



# Webinar for Member States' peer-learning on the DNSH principle

Implementation of simplified and detailed DNSH  
assessments

Thursday 2<sup>nd</sup> of February 2023 • Online

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



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# WELCOME

## Webinar for Member States' peer-learning on the DNSH principle

Trinomics 



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Use the Q&A  
function for posing  
questions



Mention “name of  
the Member State”  
or “panel” with  
your question



Add a “thumbs up”  
to the questions that  
you wish to be  
discussed



Summary report  
available in March



Follow-up questions  
on the project to  
[DNSH@trinomics.eu](mailto:DNSH@trinomics.eu)



Webinar is being  
recorded. Slides will be  
shared after the  
webinar



# Agenda Part I

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Part I: Introduction and setting the scene		
10.00 - 10.05	<b>Welcome:</b> introduction to the project, and expected outcomes of the webinar	<i>Nikola Blokešová, Office of the Government (Czechia)</i>
10.05 - 10.15	<b>Setting the scene:</b> Introducing the challenges related to the implementation of simplified and detailed DNSH assessments	<i>Peter Janoska (Trinomics)</i>
10.15 - 10.30	<b>Context in Czechia:</b> Introducing the practice of Operation Programme Just Transition for simplifying and categorising DNSH assessments	<i>Jan Hlaváček, OP JTF (Czechia)</i>
10.30 - 10.45	<b>Focus case 1:</b> DNSH assessment guidelines for buildings in Slovakia	<i>Kristína Korčeková, Office of the Government of the Slovak Republic (Slovakia)</i>
10.45 - 11.00	<b>Focus case 2:</b> Priority order law for environmental permitting in Finland	<i>Emma Terämä, Ministry of the Environment (Finland)</i>
11.00 - 11.15	Coffee break	

## Part II: Panel discussion - Governance processes for applying the DNSH principle

11.15 - 12.20	<p><b>Moderator:</b> Linda Zeilina (ISFC)</p> <p><b>Panel Members:</b></p> <ul style="list-style-type: none"> <li>▪ Jan Hlaváček, Operation programme Just Transition (Czechia)</li> <li>▪ Kristína Korčeková, Office of the Government (Slovakia)</li> <li>▪ Emma Terämä, Ministry of the Environment (Finland)</li> <li>▪ Moritz Schwarz, Ministry of Finance (Austria)</li> </ul>	
12.20 - 12.25	Reflection on main takeaways panel discussion	<i>Jeroen van der Laan (Trinomics)</i>
12.25 - 12.30	Wrap-up and closing	<i>Riikka Torppa (European Commission, DG REFORM)</i>



# Setting the scene

Introducing the webinar's theme and challenges



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# Simplified and detailed DNSH assessments

## Key objectives and considerations

### Environmental integrity

The DNSH principle aims to ensure environmental integrity of the EU and national budget spending

### Administrative burden and effectiveness

Administrative burden on the applicants and managing authorities proportional to the potential high(-er) environmental impacts



## Administrative considerations

### Application across different EU Funds

There are differences between simplified and detailed DNSH assessments under the RRF and Cohesion Policy funds (CPF);

### Typology of programmes and projects

Recognizing the importance of programme and project typology to determine which DNSH assessment type are needed

### Size of projects and admin burden

DNSH assessment for the RRF and CPR does not change with the size of the project

## Environmental Integrity

### Clarity of definitions

Definition of “significant harm to the environment” and ensuring that environmental integrity is not breached (including for simplified DNSH assessments);

### Environmental legislative framework

(Strong) national environmental legislation frameworks supports the application and compliance of the DNSH principle and avoids duplication of work for managing authorities and applicants





# Czechia

## Simplifying DNSH assessments



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# **SIMPLIFYING DNSH ASSESSMENTS**

**Jan Hlaváček**

**Deputy director, head of Unit of Methodology of Just Transition  
Ministry of the Environment, Czechia**

# Ministry of the Environment

## programme Environment

- since 2004
- Cohesion Fund, ERDF
- ▶ energy efficiency and RES
- ▶ climate adaptation measures
- ▶ waste water, water supply
- ▶ circular economy
- ▶ air pollution
- ▶ biodiversity

## programme Just Transition

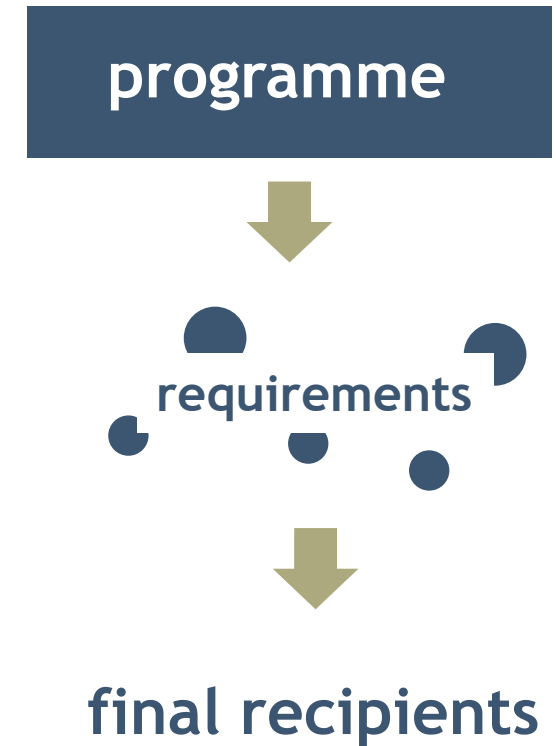
- approved 2022
- Just Transition Fund
- ▶ coal regions
  - ▶ SMEs
  - ▶ R&D
  - ▶ land reclamation
  - ▶ circular economy
  - ▶ education

# STARTING POINT

- **DNSH assessment is new issue for everybody**
- **the administrative burden is a key limiting factor for the absorption of EU funds**
- **time constraint** - strict n+3 rules in the JTF (*70 % of allocation certified in 2026*)
- **existing environmental conditions** in the previous periods (in the case of programme Environment)

# CONCLUSION

- **final recipients** should not make detailed DNSH principle assessment
- general DNSH **assessment** should be made on **the programme level**
- we need to set **clear and easy requirements** for **final recipients**



# NEXT STEPS

- 2 programme assessments
- sent to the EC during the negotiations
- they are not part of the programme itself - flexibility to change them



# ASSESSMENTS

For each specific objective, we set:

- 1. Excluded activities**
- 2. Technical conditions**
- 3. Consistency with strategic documents**
- 4. Recommendations or bonuses**

## EXCLUDED ACTIVITIES (TECHNOLOGIES)

- Activities based on the JTF regulation
  - ▶ *fossil fuels, energy recovery of waste, ETS industry, green hydrogen only*
- Other exclusion
  - ▶ *some battery energy storage technologies, polluter pays principle*

# TECHNICAL CONDITIONS

- conditions of EU taxonomy, CPR and approved RRP (examples)
  - ▶ *new buildings are 20 % better than NZEB*
  - ▶ *energy savings of at least 30 %*
  - ▶ *emission limits for cars*
  - ▶ *70 % of construction waste ready to recycling*



# TECHNICAL CONDITIONS

- other conditions (examples)
  - ▶ *only site-appropriate vegetation that will ensure climate resilience while not negatively impacting biodiversity*
  - ▶ *minimum guaranteed lifetime (warranty) of 20 years of PV output*
  - ▶ *reduction of the pollutant emissions at the stationary source by at least 20%*
  - ▶ *following sectoral methodologies, BAT etc.*

# CONSISTENCY WITH STRATEGIC DOCUMENTS

- only for relevant projects (examples)
  - ▶ *regional waste management plans*
  - ▶ *water supply and sewerage development plan*
  - ▶ *river basin management plans*
  - ▶ *flood risks plans*

## RECOMMENDATIONS OR BONUSES

- ▶ *green roofs*
- ▶ *additional climate adaptation measures*
- ▶ *Energy Performance Contracting, Design and Build*

# VERIFYING COMPLIANCE

1. **Our managers** verify feasibility studies or project documentation
2. **Documents** issued by the **certified authority** (energy assessment, EIA etc.)
3. Approval of the **authority** responsible for the **strategic document**.
4. **Declaration of honour** - actual verification only in the case of audits

# WEAK POINTS

1. oversimplification
2. one approach does not fit all
3. climate adaptation conditions



It is better to have an **imperfect simple system** than no system or an overcomplicated system.



We will keep working on it and improving it.



# Slovakia

## DNSH assessment guidelines for buildings



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ÚRAD VLÁDY  
SLOVENSKEJ REPUBLIKY

**PLÁN [OBNOVY]**



Financované  
Európskou úniou  
NextGenerationEU

# Applying DNSH in the Recovery and Resilience Plan of the Slovak Republic

# Slovakia Is a RRF Leader

## The Slovak republic succeeded to:

- Submit the RRP as the 5th member state,
- Set up the implementation rules as the 3rd ,
- Be the 7th country to (successfully) request a payment of 458 M EUR for 14 fulfilled milestones
- Currently in the assessment process for the 2nd RfP





# Total Allocation 6 575M EUR



Kvalitné  
vzdelávanie



Zelená  
ekonomika



Lepšie  
zdravie



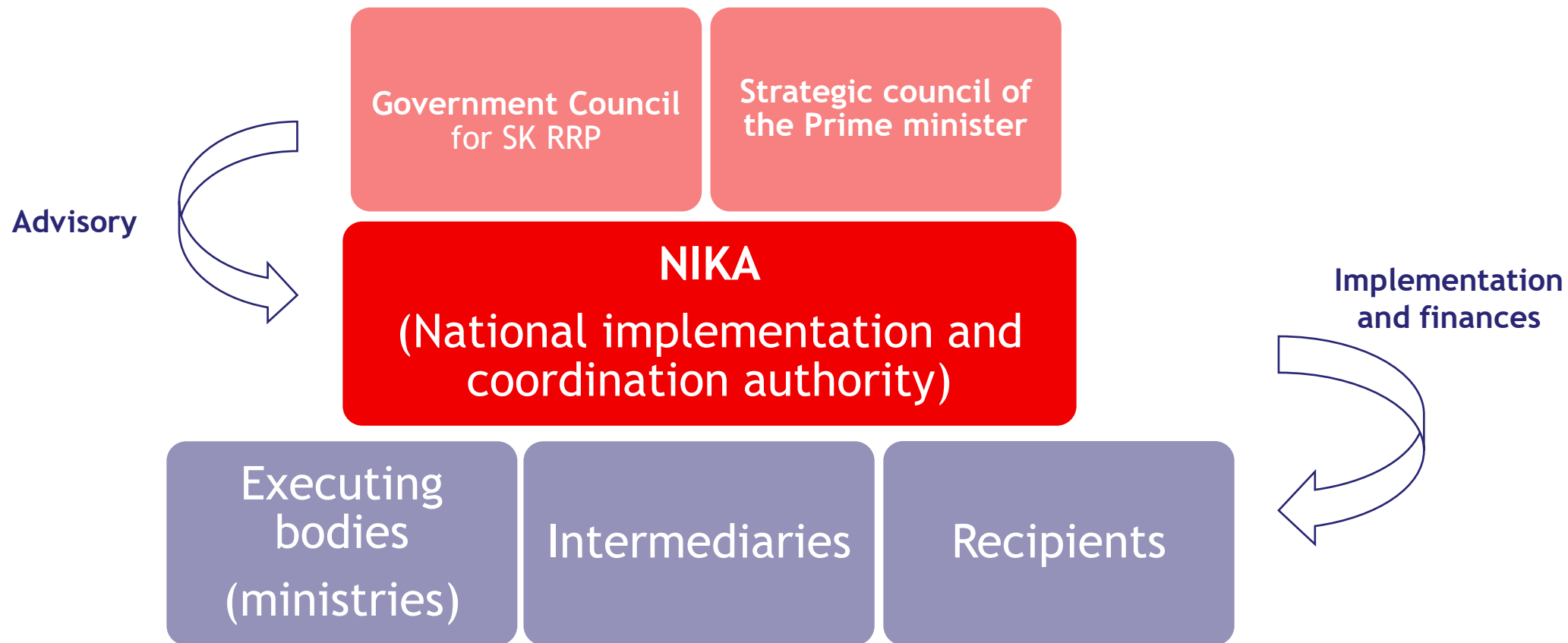
Veda,  
výskum,  
inovácie



Efektívna  
verejná správa  
a digitalizácia

GREEN ECONOMY	Renewable Energy Sources And Energy Infrastructure	232 mil. eur	2 301 mil. eur
	Renovation Of Buildings	741 mil. eur	
	Sustainable Transport	801	
	Decarbonisation Of Industry	368 mil. eur	
	Adaptation To Climate Change	159 mil. eur	
EDUCATION	Accessibility, Development And Quality Of Inclusive Education	210 mil. eur	892 mil. eur
	Education For The 21. Century	469 mil. eur	
	Improving The Performance Of Slovak Universities	213 mil. eur	
SCIENCE, RESEARCH AND INNOVATION	More Efficient Management And Strengthening Of R & D & I Funding	633 mil. eur	739 mil. eur
	Attracting And Retaining Talents	106 mil. eur	
HEALTHCARE	Modern And Accessible Healthcare	1 163 mil. eur	1 533 mil. eur
	Human, Modern And Accessible Mental Health Care	105 mil. eur	
	Accessible And High-quality Long-term Socio-health Care	265 mil. eur	
EFFECTIVE PUBLIC SECTOR AND DIGITISATION	Improve The Business Environment	11 mil. eur	1 500 mil. eur
	Judicial Reform	255 mil. eur	
	Fight Against Corruption And Money Laundering, Security And Protection Of The Population	229 mil. eur	
	Digital Slovakia (State In The Mobile, Cybersecurity, Fast Internet For Everyone, Digital Economy)	615 mil. eur	
	Sound, Sustainable And Competitive Public Finances	0 mil. eur	

# Implementation Structure



# DNSH Ex Ante Assessment

- RRP was written by a Ministry of Finance team, closely collaborating with recipient ministries
- A thorough DNSH assessment was performed by a contracted expert
- Specific focus on buildings due to the share of allocation (EUR 2.7 bn)
  - Handbook on buildings



# Current DNSH Governance

- Coordination with the ESIF team
- Creation of a dedicated unit at the MoE - mostly for ESIF, with spillover to RRP (innovation)
- Continuous focus on buildings through a TSI project and ad-hoc guidelines creation (construction waste)
- Some ministries are more independent than others - permanent dialogue with the EC



# DNSH Governance in the Buildings sector

- Handbook for buildings lists conditions as set out in the DNSH assessment
- Three categories of DNSH conditions: addressed by the design of the call, by the legislation and additional project-focused conditions
- TSI project develops conditions as stated in the Handbook
- Construction waste handbook was required due to the direct mention of the 70% recycling condition in the CID and OA
- All activities coordinated by the NIKA - Office of the Government





# PLÁN [ROBNOVY]

cestovná  
mapa k lepšiemu  
Slovensku

# Finland

## Priority order law for environmental permitting in Finland



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# DNSH in the green transition enabling legislation

Emma Terämä (DSc, tech) @eterama  
Chief Specialist, Ministry of the Environment, Finland

Feb 2, 2023





# Environmental assessment as part of decision making in Finland

- Legislation
  - Regulatory Impact Assessment (RIA)
  - Taxonomy regulation (EU) 2020/852 article 17
  - National RRF implementation legislation Finlex 537/2022
  - Fast-track permitting Finlex 1144/2022, valid 1.1.2023–31.12.2026
- Policy planning and preparation
  - Strategic environmental assessment of plans and programmes, e.g.
    - Climate and energy policy
- Budget processes
  - Sustainable recovery
  - The green transition

# Green Transition




***Measures in the green transition aim simultaneously at emissions reductions, carbon neutrality as well as economic and sustainable growth without causing harm to the nature or the environment. Environmental and climate smart measures are the key to growth and competitiveness.***

## **Criteria and measurable indicators for the green transition, e.g.**

- Direct emissions reductions or potential for them
- Leverage public for private finance
- Indirect impacts, such as advancing the circular economy or carbon hand print
- DNSH (do no significant harm) principle for six climate / environmental objectives
- Impacts on employment.

# Investing in the Green Transition in line with carbon neutrality target 2035

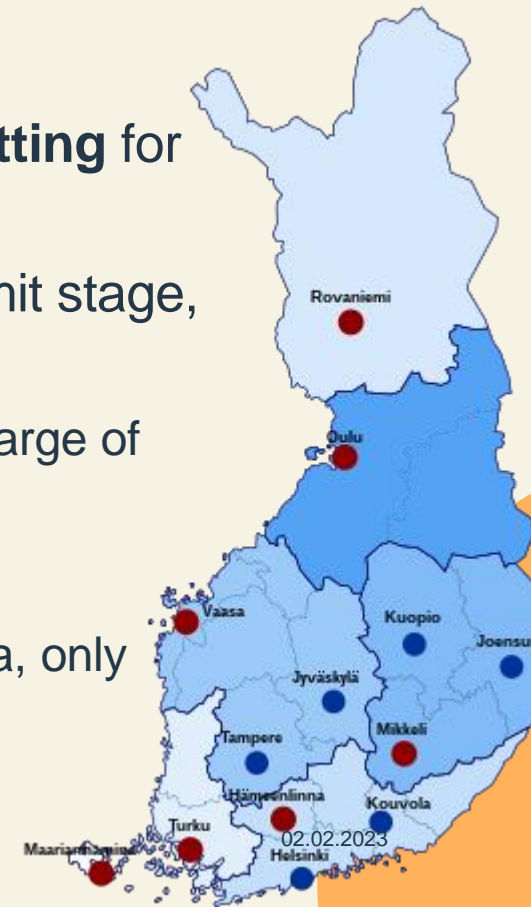
- Legislation
  - EU taxonomy, REPowerEU, Environmental permitting...Permitting bottle necks are one significant hindrance to the deployment of green transition investments (energy efficiency, wind power, hydrogen etc.)
- Policy planning and preparation
  - Strategic environmental assessment of plans and programmes, e.g., in climate and energy policy
- Budget processes
  - Sustainable recovery (2020) 
  - Green transition investments: Do no significant harm (DNSH) –principle to support assessment and screening.

Impacts on the climate and environment	
<b>2a. Solving the climate crisis</b>	<p>How does the measure contribute to the achievement of the carbon neutrality objective and a reduction in greenhouse gas emissions (including emissions and sinks) compared to the baseline (i.e. already agreed actions)? <b>Reduces net emissions significantly (+ +), reduces net emissions to some extent (+), has a neutral impact (x), increases net emissions to some extent (-), increases net emissions significantly (- -).</b></p> <p>In addition, does the measure have potential impacts on carbon sinks through the use of forests? <b>Yes/no.</b></p> <p>Does the measure support adaptation to climate change? <b>Supports it significantly (+ +), supports it to some extent (+), has a neutral impact (x), makes adapting more difficult and thereby increases the risks associated with climate change to some extent (-), makes adapting significantly more difficult (- -).</b></p>
<b>2b. Sustainable use of natural resources and promoting the circular economy</b>	<p>How does the measure promote reducing the use of virgin natural resources and the transition to a circular economy compared with the already agreed actions? <b>Promotes the transition significantly (+ +), promotes the transition to some extent (+), has a neutral effect (x), makes the transition more difficult to some extent (-), makes the transition significantly more difficult.</b></p>
<b>2c. Biodiversity and the state of the environment</b>	<p>How will the measure promote the biodiversity of Finland's nature, a reduction in biodiversity loss and an improvement in the state of the environment? <b>Promotes it significantly (+ +), promotes it to some extent (+), has a neutral effect (x), makes it more difficult to some extent (-), makes it significantly more difficult (- -).</b></p>



# Case: Permitting 1/

- For speeding up the green transition, we also look at permitting
- Permitting bottle necks are one significant hindrance to the deployment of green transition investments (green energy; wind power, hydrogen etc.)
  - Man-made obstacles can be overcome
- In a supplementary budget for 2022 we addressed the issue with **fast-track permitting** for green transition investments
- We require by legislation a **screening** of the future investments already at the permit stage, **using the DNSH –principle** as a tool for access to the fast-track
  - Implementing authorities are the **Regional State Administrative Agencies**, mainly in charge of basic public services and legal permits
  - Support for officials linked to on-going DNSH-TSI → major capability improvements
  - The DNSH principle does not affect the sought for environmental permit itself or its criteria, only which projects will be suited for fast-track handling with a 12 month guarantee.





# Case: Permitting 2/

- Implementation of the DNSH principle as 'light touch' with supporting questions
  - Single stage, general assessment
  - No threshold criteria (numerate)
  - (EU) 2020/852 article 17 point 2, i.e. *life cycle assessment* has been left out
  - Exclusions lists left out, however national legislation Finlex 1144/2022 contains sector selection

→ The assessment is more general in nature compared to e.g. certain funding requirements.

## Sectors:

- 1) renewable energy production plant incl. offshore wind;
- 2) industrial projects to replace fossil energy or resource use such as electrification or renewable energy based;
- 3) hydrogen production or utilisation excl. production using fossil fuel;
- 4) carbon capture and storage CCS;
- 5) battery plant or battery materials production, capture and recycling.



# Case: Permitting 3/



a) Environmental Target	b) Main question concerning target	c) Examples of more detailed questions
1) Climate change mitigation	Does the project have potentially harmful impacts on climate change mitigation?	<ul style="list-style-type: none"><li>• Does the project increase direct greenhouse gas emissions?</li><li>• Does the project reduce carbon sinks?</li><li>• Does the project increase the use of fossil fuels?</li></ul>
2) Climate change adaptation	Does the project have potentially harmful impacts on climate change adaptation?	<ul style="list-style-type: none"><li>• Does the project increase risk of flooding or drought or susceptibility to extreme weather conditions?</li><li>• Any other harmful impacts?</li><li>• Have you prepared for the possibility of extreme weather in the project?</li></ul>



# Interministerial cooperation

## Environment as cross-cutting policy issue

- Line ministries are responsible for conducting impact assessments that fall under their sectors
  - Whole-of-regulation approach; no formal hierarchy between different types of impacts; yet variation in terms of methodology, scope and frequency
    - Environmental understanding not the strength across subjects → cooperation with the MoEnv
  - Environmental impacts are often indirect and occur via long chains of impacts – their *detailed* assessment is difficult, time consuming and requires expertise.
1. Ministerial groups, e.g. on climate and energy policy; sustainable growth etc;
  2. Internal dialogue and working groups among the ministries and stakeholders, e.g. Working Group on Financing for the Green Transition;
  3. An investigation and technical support project with the European Commission on Do no significant harm (DNSH) incl. interministerial and public authority steering group;
  4. Require *ex ante* DNSH assessment for selected new investments under the green transition, incl. DNSH-screening of investments as a tool for access to fast-track permitting.





Ympäristöministeriö  
Miljöministeriet  
Ministry of the Environment





## Coffee break

*Stay connected. We will be back at 11:20*



# Panel discussion

## Implementation of simplified and detailed DNSH assessments

### *Panelists*

Jan Hlaváček (CZ)

Kristína Korčeková (SK)

Emma Terämä (FI)

Moritz Schwarz (AT)



# Guiding questions

## On the balance between efficiency and effectiveness of DNSH assessments

- What are the practices to simplify and standardise DNSH assessments - beyond those discussed previously (e.g., methodologies, format of the forms, etc)?
  - Are there other methods, solutions to improve the situation? E.g., specific project call, evaluation...
- What are the practices to avoid the administrative burden on project proponents, while ensuring strong safeguards on the application of the DNSH principle?
- How relevant is the definition of a threshold of “significant harm” in ensuring that environmental integrity is not breached for all projects (including for simplified assessments)? Do you face challenges regarding this? Have you identified good practices?
- (How) do you differentiate between sectors when conducting detailed DNSH assessments, beyond regulatory requirements (e.g., specific methodologies and criteria)?

## On the relationship between the application of the DNSH principle and legislative frameworks

- Does your Member State consider legislative amendments to better integrate the DNSH principle in environmental law?

## On the different stages of DNSH application

- Have you developed any measure to monitor the application of the DNSH principle, beyond requirements in your national RRP? Which challenges are you facing (e.g., timeline and frequency for monitoring)? What are the lessons learnt so far?





Thank you for your participation

Webinar 3 - Thursday 9<sup>th</sup> of February (10:00 - 12:30)

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