



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

## *Summary of the project*

Trinomics & ISFC

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# Context of the project

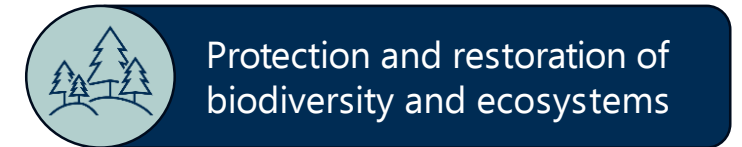
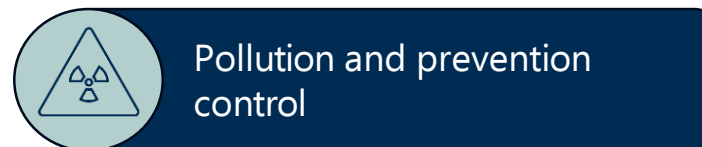
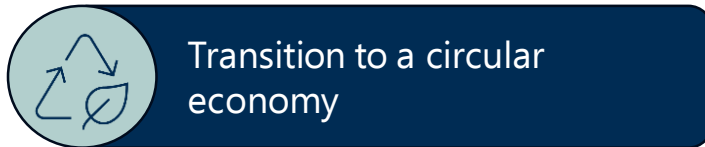
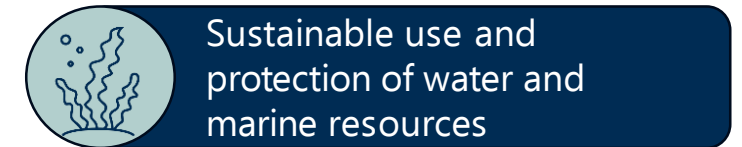
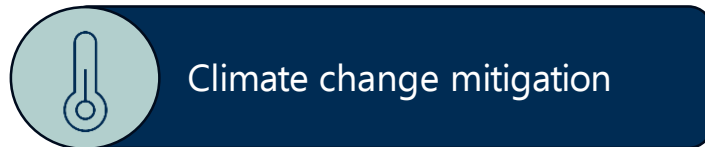


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## What is the 'Do No Significant Harm' (DNSH) principle?

**Adhering to the DNSH principle is now a requirement for accessing various EU public funding mechanisms**, such as the Recovery and Resilience Facility (RRF) and the Common Provisions Regulation (CPR).

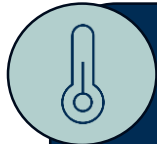
This ensures that funded projects do not significantly hinder any of the six EU environmental objectives as defined in Article 17 of the Taxonomy Regulation:



## What is the Climate Proofing (CP) methodology?

**Similarly, climate proofing is emerging as an essential element in the decision-making process for approving EU-funded infrastructure projects.**

By using this methodology, infrastructure projects demonstrate resilience to the impacts of climate change and guarantee minimization of their contribution to greenhouse gas emissions.



### Climate change mitigation

CP ensures reduced greenhouse gas emissions of the project throughout its lifecycle, following an "energy efficiency first" principle.



### Climate change adaptation

CP ensures the project can withstand the impacts of climate change, like rising sea levels or more frequent floods.

## DNSH in the Czech context before the project

**To secure continued access to EU funding and to meet its climate targets under the European Green Deal**, it is essential for Czech authorities to incorporate the DNSH principle and CP into their decision-making and monitoring processes.



To do this the Czech authorities developed and distributed across ministries documentation and guidelines developed for DNSH and CP, which have been in use since then.

*This TSI project is built upon the work previously initiated by the Czech authorities aiming at improving capacity of Czech authorities in handling DNSH and CP.*



# About the project



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# Main objectives

This TSI project, entitled “**Methodology for the application of the DNSH principle at the national level in Czechia**” (REFORM/SC2022/112), spanned from September 2022 to April 2024. Its objectives were to:

- 1 Strengthen Czechia's Managing Authorities' and project proponents' ability to apply the DNSH principle and CP methodology to EU and national fund investments, focusing on RRF and CPF
- 2 Integrate the DNSH principle in public financial management for sustainable investments, while avoiding administrative burden

# Support provided (1)

The primary output of this project was a practical and tested set of guidelines on applying the DNSH and CP principles for RRF and CPF funding for Managing Authorities (MA) and Project Proponents (PPs).

To achieve that, the support provided to the Czech authorities took place in three interlinked phases:

## 1. DNSH Benchmarking and Analysis

*Assessment of existing DNSH and CP mechanisms and guidelines within the Czech Republic and other EU Member States.*

## 2. Development and Dissemination of DNSH Guidelines

*Development and distribution of DNSH and CP guidelines for Czech MAs and PPs.*

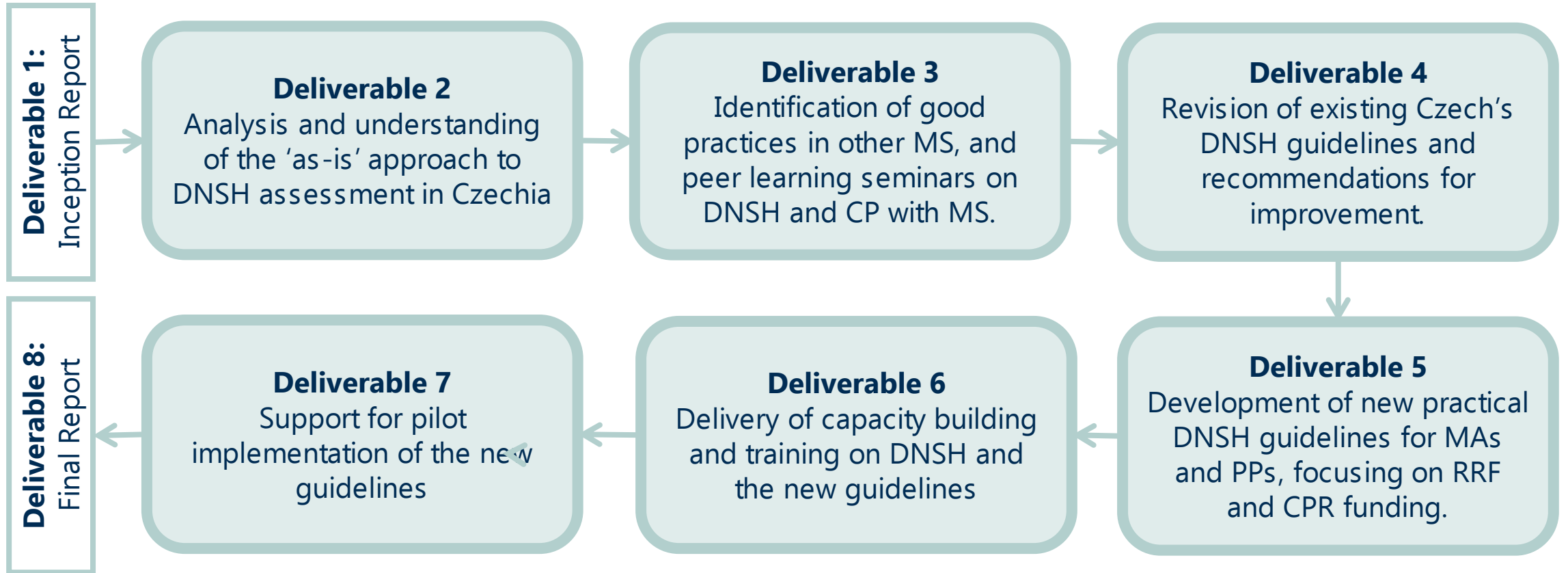
## 3. Support and Engagement for DNSH Implementation

*Support to the adoption and implementation of the DNSH and CP guidelines and organization of awareness-raising seminars nationally and at the EU level.*



# Support provided (2)

More specifically, the project involved the following deliverables:



## 3

### Learning webinars with Member States

*These webinars shared good practices and challenges related to DNSH and CP among member states, significantly enhancing the capacity of Czech authorities and aiding in the development of the guidelines. A total of 313 participants attended.*

## 2+2

### Set of guidelines for DNSH and CP

*Two practical guidelines were developed for MAs and PPs to better align funding decisions and project monitoring with DNSH and CP principles for EU funding. Two annexes were added suggesting best practice examples and roles for implementing the guidelines.*

## 9+2

### **Pilots to test usefulness of guidelines and two seminars to pilot draft and final guidelines**

*Pilots were deployed during the project's execution, providing customized assistance to Czech authorities in assessing DNSH also serving as a test to evaluate the effectiveness of the developed DNSH and CP guidelines. This piloting included ex ante and ex post support to over 25 pilot investments and activities/interventions.*

*Two seminars were held with stakeholders to pilot guidelines at different stages of development.*

## 2+1

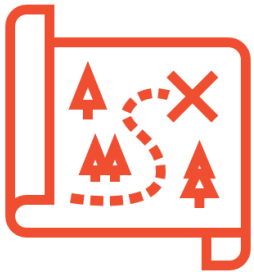
### **Capacity building sessions and an e-learning module**

*These aimed to train both MAs and PPs in effectively utilizing the guidelines to ensure alignment with DNSH-related requirements across RRP and CPR projects.*

# Results achieved



- Czech authorities have developed a good and holistic **understanding of the role of the DNSH principle in the funding process of EU instrument mechanisms**, with a focus on RRF and CPF



- With the practical guidelines developed for MAs and PPs, Czech Authorities have a **practical tool to ensure the alignment of funding decisions and project monitoring with the DNSH principle and Climate Proofing (CP) methodology**, which are essential for receiving EU funding.



- The project also **enhanced collaboration among Czech managing authorities**, enabling them to collectively identify and address common challenges associated with EU funding and specifically with the DNSH principle and CP.



# Next steps for DNSH



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# Next steps for DNSH

## Potential areas for work

Thematic guidance for high priority / impact sectors

Assess the methodological linkages with other related concepts, (e. g. Environmentally Harmful Subsidies)

Further developing the interlinkages with EU green tracking methodologies.

## What is coming up from the EU?

- DNSH guidelines for the Social Climate Fund
- SCF guideline as a blueprint for the implementation of DNSH in future funds

*Expected adoption by September 2024*



Thank you for your attention, please contact us for more information

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