



## TSI 2023 Flagship Technical Support Project



# DO NO SIGNIFICANT HARM

## Towards environmentally-sensitive management of public finances – implementing the 'DNSH' principle



### DESCRIPTION OF THE FLAGSHIP

This Flagship Technical Support Project aims to build Member States' capacity to design and implement an environmental framework in the field of public financial management. The 'Do No Significant Harm' (DNSH) principle is a relatively new principle both for private and public finance. The flagship project is targeted at Member States wishing to improve their capacity to apply the DNSH principle to public investments from EU and national funds and programmes, including from the Recovery and Resilience Facility (RRF). The flagship project can support the development and piloting of national guidelines for the application of the DNSH principle, the integration of the DNSH principle into national public financial management processes, good practice exchanges and peer-learning.

### IMPACT OF THE FLAGSHIP

Envisaged impact at the national level:

- Enhanced capacities in Member States to apply the DNSH principle to public investments supported through EU and national funds and programmes
- Higher quality and sustainability of public spending through integration of the DNSH principle in national public financial management processes in order to help direct more public investments towards projects and activities that support climate and environmental objectives

Envisaged impact at the EU level:

- Contributing to the green transition of the EU by operationalising the green oath enshrined in the EU Climate Law which delivers on the EU Green Deal
- Contributing to the deployment of additional resources to achieve climate neutrality by 2050 and the interim 2030 and 2040 targets
- Positive spill-overs to other Member States

### OBJECTIVES

✓ Ensuring that planned public investments and spending are in line with EU and national climate and climate neutrality targets

✓ Ensuring optimal alignment between public investments from different funding sources and the DNSH principle

✓ Enhanced support for broader environmental objectives via public financial management practices

## MEASURES OF TECHNICAL SUPPORT PROVIDED

This flagship project identifies seven work packages, each with their own set of deliverables that will be tailored to each Member State. Member States can request support for one or more work packages.



- ✓ **Assessment of the extent to which and how the DNSH principle is to be applied to different EU and national funds and programmes and defining the scope of application for the TSI project**
- ✓ **Review of existing legal framework and guidelines at national level for the application of DNSH for related EU and national funds and programmes**
- ✓ **Development of national guidelines for implementing the DNSH principle in practice in EU and/or national funds and programmes defined in the first work package**
- ✓ **Pilot implementation of national DNSH guidelines in a selected number of investments/sectors**
- ✓ **Development of in-depth sector-specific case studies on operationalizing the DNSH principle, building upon the RRF DNSH Technical Guidance**
- ✓ **Identification of options for further integration of the DNSH principle in public financial management systems**
- ✓ **Peer-learning and exchange of practices between EU Member States**

## RRF/RRP RELEVANCE

The RRF Regulation provides that no measure 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 EU Taxonomy Regulation. Member States need to provide a DNSH assessment for each and every measure (i.e., each reform and each investment) of their RRP (Article 5(2) of the RRF Regulation).

