

**Interreg
Europe**



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GreenGov

GreenGov Thematic Brief

Do No Significant Harm Principle

DO NO SIGNIFICANT HARM (DNSH) PRINCIPLE

GreenGov is an Interreg Europe project that promotes sustainability by fostering the implementation of the **EU Taxonomy** and improving European Regions’ sustainability financing schemes

Regulatory basis of the DNSH principle



The DNSH principle has been introduced at EU level and specified in the Taxonomy Regulation (Regulation (EU) 2020/852), which defines criteria for classifying economic activities as sustainable. Although initially aimed at economic activities, it has also been introduced as a horizontal principle in public European Funds, such as the Recovery and Resilience Facility (RRF) and the European Structural and Investments (ESI) Funds.

The DNSH principle stipulates that an economic activity or other initiative/action must not cause significant harm to any of the following environmental objectives: **climate change mitigation** and **adaptation**, sustainable use and protection of **water** and marine resources, **pollution prevention** and control, **circular economy**, waste prevention and recycling, protection and restoration of **biodiversity** and ecosystems.

What is considered to cause “significant harm”?

According to the EU Taxonomy Regulation, an activity or asset is considered to do significant harm to:

CLIMATE CHANGE MITIGATION



if it leads to significant greenhouse gas (GHG) emissions

POLLUTION PREVENTION AND CONTROL



if it leads to a significant increase in emissions of pollutants into air, water or land

CLIMATE CHANGE ADAPTATION



if it leads to an increased adverse impact of the current climate and the expected future climate, on the activity or asset itself or on people, nature or assets

CIRCULAR ECONOMY, WASTE PREVENTION AND RECYCLING



if it leads to significant inefficiencies in the use of materials or in the direct or indirect use of natural resources or if it significantly increases the generation, incineration or disposal of waste, or if the long-term disposal of waste may cause significant and long-term environmental harm

SUSTAINABLE USE AND PROTECTION OF WATER AND MARINE RESOURCES



if it is detrimental to the good status or the good ecological potential of bodies of water, including surface water and groundwater, or to the good environmental status of marine waters

PROTECTION AND RESTORATION OF BIODIVERSITY AND ECOSYSTEMS



if it is significantly detrimental to the good condition and resilience of ecosystems, or detrimental to the conservation status of habitats and species, including those of interest to the Union interest

DO NO SIGNIFICANT HARM (DNSH) PRINCIPLE

The **DNSH principle** is one of the main topics investigated in GreenGov. The objective is to turn its implementation into an opportunity to improve the governance of the project partners' financing schemes

DNSH principle: Taxonomy vs EU Funds

The role of the DNSH principle differs between the EU Taxonomy and EU public funding instruments: the **EU Taxonomy** is a transparency tool for private finance that establishes a classification of environmentally sustainable activities with the aim to support sustainable investments, while **EU public funding instruments** apply the DNSH principle to ensure that supported activities do not cause a significant negative impact on the environment.



Implementation of DNSH in ESI Funds

For ESI Funds, the **Regulation 2021/1060** links the **DNSH principle with the sustainable development horizontal principle**. Before the EU funding programmes are approved, it is necessary to assess whether the **types of actions** included in the programmes **comply with the DNSH principle (ex ante assessment)**. Compliance with the DNSH principle should also be **guaranteed throughout programme implementation**, by selecting for funding only those operations that are aligned with the ex ante assessment and that comply with national and EU legislation.

Due to the presence of Managing Authorities of ESI Funds in GreenGov, the partnership is particularly interested in focusing on the implementation of the DNSH principle in the context of such funds

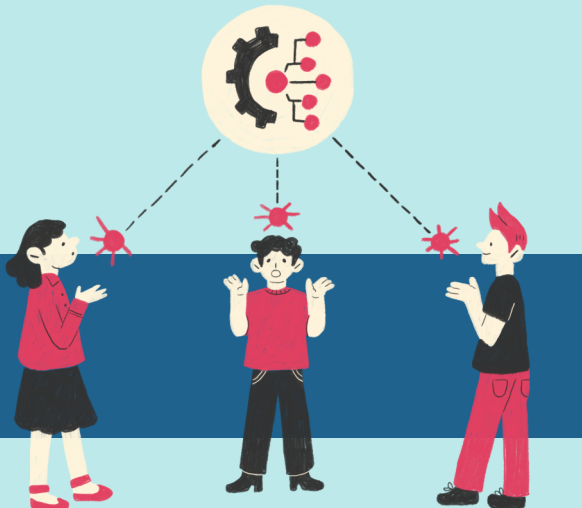
CHALLENGES AND AREAS OF IMPROVEMENT

The GreenGov partnership has identified the **main challenges faced by EU regions and local authorities** in effectively implementing the DNSH principle, along with **potential actions to address them**. These challenges fall into three key areas for improvement:

AWARENESS RAISING



METHODOLOGY
AND CRITERIA



GOVERNANCE



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GOVERNANCE

Challenges

- **Lack of uniformity** in the application of DNSH (the EU Taxonomy's technical screening criteria are limited and not mandatory for EU funds) and potential uneven burden on beneficiaries
- **New burdens** on public authorities managing funds and on public and private beneficiaries, lack of personnel and competence
- **Lack of tools** for ex-ante, ongoing and ex-post **assessments** available for funds managing authorities
- **Engagement of stakeholders** and insufficient collaboration between public authorities and the private sector
- **Risk of redundancy** between the assessment of the DNSH principle and other environmental procedures set by EU law (e.g. SEA, EIA, etc.)



Actions

Public Administrations

- **Harmonize DNSH criteria** across EU countries, or at least within individual countries
- **Clearly identify the responsibilities** for implementing the DNSH principle at each stage of the programme/project cycle (e.g. by establishing or reinforcing a dedicated office or by establishing a steering committee composed by a contact person in the different departments involved)
- Create **internal regulations** for the DNSH implementation enhancing intersectoral cooperation between environmental and fund management functions
- Consider, for the next programming period, to hire **additional staff** with competences on environmental sustainability or provide external assistance
- **Build capacity and provide trainings for public officials** and staff involved in the implementation of the programme, covering all phases
- **Develop guidelines** targeted to public officials **and check lists** to be used before financing a project (project assessment) and after the completion of the project (monitoring/control)
- Establish a **national coordination body** among different public administrations to ensure consistent approaches
- **Avoid duplicative checks** in multiple procedures (e.g. SEA, EIA, DNSH etc.), having the same criteria checked just once

Stakeholder and beneficiaries

- Recognise local **business advisors** as key actors to assess the DNSH at enterprise level
- Offer specific **training and guidelines** for consultancies, business advisors, professional associations and trade associations, with concrete examples
- **Establish connections** between the PAs and the professional associations that offer training for professionals/technician, helping to match skills with requirements
- **Provide advisory** services for SMEs financed with public funds (non-financial support) for relevant projects subject to the DNSH principle, or **recognise** the costs for **external assistance** for funding applications as **eligible expenses**

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AWARENESS RAISING

Challenges

- **Lack of familiarity**, as the DNSH principle is new for public authorities, beneficiaries, and stakeholders
- **Perceived conflicts** between the DNSH principle and economic development objectives
- **Cultural resistance** in shifting from the "business-as-usual"
- **Perceived excessive burden on beneficiaries, especially for SMEs** that need to be supported in the ecological transition without harming competitiveness

Actions

- Develop an **essential vocabulary**, to be shared with **EU stakeholders and candidate countries** and translated into local languages, aimed at introducing the concept of DNSH and enhancing accessibility to the principle and its related concepts
- Raise awareness among **policy makers** on the need to respect the DNSH through communication campaigns
- Turn the obligation into an **opportunity** for project promoters and public authorities, and highlight the benefits in terms of **sustainability and competitiveness**
- Provide beneficiaries of funds with a **collection of good practices and concrete examples** of the effective implementation of the DNSH, together with offering a **help desk** when applying to a call for proposals
- **Provide proof of the positive impacts** that DNSH policies have on society, to the general public
- Work for the creation of **common tools for DNSH evaluation** to be adopted by PAs across EU
- Develop communication tools, such as easy-to-use **infographics, webinars, introductory videos** and MOOCs, that complement the guidelines for beneficiaries and professionals



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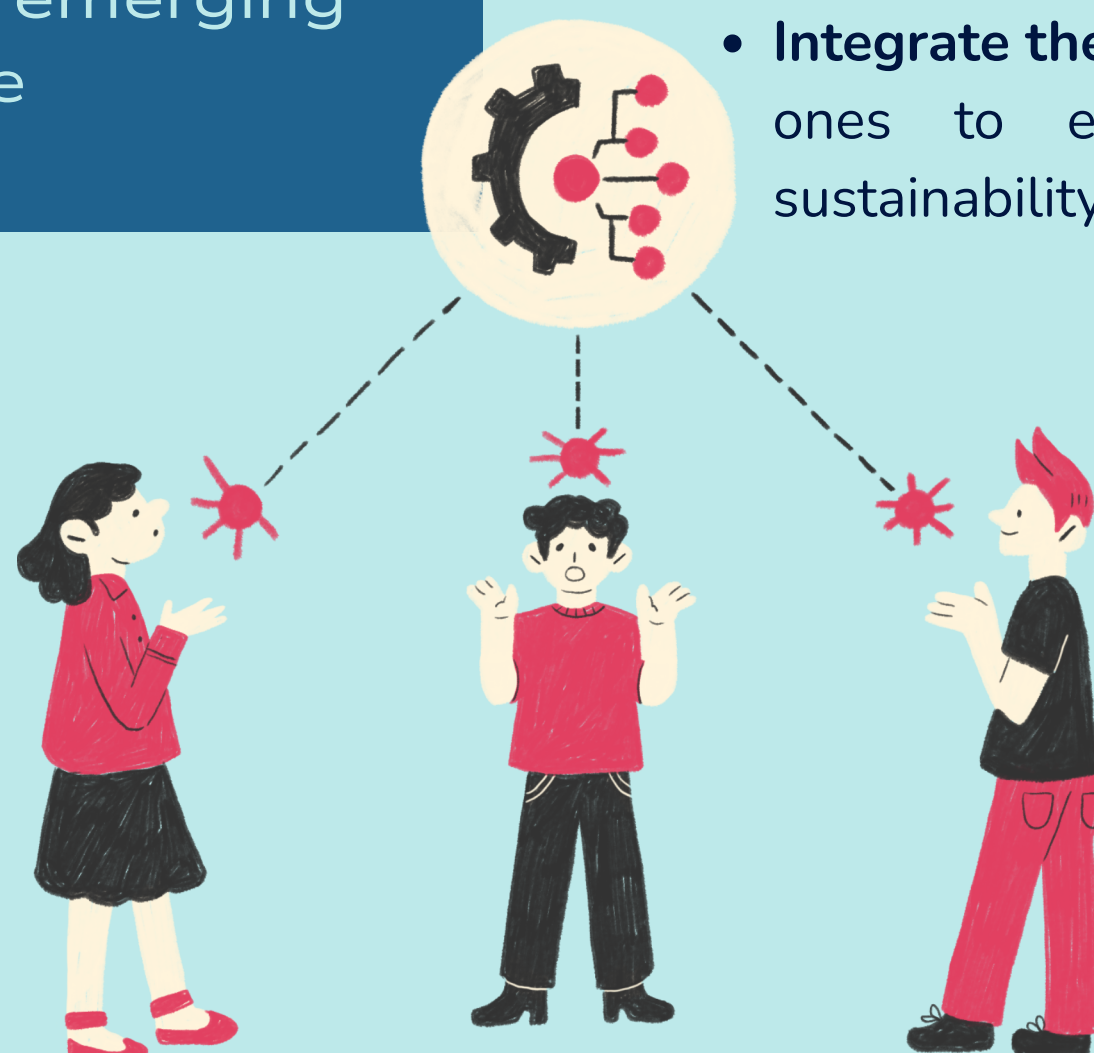
METHODOLOGY AND CRITERIA

Challenges

- **Complexity in implementation**, necessity of proportionality and simplification without compromising effectiveness
- **Lack of EU common criteria**, besides the EU Taxonomy covered sectors
- **Monitoring, control and audit** methodologies, establishing what to do in case of non-compliance emerging at any stage

Actions

- Assess the **alignment** of DNSH with the **legislation**, to identify DNSH objectives that are not yet covered by legal provisions in the EU, to be addressed by specific criteria
- Consider the nature and goals of each project and **adopt a proportional approach**, based on the characteristics of the beneficiary and of the project (e.g. establishing that specific assessments are carried out by experts only in major projects)
- **Simplify the DNSH compliance assessment**, when reasonable, for example by focusing on the ex-ante assessment at the call for proposal stage, rather than requiring an assessment at the project level
- Dedicate special attention to enterprises, ensuring that for SMEs the verification of DNSH compliance primarily concerns the adherence with environmental legislation in force
- Adopt clear, recognized, and **easily verifiable criteria**, using relevant labels (e.g. EMAS, Ecolabel or other type 1 environmental labels)
- Cover the monitoring and control phases to **ensure continuous alignment** with sustainability objectives, establishing what to do in case of non-compliance (e.g. sanctions)
- **Integrate the DNSH criteria with the sustainable development** ones to enhance the positive contribution to overall sustainability goals



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Aim and target audience of this thematic brief

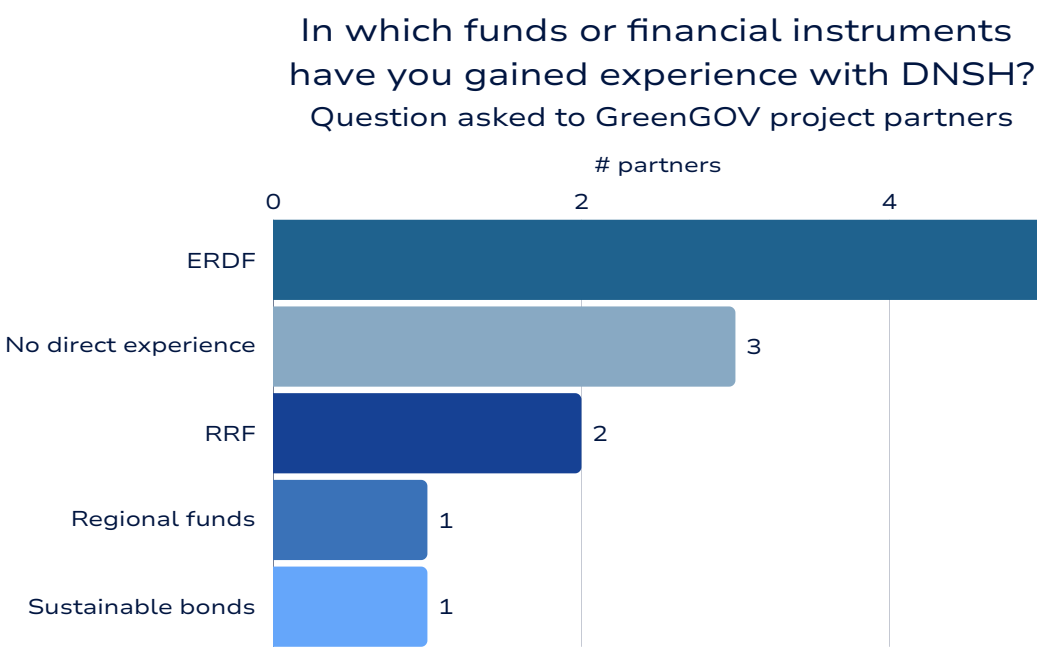
The brief is addressed to national, regional and local public authorities that offer financial support to public or private beneficiaries and need to implement the DNSH principle as indicated in Article 17 of the Taxonomy Regulation. This includes the ESI Funds Managing Authorities.

About us: GreenGov Project

GreenGov is an **Interreg Europe** project selected under the Governance topic that promotes sustainability by supporting the **implementation of the EU taxonomy and improving financing schemes in European regions**. The project started in April 2024 and will conclude in June 2028.

The partnership, lead by Ile de France Region, includes 9 territorial partners, 1 discovery partner and 1 associated policy authority, and is supported by Poliedra, the advisory partner. The partnership covers the 4 geographical zones of the Interreg Europe programme. The project partners exchange their experiences and best practices to help local public authorities to finance their projects in a more sustainable way, including aligning their strategies to the EU taxonomy, implementing the DNSH principle and climate proofing of infrastructure, exploring green bonds and green budget.

The experiences brought in by the partners include ESI Funds (ERDF Managing Authorities are represented in the partnership), the Recovery and Resilience Facility (RRF), regional funds and sustainable bonds.



Acronyms

- DNSH: Do No Significant Harm
- EIA: Environmental Impact Assessment
- EMAS: Eco-Management and Audit Scheme
- ERDF: European Regional Development Fund
- ESI Funds: European Structural and Investment Funds
- EU: European Union
- MOOC: Massive Open Online Course
- PA: Public Authority
- RRF: Recovery and Resilience Facility
- SEA: Strategic Environmental Assessment
- SME: Small and Medium Enterprise

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POUR GAGNER ensemble

Poliedra
Politecnico di Milano

área metropolitana de Lisboa

Regione Lombardia

ADR SUD VEST OL TENIA
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Niedersachsen

BRUXELLES ÉCONOMIE ET EMPLOI
SERVICE PUBLIC RÉGIONAL DE BRUXELLES

ADR Nord-Vest

J/NA G
South Moravian Agency for Public Innovations

АГЕНЦІЯ РЕГІОНАЛЬНОГО РОЗВИТКУ
КИЇВСЬКОЇ ОБЛАСТІ

Mykolaiv regional development agency



