

Thursday, 3rd March 2022

To: Members of European Parliament's Recovery and Resilience Working Group

Cc: DG Environment, SG Recover, DG Regio

**Subject: Action needed to avoid billions of EU public funds harming the environment**

Dear Members of European Parliament,

As you are a member of the Recovery and Resilience Working Group, and ahead of the next meeting on 7th March, we are writing to you to raise our concern about a variety of harmful reforms and investments planned to be funded through the Recovery and Resilience Facility. These have been assessed as compliant with the 'do no significant harm' (DNSH) principle, despite serious concerns with their environment impact, therefore paving the way for billions more euros of EU public money to be invested in similar destructive activities.

The current dramatic Russian invasion of Ukraine and the energy crisis, make the call to transition away from the use of fossil fuels more urgent and vital than ever for Europe's sustainable future, resource efficiency and energy independence. Along this pathway, the role of Europe's Recovery and Resilience Facility and the implementation of the national recovery and resilience plans are crucial in securing a smart, socially just and sustainable way forward.

We have been following the process of the EU Recovery and Resilience Facility since it was first established in 2020. In this context, we have been closely monitoring the application of the EU's 'do no significant harm' (DNSH) principle to these recovery plans. Our monitoring has spanned the whole process, since the publication of the guidance document in February 2021, through to the assessment and approval of measures during recovery plan negotiations and now during the implementation of these reforms and investments at national level.

The 'do no significant harm' principle has been promoted as a safeguard tool to ensure that EU funds do not harm the environment, as based on the six objectives defined under the Taxonomy Regulation. While in principle we fully support the European Commission's drive to ensure EU funds are not used harmfully, we are concerned that the application of the principle under the RRF falls significantly short of its

intended purpose. For more detailed comments on this see our separate Green 10 and EuroNatur statement.<sup>1</sup>

Almost one year since the Commission's indicative deadline passed on 30th April, civil society and the public are still unable to access key information and details about measures that have been approved by the European Commission. This lack of transparency and disclosure calls into question the diligence of the DNSH principle, which prevents third party experts, including NGOs, from monitoring and scrutinising the effective implementation of said measures.

Despite this, we would like to bring to your attention a series of identified cases which have passed the DNSH assessment and are set to receive financing through the Recovery and Resilience Fund. These examples, covering a range of Member States in central, eastern and southern Europe, highlight the impact these are expected to have on the environment, based on previous similar examples in the countries. Please note that this list of cases is not exhaustive, given the early implementation stage and the lack of transparency.

Based on these examples, we are calling for urgent actions to improve transparency and tracking on DNSH implementation in the Recovery Funds. We see the risk of creating a dangerous precedent for the Recovery Instrument and also other EU financial instruments that are basing their DNSH assessments on the recovery funding experience. Although the DNSH application under the RRF was the first opportunity to apply this principle, its use is being further extended to both Cohesion Policy and state aid. Taken together, these represent billions of euros in additional EU public funds and investments that will be screened using this principle.

As MEPs whose role it is to monitor and scrutinise the actions taken by the Commission, we call on you to raise this important issue and ensure the DNSH is strengthened to become a truly effective screening mechanism. More specifically, we would like the following actions to be taken:

- 1) **Develop better DNSH guidelines specifically designed for the implementation stage.** These should serve as an updated version to those released in February 2021, and must recall the need for Member States and national authorities to document that the implementation of investments and reforms is conducted in compliance with the principle.
- 2) **Ensure increased access to information of all reforms and investments to be financed.** So far, either no or very few details have been made publicly available. At the very minimum, key information needs to be known, such as specific locations, to monitor and scrutinise the process and allow concerns to be raised when necessary.
- 3) **Develop and actively promote national level capacity building.** The DNSH assessment process cannot be framed as a onetime only box ticking exercise as part of the recovery plan approval. Instead, this should be an ongoing process which is continuously monitored

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<sup>1</sup> <https://green10.org/wp-content/uploads/2021/11/Statement-of-the-Green-10-on-the-do-no-significant-harm-principle.pdf>

throughout implementation. Capacity building at national level needs to be carried out to ensure there is continuous tracking of all reforms and investments.

- 4) **Commit to interventions and enforcement where there is evidence of violations and non-compliance.** In cases where there is a lack of transparency, undue use of fast-track procedures, or weak implementation of the DNSH principle as reported by the civil society, it is crucial to have prompt intervention and enforcement. This means suspending the disbursement of RRF funding, particularly in cases of higher risk for misuse of the public funding and harm to the environment.

(For a more detailed and comprehensive list of our recommendations, see our joint Green 10 statement on the application of the DNSH principle to EU funds [here](#)).

Now, as vast amounts of EU funds are being disbursed, is a critical time. We hope the cases provided serve to highlight our concerns and, as these cases move closer to implementation, can be used to mitigate or prevent their harmful impact on nature.

We would welcome the opportunity to discuss the issues raised in this letter with you in greater detail, and remain at your disposal for moving forward with this.

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#### **Annexes:**

- WWF report on case studies from Greece, Bulgaria and Portugal
- CEE Bankwatch Network, EuroNatur and ReCommon report on case studies from Estonia, Poland, Slovenia and Italy