



Nature Conservation and EU Financing – Challenges, Best Practices and Options

Summary of the workshop held on 10th October 2016 in Bratislava, Slovakia

The final Evaluation Study to support the Fitness Check of the Birds and Habitats Directives, published July 2016, highlights that insufficient funding is one of the greatest barriers to the effective implementation of the Nature Directives, and, thereby, the overall protection of biodiversity. Therefore – and also with regard to the upcoming reform of the EU's Multiannual Financial Framework – NABU, together with SOS/BirdLife Slovakia and BirdLife Europe, organized a workshop in Bratislava to deliberate and discuss the existing funding deficiencies and ideas for future nature conservation financing. More than 80 participants attended the workshop in Slovakia, the current holder of the rotating presidency of the Council of the European Union. In the morning session, representatives from the European Commission and Member State governments shared their views on nature financing from EU funds. In the afternoon session, practitioners and stakeholders presented case studies from different Member States, sharing experiences and challenges. Subsequently, together with participants, possibilities for different measures on how to meet these challenges were discussed.

Konstantin Kreiser, Head of NABU's Global and EU Nature Conservation policy, opened the workshop by reiterating the findings of the Evaluation Study to support the Fitness Check of the Birds and Habitats Directives: "The current funding gap is so large that the achievement of the objectives of the Directives will not be possible without a very significant increase in funding".

Nicola Notaro, Head of the Nature Unit of European Commission's DG Environment, had to confirm that the results of the Nature Directive's Fitness Check were planned for autumn as the decision within the European Commission had still not been taken. According to him, the Fitness Check revealed that the costs of implementing the directives couldn't be considered significant in comparison with the benefits of proper implementation; overall, the exercise revealed that nature financing is insufficient and most EU funds failed to deliver for biodiversity. He stressed that LIFE is the smallest fund within the EU, and the only one that is not in shared management with the Member States. Additionally, LIFE performs much better than most of the other funds in terms of results for biodiversity. He revealed that, as to the existing "integrated approach", evaluations within the European Commission were still ongoing. According to him, at the moment there is no decent tracking of Natura 2000 spending in the different funds; however, there would be signs that the allocation for biodiversity in several programs is too small. As for a "nature fund", coherence should be preserved and shared management would be vital. A dedicated fund would *inter alia* have the positive effect of more targeted measures and result-based payments, as well as the chance of better indicators. However, he emphasized that the fund itself would not increase the overall availability of funding and that management possibly would be shared with Member States. He outlined that there might also be other financing instruments such as loans, public private partnerships, tax incentives, carbon credits, and that, in particular, the option of linking (aviation) offsetting and nature restoration should be looked into in more detail.

Rastislav Rybanič, Nature Director within the Slovak Ministry of Environment, pointed out some of the fundamental questions regarding funding for nature conservation; he stressed that, when looking at the costs, arising benefits for society are commonly neglected, arguing that there is a need to get "balance sheets" right. According to him, LIFE is a dedicated program that is working, but other funds fail to deliver for biodiversity. In his experience, more money would be needed to compensate land owners for restrictions on their private land corresponding to ecosystem services; for Slovakia, Priority Action Frameworks (PAFs) were also a very useful

instrument. He stressed that, in the future, public money should only be spent for public goods and that harmful subsidies need to be eliminated. Slovakia, thus, would support the idea of better streamlining, a dedicated fund for nature as well as better integration into other funds. He concluded by stating that funding should be adapted to nature and not nature to funding.

Dan Hulea, Counselor of the State Secretary at the Romanian Ministry of Environment, showed that, for Romania, LIFE is a great financing instrument for Natura 2000; challenges, however, exist on the Member State level to meet co-financing requirements. The other big challenge is the administrative capacity to manage the funds. He stated that, for the future, the challenge of mainstreaming biodiversity into other policies would remain, and that for Romania new instruments might need to be established and that some fundamental changes are necessary overall.

Christa Ratte, representing the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety, presented the German ministry's idea of a dedicated fund for nature. She explained that "Greening" experiences in Germany were unsatisfactory as it lacks ecological effectiveness: the 30% Greening of the CAP meant an overall amount of Euro 1.5 billion. Furthermore, the CAP's Rural Development Programmes also partially failed to deliver the anticipated benefits for nature as the 'light green' measures by far outweighed the few 'dark green' measures. In addition, a tracking mechanism for nature spending is lacking. She also showed that other EU funds (e.g. the CF, ERDF, ESF, EMFF) had no or very limited role in financing for nature in Germany. The German Länder identified new funding needs for the implementation of the EU's Nature Directives (cost estimation for Natura 2000) of about Euro 1.4 billion which is approximately the amount of the Greening money of the CAP in Germany. She is convinced that fundamental changes in funding nature conservation are necessary. She concluded that, because of this situation, the Federal Ministry for the Environment as well as the Nature Directors of the German Länder were asking for a standalone fund for nature. She stressed that, at the same time, mainstreaming nature into other policies is crucial.

The following **debate** showed that on the one hand, for various reasons, the given integrated approach doesn't seem to be working to deliver a proper funding for nature; and on the other hand, a dedicated fund would also bring challenges for the Member States, such as administrative tasks (which then probably could be supported through given governance structures like EASME). Besides this systemic decision, cultural differences of the Member States need to be respected and PAFs seem to be important for the funding of nature. The debate also showed that changing the given financial framework of the EU after 2020 is a huge challenge that will not happen without the support of other sectors like the decision makers responsible for budgetary questions.

Apostol Dyankov, Regional Green Economy Coordinator at WWF's Danube Carpathian Programme, shared his experiences with funding nature conservation and climate projects through the EU's European Structural Investment Funds (ESIF), with a focus on structural and cohesion funds. He showed that Member States make use of these funds to very different degrees, and that there are advantages as well as disadvantages to using these funds. For the latter, he mentioned *inter alia* a remaining funding gap, the fact that concrete restoration measures needed co-funding and that connectivity and landscape-level restoration had low priorities. He concluded by presenting a best-practice-example of an EU-funded conservation project, but also stressed that there needs to be strong safeguards for biodiversity if public money, for instance, goes into the field of renewable energy.

Bertalan Balczó, Head of National Parks and Landscape Protection Department within Hungary's Agriculture Ministry, shared his experience with financing Natura 2000 in Hungary through a selected instrument within the Rural Development Program. He also confirmed the bad state of biodiversity in his country and underlined the need for a better implementation of the given instruments. He also stressed the importance of Agri-Environment Schemes for protection of biodiversity on landscape level, but pointed out that regulations and measures are very complex and that there is a need for better indicators. He concluded by pointing out that protecting biodiversity should be addressed outside of Rural Development, namely by looking at the impact of other CAP payments and policies.

Milan Ovseník, representing the Regional Associations of the Non-state Forest Owners Union of Slovakia, started by expressing his disappointment that, since the EU accession of Slovakia, very little progress has been achieved in finding solutions to financing nature conservation. He stressed that land managers deliver benefits for wider society so public resources have to be allocated to support land managers in that role. Using some concrete examples, Mr. Ovseník highlighted that the amount of money is not the main problem as public money is not always spent effectively. He called for the application of the EU's integrated territorial investment approach as a way forward for financing Natura 2000 together with the introduction of simple financial mechanisms for land managers linked to the delivery of ecosystem services.

Claudio Celada, Director of Conservation for the Italian BirdLife partner LIPU, presented a LIFE project from the Lombardy region. The starting point was to develop the PAF and a detailed monitoring and financing plan for the project. The key for the ideal budget scenario was to make it an Integrated LIFE project, taking advantage also from ESF, RDF and regional money and aiming at capacity building and the implementation of the PAF. He stressed that such an Integrated LIFE project can be a driver – and that LIFE itself is crucial – so it would be wise to keep this funding possibility also for the future.

The following **debate** showed that especially LIFE can – despite some bureaucratic requirements – work in reality if the will of all participants and, especially, a positive approach from land managers are given. The given examples made clear that the existing tools also have their limits, and that the outcome often depends on the authority managing the funding. Thereby, a lack of communication between the ministries involved has to be omitted; instead there should rather be a common approach between e.g. the ministries for agriculture and environment. Further discussion would be necessary to see if the EU also should pay for governance structures in the Member States. But if we are not able to convince decision makers that nature conservation matters, we won't solve the problem with the funding gap.

At the end, Ariel Brunner, Head of Policy of BirdLife Europe, wrapped up the results of the workshop with the following conclusions. The first – a positive take-home message – is that we know the tasks: a) money is needed; b) it is needed for real ecological restoration; and c) there are lots of good examples out there of how to do it so it is a good investment from any perspective. The second – a less positive take-home message – is that we are dealing with a broken system, and that the presented numbers showed, once again, that even after three rounds of agro-environmental policy, we are a long way off from delivering for biodiversity. So, it is no longer an experiment; fundamental changes are needed. For now, there is no consensus on how these fundamental changes could look like, but there are a variety of options, and it is, again, very clear that: a) with any solution, money needs to be clearly labeled on the envelope it comes from as “conservation money”; and b) the authorities that distribute this money are competent and, afterwards, could also be judged and charged; and c) it is crucial to achieve mainstreaming and real policy coherence and also to get rid of perverse subsidies. Thus, to find a solution – aside from the ‘dedicated fund’ versus ‘better integration’ approach – we also have to think about the future of the CAP.