



‘Do no significant harm’

Technical Guidance by the Commission

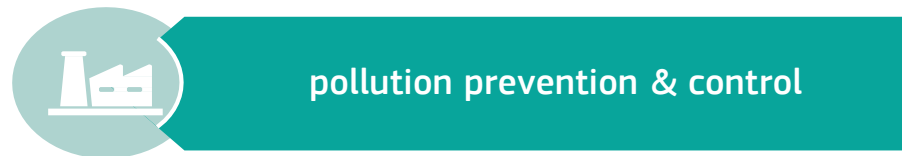
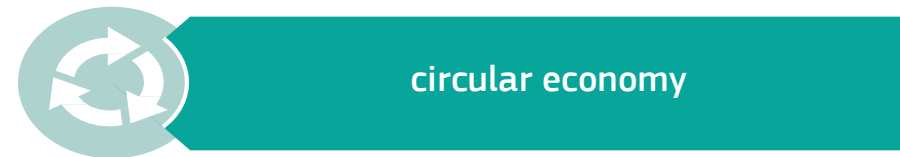
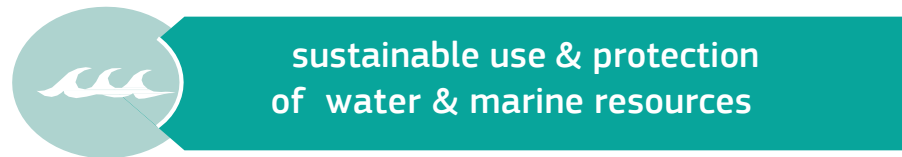
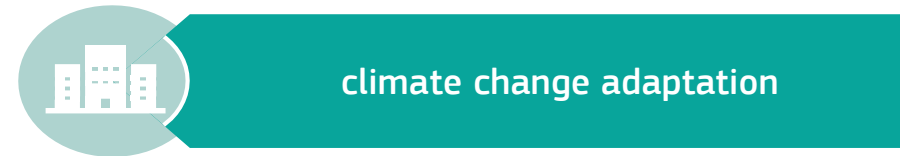
Recovery and Resilience Facility

ECCWG | 16 February 2021

Background & approach

What is 'do no significant harm' (DNSH)?

- The Regulation establishing the Recovery and Resilience Facility (RRF) provides that **no measure** (i.e., no reform and no investment) included in a Member State's Recovery and Resilience Plan (RRP) should **lead to significant harm to any of the six environmental objectives** within the meaning of **Article 17** of the Taxonomy Regulation:



- The Commission adopted [Technical Guidance on DNSH](#) on 12 February 2021

DNSH is part of the assessment of the plans

- The Commission has to assess Member States' RRPs based on **assessment criteria** annexed to the RRF Regulation
- For each criterion, the Commission must rate the RRP **from A to C**
- For the **assessment of DNSH**, the Commission has only two rating options:
 - **A** if no measure leads to significant harm to any of the six environmental objectives
 - **C** if one or more measures lead to significant harm to any of the six environmental objectives
- The Commission can only endorse an RRP if **no assessment criteria is rated with a 'C'**

How should DNSH be applied?

- Member States need to **provide a DNSH assessment for each and every measure** (i.e. each reform and each investment) of their RRP (Article 14 of the RRF Regulation)
 - However, the Commission introduced a **'simplified approach'** for measures that either:
 - have **no or an insignificant foreseeable impact** on one of the six environmental objectives, or
 - are **tracked as 100%** supporting one of the six environmental objectives (according to the methodology in Annex IIA of the RRF Regulation), or
 - **'contribute substantially'**, pursuant to the Taxonomy Regulation, to one of the six environmental objectives.
- ➔ Such measures are **considered compliant with DNSH for the specific environmental objective** (but not the remaining objectives)

EU law, impact assessments, delegated acts

- Complying with the applicable **EU and national environmental law** is a separate obligation. It **does not waive the need for a DNSH assessment.**
- **Environmental impact assessments** (EIAs, SEAs) and **sustainability proofing** of a measure also do not automatically entail that no significant harm is done – but should be **taken into account for the DNSH assessment**
- To substantiate compliance with DNSH, Member States are not required to refer to the **‘technical screening criteria’** established according to the Taxonomy Regulation, but they have the **option to rely upon them**

Guiding principles

Guiding principles – scope of the assessment

- In the context of the RRF, the **direct and primary indirect impacts** of a measure are relevant for the DNSH assessment
- The DNSH assessment needs to **consider the life cycle** of the activity that results from the measure (i.e. apply life cycle considerations)
- Measures promoting greater **electrification** (e.g. industry, transport and buildings) **are considered compatible with the DNSH assessment** for the climate change mitigation objective, provided they are accompanied by increased renewables generation capacity

Guiding principles – benchmarks

- For economic activities where there is a technologically and economically feasible **alternative with low environmental impact**
 - ➔ Assess the environmental impact **against a ‘no intervention’ scenario and in absolute terms** (e.g. zero emission cars)
- For economic activities where there is **no** technologically and economically feasible **alternative with low environmental impact**
 - ➔ Can demonstrate DNSH by adopting the **best available levels of environmental performance in the sector**

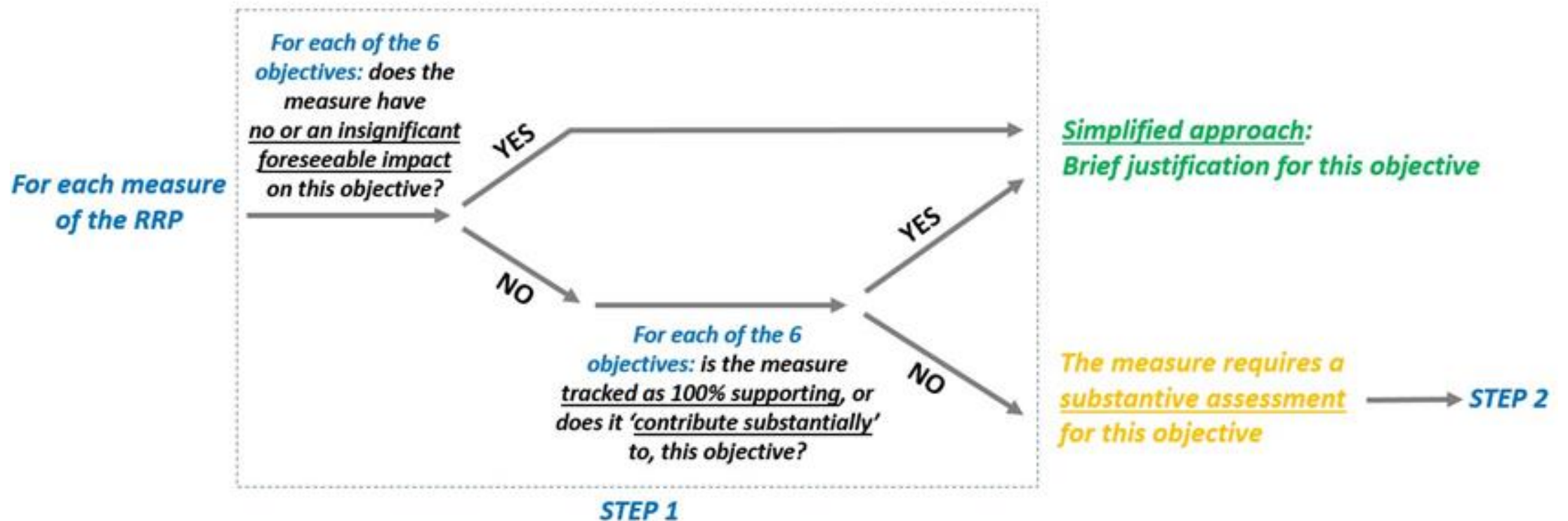
Guiding principles – additional considerations

- Measures related to power and/or heat generation using **fossil fuels**, as well as related transmission and distribution infrastructure, as a general rule **should not be deemed compliant under DNSH** for the purposes of the RRF, given the existence of low-carbon alternatives
 - ➔ Limited exceptions outlined in Annex III of the DNSH Technical Guidance
- To ensure that measures are **future-proof and do not lead to harmful lock-in effects**, and to promote beneficial dynamic effects, **accompanying reforms and investments** may be required
- Compliance with DNSH, along these guiding principles, should be **integrated in the design of measures, including at the level of milestones and targets**

In practice: the DNSH checklist

How to implement the DNSH assessment?

- To facilitate the Member States' assessment and presentation of DNSH in their RRP, the Commission has prepared a **DNSH checklist** (see Annex I of the DNSH Technical Guidance)
- Member States should **integrate the reply to the questions of the checklist into their RRP when describing each measure** (Part 2, Section 8 of the Commission Template)



Step 1: filter & 'simplified approach' (I)

- As a first step, Member States are invited to complete Part 1 of the checklist, **to identify which of the six environmental objectives require a 'substantive DNSH assessment'** of the measure

<i>Please indicate which of the environmental objectives below require a substantive DNSH assessment of the measure</i>	Yes	No	<i>Justification if 'No' has been selected</i>
Climate change mitigation			
Climate change adaptation			
The sustainable use and protection of water and marine resources			
The circular economy, including waste prevention and recycling			
Pollution prevention and control to air, water or land			
The protection and restoration of biodiversity and ecosystems			

Step 1: filter & 'simplified approach' (II)

- **Where the answer is 'no'**, Member States are asked to provide **a brief justification**, why the environmental objective does not require a 'substantive DNSH assessment', based on one of the following cases:
 - a. The measure has **no or an insignificant foreseeable impact** on the environmental objective related to the direct and primary indirect effects of the measure across its life cycle
 - b. The measure is **tracked** as supporting a climate change or environmental objective **with a coefficient of 100%**
 - c. The measure **'contributes substantially'** to an environmental objective, pursuant to the Taxonomy Regulation
- **Where the answer is 'yes'**, Member States are invited to **proceed to Step 2** of the DNSH checklist for the corresponding environmental objective(s)

Step 2: ‘substantive analysis’

- For each measure, Member States are invited to use Part 2 of the checklist **to perform a substantive DNSH assessment for those environmental objectives selected with a ‘yes’ under Step 1**. Example for climate change mitigation:

<i>Questions</i>	<i>No</i>	<i>Substantive justification</i>
<i>Climate change mitigation: Is the measure expected to lead to significant GHG emissions?</i>		

- Member States are asked to **confirm that the answer is ‘no’**, and to **provide a substantive explanation and justification** of their reasoning
- Where Member States cannot provide a sufficient substantive justification, the Commission may **consider that a given measure is associated with possible significant harm**
- Where useful, Member States can rely upon the list of **supporting elements of evidence provided in Annex II** of the DNSH Technical Guidance
- [Annex IV](#) of the DNSH Technical Guidance contains several **worked out examples**

Thank you!

https://ec.europa.eu/info/sites/info/files/c2021_1054_en.pdf

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