 40 man days ad-hoc support can also be deployed in implementation; to be clarified upon in the inception report following the technical meetings. He will share the draft guidelines developed for the cohesion funds.

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<sup>14</sup> See 'Common provisions regulation of the multiannual financial framework in relation to DNSH and climate proofing'

### 3.5.3 DLV 3

Aim: Investigate existing practices, challenges, good practices and lessons learnt for implementation of the DNSH principle in EU funds and programmes in other EU Member States, noting however that peers are also on a steep learning curve. Parallel to DLV 2.

#### Discussion:

##### Focus on specific Member States:

- **Milan:** ideally a mix of MS, including various examples - MS with good examples (e.g. Nordic countries), MS similar to the CZ context (e.g. V4), MS different to the CZ context (western / southern Europe), as well as the MS where the project team already has knowledge from and even MS with 'bad' examples / lessons learned.
- **Riikka:** DG REFORM can facilitate contacts, including with also with DG REGIO and SG-RECOVER who has an overview on DNSH screening. Potentially some synergies can be drawn from the Finnish DNSH project. Given that CZ and Finland are frontrunners in the topic, it would be interesting for the project to contribute to general knowledge generation on DNSH (e.g. as a stand-alone annex). An idea to associate the Presidency of the EU with publishing the good practices annex.
  - **Richard:** likes the idea for the D3 report to have a broader usage, CZ authorities to consider whether and how this could be used under the Presidency.
- **Peter:** it will be important to clarify prior to the online seminar the expectations of CZ authorities: what are the learning goals for the seminars and the exchange of practices? Are they at a program level, or at the level of reporting requirements? **We will make suggestions of topics to be discussed.**

##### Interest in specific aspects of DNSH:

*Not discussed during the meeting.*

### 3.5.4 DLV 4

Aim: To ensure government representatives have appropriate, good quality and accurate guidance that guides the application of the DNSH principle in their work on EU funds.

#### Discussion:

##### Identification of key stakeholders responsible for relevant programmes, setting format of communication and information sharing:

- Already covered - to be clarified by CZ authorities.

##### Structure of the report:

- To be designed in a very user-friendly way, to ensure applicability in practice.

Detailed discussions to be held at a later stage.

### 3.5.5 DLV 5

Aim: Develop overarching methodological guidelines on the application of the DNSH principle.

#### Discussion:

- **Riikka:** emphasis on the fact that the guidelines should be as practical as possible, complemented by templates and easy-to-use tools. They should also be generic enough to be used for different

funds but at the same time sufficiently tailored. Project team to ensure that they are developed in a format that is easily adaptable when circumstances are changing (DNSH and sustainable finance is an evolving topic) - so that the CZ authorities can adapt them when/if needed. **Deadline of month 10 to be ideally reflected upon, if there is room from the project team's side.**

- **Milan:** agrees with Riikka's reflection on the need for practical guidelines, for example with case studies that beneficiaries can use.
- **Richard:** the design of templates and practical terms for internal processes of control will be largest benefit of this project. Their implementation will be decided on a later stage and will depend upon higher levels of hierarchy.

### 3.5.6 DLV 6

**Aim:** Develop and deliver online training to authorities and project promoters in the application of the DNSH principles.

#### **Discussion:**

- **Riikka:** appreciates the proposal to integrate training, details to be confirmed with the CZ authorities. She specifically liked the suggestion of 48h response period for clarifications. **The inception report is to reflect on the method for selecting participants** - the inception report does not have to include the definition of the target group while the methodology for the selection should be reflected.

### 3.5.7 DLV 7

**Aim:** Support the Czech authorities in implementing the DNSH guidelines and the testing/use of templates capturing DNSH requirements in key EU funding programmes, in climate-proofing of projects, and in self-assessment of the Social Climate Fund if the Fund is implemented the second half of 2023.

#### **Discussion:**

- **Riikka:** puts emphasis on the need to revise the guidelines, this room for revision following the pilot was very intentionally included in the RfS. It is important for the project team to reflect in the planning and to ensure there are sufficient resources available. **The inception report should include a methodology on how pilots will be selected, to allow for the project team to have predictability when mobilizing expert capacity.**

### 3.5.8 DLV 8

**Aim:** Present the activities and lessons learnt of the project and offer recommendations.

#### **Discussion:**

*None held, to be done at a later stage.*

## 3.6 Data needs, sectoral prioritization and EU funds' scope

- National contacts have been received, technical meetings to be set up ASAP to help us understand who the key contacts are.
- Any relevant documents the team should have access to are very welcome.
- Prioritization of sectoral and EU funding work - it is important to have this clarified by the end of the inception phase.

- There will be synergies between this and the Finnish DNSH project.




### 3.7 Work plan, communication

- Quarterly steering committee meetings to be planned already, project team to come up with proposals with a specific week, which will be used to find a date.
- Regular monitoring meetings (30 mins) with smaller group on bi-weekly basis to discuss progress and address open issues. DG REFORM to be invited.
- Introductory meetings to be planned for the next two weeks.
- If CZ authorities wish for inputs from other DGs, REFORM can facilitate contacts.

### 3.8 AOB

Following the KoM there was an agreement to delay the submission of the draft inception report by 1 week (7 October) to ensure the four technical meetings held with Czech authorities could be properly reflected.

## Annex B Visual project summary fiche

METHODOLOGY FOR THE APPLICATION OF THE DNSH PRINCIPLE AT THE NATIONAL LEVEL IN CZECHIA	
Short project title	'Integrating the "Do No Significant Harm" (DNSH) principle in Czechia to guide the green transition'
Summary	The Commission is supporting the Czech authorities in implementing the DNSH criteria in funding decisions with the view to advance green transition. The Office of Government is the main beneficiary, with close involvement of Ministry of Environment, Ministry of Regional Development and the Ministry of Industry and Trade. As a result of the project, Czech authorities are capable to make reliable funding decisions that do not cause harm for the environment and are able to fast track green transition. The project is supported by the European Union's Technical Support Instrument.
Context	The European Green Deal aims to make Europe climate neutral by 2050. To reach this goal, support from various EU funds and programmes are instrumental for Czechia. Czechia has allocated 42% of Recovery and Resilience Facility (RRF) funds to support the domestic green transition. When preparing its Recovery and Resilience Plan under the Recovery and Resilience Facility (RRF), Czechia has confirmed its compliance with the DNSH principle, which is defined by Article 17 of the Taxonomy Regulation. This principle can also be recognised -though to a lesser extent- in other established EU funded programmes such as the Just Transition, InvestEU, Horizon Europe and the European Regional and Development Fund. Czechia intends to increase its administrative capabilities and knowledge on the application of the DNSH principle to ensure that reforms and investments planned in the country are in line with EU and national climate and environmental targets.
Support delivered	The support provided to the Czech authorities is in three interlinked phases between 2022 and 2024: <ol style="list-style-type: none"> <li>1. Identifying and understanding of existing mechanisms and guidelines for the application of DNSH in the Czech context as well as in other EU Member States.</li> <li>2. Creating DNSH guidelines for Czech funding authorities and funding beneficiaries and delivering capacity building and communication material on the national guidelines to the Czech authorities who provide funding.</li> <li>3. Providing accompanying support for implementation of the national DNSH guidelines, including organisation of seminars to raise awareness and share experiences nationally and at EU-level</li> </ol>
Results (to be) achieved	The project provides guidance to Czech authorities in implementing the "Do No Significant Harm" (DNSH) criteria and 'climate proofing' (CP) in funding decisions. As a result, Czech authorities will have a good understanding of how public funds are currently directed to help achieve climate and energy objectives. They will have the capability to quickly and reliably make funding decisions that accelerate the green transition and do not cause harm to the environment.
 <p>This project is funded by the European Union via the Technical Support Instrument and implemented by the European Commission.</p>	
 	



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