

Applying the DNSH principle under the 2028-2034 MFF **CEPF feedback on the European Commission's call for evidence**

CEPF urges the Commission to carefully assess the implications of extending the 'do no significant harm' (DNSH) principle to the 2028-2034 multiannual financial framework (MFF) before proceeding. Our concerns are fundamental, not technical, and we trust the Commission will give them the weight they deserve.

A principle designed for a different purpose

The DNSH principle was conceived within the EU Taxonomy as a tool for the voluntary classification of private investments. It was never designed as a mandatory compliance gateway for public funding. Given that, even its intended primary users, financial institutions, rarely apply the forestry criteria in loan assessments, which speaks volumes about the instrument's readiness. In the case of forestry, experience already shows that extending DNSH beyond purely private banking is problematic; transposing it in to the MFF would represent a further and wholly unjustified change of purpose, imposing an immature, partially inapplicable framework into the governance of EU public expenditure.

Low uptake must be understood before any expansion of scope

Where forestry Taxonomy criteria exist, uptake across most Member States has been negligible. The Commission must investigate the root causes of this failure before contemplating any extension of scope. What is already observable is that monitoring, reporting and verification costs are significant, that criteria are poorly aligned with national legislation, management plans and certification frameworks are disregarded, and that private forest owners face compliance costs wholly disproportionate to any foreseeable benefit. These are not teething problems; they are symptoms of a framework that has not demonstrated fitness for purpose even in its original voluntary context.

A decision of systemic weight

The MFF governs the totality of EU public expenditure. Embedding DNSH as a mandatory condition across all its programmes is not an administrative exercise; it is a decision of profound systemic consequence. The Commission frames this initiative as simplification. The real risk is the opposite, namely the entrenchment of a complex, sector-inconsistent compliance layer across the entire EU spending architecture, to which the forestry sector would be particularly and unjustly exposed.

Implication for EU funding towards sustainable forest management

While the CAP has been the primary EU funding source for sustainable forest management, the uptake of forestry-related measures isn't high. Under the proposed future MFF, the integration of CAP into National and Regional Partnership Plans dissolves the traditional funding structure and forces forestry into competition across a broader national envelope where its visibility cannot be taken for granted. A mandatory DNSH layer would further exclude European forest owners, particularly the smallest private owners, from funding they depend on to deliver sustainable management and the full range of environmental, social and economic services that forests provide to European society.

CEPF's call

The Commission should not extend DNSH to public funding under the MFF as a mandatory compliance condition. This position is categorical and not contingent on possible future improvements to the Taxonomy criteria. The principle was designed for voluntary private investment classification and is the



wrong instrument for public fund governance. National forest legislation, approved management plans and recognised certification schemes already constitute a robust body of environmental safeguards. Public programmes should be designed to build upon them, not duplicate them.

The Confederation of European Forest Owners (CEPF) is the umbrella association of national forest owner organisations in Europe. Representing family forestry in Europe, CEPF promotes the values of sustainable forest management, private property ownership and the economic viability of the forest sector. Based in Brussels, CEPF is a non-profit organisation, representing nearly 16 million forest owners. These are private individuals, families and cooperatives, which take care of approximately 60% of the European forest area.

For further information please visit: <http://www.cepf-eu.org/>