



Stakeholder Conference
Financing Natura 2000
Brussels, 15-16 July 2010

Conference Proceedings



Institute for
European
Environmental
Policy



**Proceedings of the
Stakeholder Conference on
'Financing Natura 2000',
Brussels, 15-16 July 2010**

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**IEEP 2010,
in collaboration with GHK and Ecologic, and
in consultation with DG Environment of the
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1. Introduction to the conference

The European Conference on Financing Natura 2000 was jointly organised by IEEP, the Ecologic Institute and GHK. The conference was part of an 18 month project to obtain an accurate estimate on the costs of managing the EU Natura 2000 network, increase awareness of the socio-economic benefits associated with the network, and develop a methodology for the systematic updating and refinement of the costs and benefits linked to Natura 2000.

1.1 THE NATURA 2000 NETWORK

The pillars of Europe's legislation on nature conservation and biodiversity are Council Directive 2009/147/EC on the conservation of wild birds (Birds Directive) adopted in 1979 and Council Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora (Habitats Directive) adopted in 1992. Together, both Directives form the most ambitious and large scale initiative undertaken to conserve Europe's biodiversity, with the implementation of a network of protected areas - Natura 2000 - lying at their heart.

The establishment of Natura 2000 is at an advanced stage – the nearly completed terrestrial network consists of roughly 26,000 sites and covers almost 18 per cent of the EU terrestrial territory. For the terrestrial sites, the focus will now increasingly shift to effective protection, management and restoration. Key priorities will hereby be the formal designation by Member States, the setting of conservation objectives for all sites to maximise their contribution to the achievement of favourable conservation status and putting in place of effective management measures. Though significant additional marine areas have been added to the network in recent years, the key focus will be on finalising the list of marine Natura 2000 sites and subsequently the shift to

effective protection and management. The next period will be critical for making Natura 2000 fully operational.

1.2 PROJECT ON 'THE ECONOMIC AND SOCIAL BENEFITS ASSOCIATED WITH NATURA 2000'

Updating and increasing the knowledge base on the financial requirements of Natura 2000 is needed to estimate if the financial resources foreseen for the network's future management and restoration at national level are adequate. Emphasising the socio-economic benefits of Natura 2000 will also be necessary in order to facilitate the preparation of funding applications, and to encourage regional and local acceptance of the network. The study on 'The Economic and Social Benefits associated with the Natura 2000 network' (Commission Contract 07.0310/2008515127/SER/B2) aims to support the European Commission in obtaining an accurate estimate of the costs of managing the network, increasing awareness of its socio-economic benefits, and developing a methodology for the systematic updating and refinement of the costs and benefits linked to Natura 2000.

1.3 EUROPEAN CONFERENCE ON FINANCING NATURA 2000

The conference 'Financing Natura 2000' was one of the deliverables of the project mentioned above. It aimed at presenting the outcomes of the recent Natura 2000 cost and benefits exercise, but also to offer the opportunity to assess the current approach to financing the network. This in particular included an evaluation of the effectiveness of the current 'integration approach' for its funding, the use of different innovative financing instruments, and critical thinking on future financing options. In this regard, the conference represented a milestone in the path towards a new Financing Natura 2000 Communication, which is foreseen for the first half of 2011.

The scope and ambition of the conference were therefore to:

- present an update on the investment and management needs of the Natura 2000 network;
- demonstrate the importance of investment in the network with respect to the benefits of Natura 2000;
- provide in-depth assessment of the current use of different funding instruments; and
- explore future options for financing the Natura 2000 network

1.4 SUPPORT FOR THE PROJECT AND CONFERENCE

Organising this project and conference would not have been possible without the support of others. We are particularly grateful to the European Commission (DGENV) for their support. We are also grateful for the considerable contributions of other individuals, including staff at IEEP, Ecologic Institute and GHK, as well as the many contributions of the chairs, speakers and facilitators during the Conference.

1.5 STRUCTURE OF THE PROCEEDINGS

These proceedings provide a brief and accessible overview of the Conference presentations and subsequent discussion. The main part of the proceedings contains short summaries of each of the presentations during the plenary sessions, followed by summaries of the question and answer sessions (Section 2). A short synthesis of key conclusions drawn from the Conference and recommendations for subsequent work, follows in Section 3. Finally, the annexes include the Conference Programme (Annex I), the Working Round Tables main discussion points (Annex II) and the final delegate list (Annex III).

2. Summary of the presentations and discussions

SESSION 1: INTRODUCTIONS AND SCENE SETTING

Welcome and introductions

Ladislav Miko, Director of Nature, DG Environment

Ladislav Miko opened the conference, introducing the general context for the discussions on the financing of Natura 2000. He highlighted how unique the Natura 2000 project is in the world and lauded its success in establishing 18% of the EU land surface area for nature conservation. Considering how large an area it covers and the benefits that we obtain from it, it is remarkable how low the costs are in protecting it. However, ensuring adequate financing to manage the network will be essential to ensure that it reaches and is maintained at favourable status. In addition, money is not just required for the network itself, but also for the natural areas of the countryside as a whole (i.e. the green infrastructure) that are crucial for ensuring the connectivity of the Natura 2000 network, and the creation of a web of interconnected ecosystems with Natura 2000 as its core.

The question of how to fund Natura requires a degree of pragmatism. Although the Commission will do its best to increase the amount of dedicated Community financing for biodiversity, it is unlikely that the level of such dedicated funding will be significantly higher in the upcoming financing period than in the current EU budget. Therefore, stakeholders should also continue to explore alternative financing options, including private investment and integration of biodiversity interests into the existing larger funds.

SESSION 2: THE FINANCIAL RESOURCES REQUIRED TO IMPLEMENT THE NATURA 2000 NETWORK

Chaired by Matt Rayment, GHK

The financial resources required to implement the Natura 2000 Network

Matt Rayment, GHK

The EU has a strong interest in understanding the costs of creating and managing Natura 2000 to both ensure that the network is effective in meeting its objectives, and because Article 8 of the Habitats Directive requires the EU to co-finance the delivery of the network. Thus, in 2002 and 2003 questionnaires were sent to Member States to establish the costs of the network. The analysis estimated a total cost of €6.1 billion per year.

In 2008, a new round of questionnaires was sent to all 27 Member States to collect up to-date cost data. The data submitted by 25 out of the 27 Member States included both incurred costs and future costs which were expected for the finalisation of the network and the achievement of favourable conservation status at the sites. The costs of managing the Natura 2000 network for both the terrestrial and marine sites in these MS are estimated at €5.1 billion per annum over the 2010-2015 period for the 25 countries. Extrapolating from these results, in order to fill the gaps for the non responding Member States (Finland and Romania), gave an overall cost estimate for the EU27 of between €5.5 and €5.8 billion per annum. The estimates indicate that:

- 98% of these costs relate to existing sites, and only 2% to new sites
- on average 33% of the costs are one-off investments and 67% are recurrent annual costs.

Averaged over the terrestrial land area of the network, the costs amount to €63 per hectare per year which is low compared to previous estimates. An estimate by BirdLife International suggested an average cost of €128 per hectare, based on estimates for 6 Member

States. A key reason for the relatively low estimates made by the Member States is that many of these appear to be based on the existing resources available for the network rather than estimates of the cost of work that would ideally be undertaken to complete, restore and manage the network.

The costs of completing and managing a network of protected areas is dependent on a number of factors – the size of the sites (costs per hectare are lower for bigger sites than for small ones), the accessibility/proximity of the sites to urban areas (the increased pressure on the site tends to increase costs) and income (costs of protected areas management tends to be higher in higher income countries, reflecting wage and land costs). Finally, the maturity of the network and the past expenditure will also affect the costs, as past expenditure can reduce needs for future expenditure. Different conservation strategies might also affect the level of costs. Different cost assessment approaches and methodologies help explain differences in the cost estimates across Member States and reveal issues for future attention.

Questions and answers

Following the presentation there was a short discussion clarifying the methodology and results of the cost exercise. Ctibor Kocman, responsible desk officer from DG Environment, noted that the cost estimate is to be considered a ‘low estimate’ as several MS reported that costs were an underestimate and some costs were not yet known. Therefore, it is useful to use **6 billion EUR per year** as the ballpark figure of the costs of Natura 2000. Other participants remarked that this was a low figure and it will be important to consider the full costs in future estimates.

It was asked if land purchase was calculated as an annuity¹, and if depreciation had been taken into account when assessing infrastructure costs. Matt Rayment replied that estimates were based on financial costs and a simple av-

¹ i.e. income from capital investment paid in a series of regular payments

erage of capital cost was taken over 6 years. Land purchase costs varied significantly and were averaged. It was also asked if the estimates took into account the costs related to neighbouring areas, i.e. if they took on board the issues of buffering, linking and integrating the network. Matt clarified that Member States mostly estimated costs within existing boundaries, and the costs of linking sites / actions around sites are not reflected in the cost estimate. It was broadly agreed that measures to improve the quality of the overall landscape cannot be included in Natura 2000 management schemes, as they fall under other sectors.

An issue was raised about the difference between money spent on Natura 2000 and national funds for other protected areas. It was explained that the cost estimates of Natura were related to the management of site, and did not take into account other designations. Only the UK provided information of the costs occurring on top of pre-Natura designations.

A representative of the Confederation of European Forest Owners noted that the calculations on land purchase revealed large differences across the figures provided, and asked how payments and compensations were calculated. It was clarified that the cost questionnaires were targeted to Member States. Estimates on land purchase and compensations were made by Member States based on their estimates and assumptions (eg, land price), and the methodology used hence depends on the Member States' approaches. However, generally land purchase represented only a smaller part of the cost estimate in many Member States. Also compensation formed a small proportion of overall costs; agri-environment schemes being the most substantial estimate of compensation costs of the network.

It was also noted that the costs associated with Natura 2000 are likely to go down if greater interconnectivity is ensured between the different areas of green infrastructure.

Panel discussion on financial resources required to implement the Natura 2000 Network

Chaired by Matt Rayment, GHK

Matt Rayment presented the panel members for a panel discussion on the question of the resources required for the network, focussing on national perspectives. The key questions to the panel were:

- What is the difference between current expenditure and the resources required to achieve a complete network in favourable conservation status?
- What factors affect our estimation of the resources required to implement the network?
- How can we improve our understanding of the costs of Natura 2000?

Dalia Cebatariunaite, State Service for Protected Areas, Lithuania

Dalia was responsible for the questionnaire data collection for Lithuania. In her presentation she noted that Natura 2000 occupies 13% of Lithuania territory, most of which is forested. Only 20% of Natura 2000 habitats and 40% of species are in favourable conservation status. Some difficulties were encountered when compiling the questionnaire as different cost categories were used in national accounts, and it proved difficult to distinguish between Natura 2000 and national protected areas. The cost estimate was based on current management plans and actions, not on future estimated costs.

Most of the funding used for Natura 2000 has been provided by Structural and Cohesion funds, with less coming from LIFE+, EAFRD and EFF. About €1.5 million per year has been allocated through the EFF for sustainable fisheries management and aquaculture in Natura 2000 areas for the spending period 2007-2013. This is taken as the financial requirement of the marine sites, but it is not known how much has been spent. Some funds have been provided at national level, but again it is not easy to estimate the expenditure for Natura 2000 as the national budget also covers national

designations. Lithuania is also trying to involve more private land owners in rural development programmes for Natura 2000.

Peter Torkler, WWF Germany

Peter collaborated with the Environmental Ministry of Luxemburg to calculate the costs of Natura 2000 in the Member States. Their approach examined the management requirements of the specific habitats present in the country, established the cost of such approaches, and multiplied the cost by the total hectares of each habitat type in the country. This was relatively easy to do in a small country like Luxembourg and would be more difficult in larger countries.

He observed that costs assessments should become more 'needs' oriented, for example, examining the need for flood protection. However, Member States budgets are very policy driven and competition between ministries exists; thus Natura 2000 is competing with other priorities for funding. Most budget planning is very defensive, as ministries attempt to defend their budget from other policy areas.

Ministries often find it difficult to distinguish between costs for Natura 2000 and for protected areas as budgets are usually allocated to biodiversity and conservation as a broad measure. Better coding of current spending is needed, in order to understand how current funds have been spent on the network. Natura 2000 site management plans should become a better source of information, by costing management activities and being more oriented on how to finance the activities. The specific needs of the Directives (in this case biodiversity conservation) should be more closely linked to the orientation of the funds.

Ludo Holsbeek, Department for Environment, Nature and Energy, Flanders Belgium.

Ludo observed that Belgium has a complicated spatial planning. The three regions and the federal government (for marine sites) developed strategies on how to manage Natura 2000 sites and achieve favourable conservation status. Ludo stressed the significance of the

involvement of a very broad range of players, including research institutes, NGOs and landowners, for the success of the strategies. National plans are now being translated into local plans, providing a legal basis for managing habitats and species. The green infrastructure debate is crucial to avoid locking nature into Natura sites only. It is also important to understand how binding new Natura 2000 targets will be. If not binding enough, Member States will feel less responsibility to fund the network, hence more funds from the EU may be needed.

The establishment of a separate fund for Natura 2000 would be useful, as it is relatively difficult to access resources for the network from other funds (e.g. RDP), being not their core function. Costs benefits analyses can help bringing the message to the public.

Rafael Hidalgo, Ministry of the Environment, and Rural and Marine Affairs, Spain.

Spain has over 2000 Natura sites, covering about 150,000 km². Site management is completely decentralised, but the federal Ministry of Environment has a coordinating role and represents the regions at EU level. Monitoring and management is in the hands of the regions, and sometimes it is dealt with at sub-regional level. In 2005, a survey was launched to ascertain the full economic costs and expected future costs of Natura, with a view to establishing the expected costs of the sites between 2003 and 2013. Costs estimates included direct management costs and opportunity costs affecting private stakeholders.

Actual costs for Natura 2000 amount to about €1billion/year, or €70/ha. This was estimated by technical staff of regional and sub-regional authorities as well as using national accounts. Estimated costs to achieve favourable conservation status were about €1.5billion/year, or 110€/ha, representing 60% more than actual costs. Estimates for marine costs were not included as the network is not yet sufficiently advanced. A better understanding of what favourable conservation status is and what kind

of management is needed to achieve it would help determine what financial investment is required. Protection measures still have to make the switch from the paradigm of isolated patches to part of an integrated landscape.

Discussion

A broad discussion ensued which examined the issues of estimating the costs of the network. This included a discussion on whether the current estimates were sufficient given the uncertainties of the study. There was broad acceptance that the updated cost estimate of circa €5.5bn/year was robust enough to support the Commission in the upcoming negotiations on the future EU budget. However, more accurate estimates at the local level are needed when applying for funds. A participant highlighted the need to consider the costs of acceding countries adding that recent work estimates nature protection in Turkey could require €1.5 billion per year.

Participants asked for clarification about the use of actual versus expected costs in the Member States. Both the Lithuanian and Belgian figures were based on actual costs and they cited a) the diffuse nature of information on sites and b) uncertainties in price changes as reasons for not having included future costs to date. In Spain, it was recognised that the calculations remain underestimates as some measures for reaching favourable conservation status still need to be identified. Ladislav Miko of DG ENV observed that it may be impossible to estimate precise future needs as it also depends on drivers and activities outside Natura 2000. It was noted that any future costs assessment should distinguish more clearly between current costs and costs needed to achieve favourable conservation status.

Participants were interested in the issue of how much capacity Member States had to apply for, and utilise existing funds (i.e. 'absorption capacity'). The panel had differing views on the topic. For Belgium, it was expressed that it should not be a problem providing governments work with all the stakeholders involved in management activities

who can use funds to support their own work. The other panellists highlighted administrative burden as the hindering factor, suggesting that smaller NGOs who have the capacity to do the work on the ground are put off from applying for the funds. The low uptake of RDP funds for Natura 2000 was also attributed to the often lack of information and the ineligibility of certain areas. Many Member States expressed the need to have more capacity and training on accessing the funds. A participant added that the up-take of funding targeted at biodiversity also depends on what the other funding options are, which are likely to change after 2013. In addition, the costs of managing the sites depends on how the Directives were implemented in each Member State; in countries where the regulation sets out strict restrictions on certain activities (such as in the UK), the costs might be lower.

Other participants stressed that Natura 2000 is a patchwork rather than a network, and green infrastructure is needed. The marginal costs of improving environmental quality outside Natura sites could increase in coming years due to other pressures. This constitutes a hidden cost of maintaining favourable conservation status.

SESSION 3: THE BENEFITS OF INVESTING IN NATURA 2000

Chaired by Patrick ten Brink, IEEP

Why is it important to invest in Natura 2000?

Patrick ten Brink, IEEP

Understanding the benefits associated with Natura 2000 will be very useful for investment decisions, facilitate the development of innovative financing tools and motivate policies to reduce pressures on the network. According to the survey from the project, participants perceived climate regulation, water provision and purification, protection of pollinators, preservation of genetic resources, landscape and amenity values and support of tourism and recreation as the most important benefits of

the network. These benefits can be received at multiple levels, local, regional and international, and in both private and public sectors.

Patrick distinguished between three types of benefits: ‘real money’ (such as tourism receipts, avoided costs of flood impacts); those with ‘potential to be real money’ (such as carbon storage which becomes real when a market is set up); and ‘welfare benefits’ (i.e. those that reflect social perception of benefits such as cultural identity). Patrick introduced three case studies that demonstrate some of these values at a local scale. At present, the data on benefits is not systematic and often information is only available locally. This will need to be addressed in future studies.

The socio-economics of farming in the Burren

Brendan Dunford, HNV Services

This presentation described work carried out in a unique protected area on the west coast of Ireland which is under threat from the move away from traditional agricultural practices (through both abandonment and intensification) which maintains its unique and valuable flora and fauna. In Ireland most Natura 2000 sites are farmed and thus the protection of sites is as much about the livelihoods of people as it is about biodiversity. The project has focussed from the beginning on social issues faced by farmers in the region, and accessed LIFE funding to develop a way of protecting people’s livelihoods while providing tangible biodiversity benefits.

The work is essentially geared around three types of activities: a) engagement, b) on-site conservation activities and c) research, monitoring and innovation. Different types of intervention were experimented to identify which practices resulted in the best biodiversity outcomes. Farmers are directly involved in all of this work including monitoring. Overall, 88% of people in the area approved of the approach, which is much higher than the approval rate of the main agri-environment

scheme REPS. This success is attributed to good engagement from an early stage.

The project also commissioned a socio-economic study which asked ‘what would you think others would pay’ to protect the Burren. According to this study, the Burren provides at least a 234% rate of return on investment. The project now attracts central government funding from both Departments of Agriculture and Environment although it is still on a small-scale.

The lower Danube basin and its floodplain functions

Orieta Hulea, WWF Romania

Romania constitutes a very important stretch of the river Danube with about 40% of the full length of river occurring within its borders. To date 70% of the floodplain of the river has been lost due to dyke construction and drainage for agricultural and development purposes. Despite this, significant areas of high nature value remain and are designated as Natura 2000 sites. The lower Danube Green Corridor initiative, a collaborative effort between the four bordering countries of the lower Danube, has pledged to boost protection for existing floodplains and restore 224,000 ha of former wetlands. Funded by the Romanian Ministry of Environment, work has started in the Danube Delta to remove dykes to allow original plains to be flooded, and in the process creating a large mosaic of new habitat. This approach has been replicated in other areas in the delta and 15,000ha has now been reconnected to the river system. The estimated benefits arising from water retention, fishing, livestock use and tourist activities amounts to almost €390,000 per year. Moving forward, there remain 400,000ha that could be reconnected, which Romania has now included in the Danube River Basin Management Plan as potential restoration areas.

Restoration programmes of this kind could be used as an alternative to the construction of expensive dikes for flood prevention. Flooding is an important issue in Romania at present. The recent floods of 2010 were estimated to

have cost €59m in Romania at the time of the conference and in 2005/06 floods caused an estimated €1.7 billion worth of damage. The restoration of 223,600ha of land would cost about €50 million and would result in 2,100 million m³ of flood retention capacity. In addition the restoration would provide €112 million/year (i.e. €500/ha/year) in additional ecosystem services. This value is an average of different estimates that includes provision of natural resources, nutrient retention and ecotourism but does not consider willingness to pay values.

There is an opportunity to link conservation with broader management of land in the form of co-benefits for landowners, improved fertility, integrated spatial planning and green infrastructure. Additional sources of funding could be accessed through fishing funds and combined public and private funding. WWF have begun identifying mechanisms and appropriate scales for implementing payment for ecosystem services (PES).

An economic and institutional evaluation of the Natura 2000 programme in France

Anne Dujin, CREDOC

The research institute CREDOC undertook a study of three Natura 2000 sites facing a range of circumstances in France. The study looks at the added value to society on the basis of taking a decision to conserve a natural area. The purpose was to link a stakeholder approach to an economic cost and benefit approach on a site based analysis. The first step involved an analysis of the stakeholders of the sites to determine who were impacted from the site, who pays for the site and who benefits. The second component was an economic valuation looking at direct, indirect, opportunity and transaction costs compared against direct, environmental and social benefits. The study was not able to look in detail at environmental benefits and social benefits, and it considered values from stated preference methods on one site only.

The three sites selected were:

- La Crau (Montpellier): a dry Cossoul habitat characterised by demand for activities on the site incompatible with Natura 2000 such as industry, intensive agriculture and intensive tourism
- Tregor-goelo (Brittany): a coastal site which was host to activities such as oyster farming, fishing and seaweed cultivation that require a healthy ecosystem but can be over extractive.
- Bauges (Lyon): an Alpine site with weak economic interests but with potential for development

The results show that the economic and demographic pressures as well as the quality of the discussion between stakeholders can influence significantly the level of costs and benefits of protecting a site. In each of the cases, the opportunity costs represented a significant cost of protecting the site. In the end, benefits resulting from revealed or stated preference methods made the protection beneficial. At Tregor-goelo the costs of consultation were also high as the consultative process had been intensive, but this was seen as worthwhile as it was deemed key to stakeholder support. The willingness-to-pay argument itself should not be assumed to be sufficient and site managers need to work closely with stakeholders to ensure that sites are protected.

Questions and answers

The use of targeted versus more general biodiversity instruments

A discussion on the presentations ensued. The Burren case study was praised for continuing after LIFE funding finished by securing funding from central government. A participant observed that frequently LIFE projects have resulted in good co-operation between farmers and the nature conservation community only for it to come to an end once funding is exhausted. It appeared that Ministries of Agriculture are reluctant to utilise the larger funding instruments for biodiversity projects, and in fact small targeted funds were having a more positive impact than the mainstream agri-environment schemes. Brendan reiterated, however, that both the Ministries of

Agriculture and Environment in Ireland are very happy to support a project supporting nature conservation if it can be demonstrated to meet the goals of rural development and nature conservation. There was broad agreement that funding from LIFE could facilitate the design of regional packages that could present models for more general Common Agriculture Policy (CAP) funding. The conservation of habitats could easily be funded by both Pillar I and II financing but it will require design of schemes that work in different regions.

A representative of the farming community pointed out that in Ireland, the Rural Environmental Protection Scheme (which has since been discontinued) had not been designed for specific biodiversity outcomes itself and therefore cannot be assessed against those outcomes. Nonetheless it has created over 10,000km of hedgerows and a similar length of dry stone walling restoration. He criticised the negative messaging of Natura 2000 which has been framed as what farmers are not allowed to do on their land rather than in terms of the opportunities it offers.

Economic value of land used for non-conservation purposes

It was remarked by a Commission official that the 70% of Danube floodplains converted to alternative uses was done so for what appeared to be good economic reasons, such as the provision of renewable energy, highly fertile agriculture land and so on, and was interested to know of any analysis of the economic values of the area in its 'natural' state compared to those after conversion for agricultural or commercial purposes.

Orieta Hulea explained that WWF in the Danube Delta region is currently working on this topic. She noted, however, that the economic value of land after conversion can mask hide/certain costs of the loss of certain ecosystem services that may not immediately be apparent. For example, in the flood plains of the Danube, areas used for agriculture are now

being compensated by the Ministry of Agriculture for significant flood damage.

Anne Dujin added that the full costs associated with protected areas need to be taken into account. However, the studies carried out by CREDOC didn't go through the assessment of increased ecosystem services as far as they could have done. The chair noted that we only ever have a partial list of costs and of benefits and as a result cost-benefit analyses may be biased in certain places.

Knowledge on the benefits of Natura 2000

An NGO representative asked if the Commission will be able to arrive at a usable figure estimating the benefits associated with Natura 2000. A Commission official responded that this is very much what they are planning to do but the experts are cautious about promising what can be achieved at this stage. It can be done at a local level but there is no acceptable methodology at present to aggregate these values for the network as a whole.

SESSION 4: CURRENT OPPORTUNITIES IN FINANCING NATURA 2000

Chaired by David Baldock, IEEP

This section outlined the extent which to the main European funding instruments can be used to fund Natura 2000.

Rural development policy – the funding opportunities for Natura 2000

Krzysztof Sulima, DG Agriculture and Rural Development

The Common Agriculture Policy (CAP) has two pillars, Pillar 1 (direct payments to farmers through the single farm payment) which is significantly the larger, and Pillar 2 (for rural development and environment). Pillar 1 of the CAP does have potential to fund biodiversity, indirectly through cross-compliance, ensuring a link between Pillar 1 and statutory requirements (including the Birds and Habitats Directives) and Good Agricultural and Environmental Condition

(GAEC). Despite this, the majority of the money for biodiversity is likely to remain in Axis 2 of Pillar 2. Pillar 2, funded by the EAFRD, which has a budget of €93.6bn over 2007-2013, is composed of three axes: 1 – for competitiveness, Axis 2 – for environment and countryside and Axis 3 – for diversification and quality of life. In the 2007-2013 funding period, Member States have chosen to allocate over 45% of Pillar 2 to Axis 2 with biodiversity the main environmental priority.

Financing Natura 2000 in the current and future Cohesion Policy

Agnes Kelemen, DG Regional Policy

This presentation emphasised that while the EU Structural Funds (SCF) provided for ‘the development of infrastructure linked to biodiversity and investments in Natura 2000,’ funding was only available for those projects that linked the management of Natura 2000 with the broader sustainable socio-economic development of the region. To this end, the debate on the benefits of ecosystem services is useful as it may facilitate the integration of biodiversity concerns into the Structural Funds. Over the 2007-2013 period, €3.9 billion has been allocated for biodiversity and nature protection initiatives in EFRD but not all of this is likely to be spent. Evaluations have shown that to date, prioritisation of biodiversity in the use of EFRD has been low compared to the sums used for economic development. Over the next financing period, DG REGIO is likely to align the fund more closely with the priorities in Europe 2020, which could have a negative impact for Natura 2000 as it does not explicitly feature in the strategy.

The European Fisheries Fund (EFF) 2007-2013 and Natura 2000

Leticia Martinez Aguilar, DG Maritime Affairs & Fisheries

Natura 2000 is mentioned under Axis 2 and Axis 3 of the European Fisheries Fund (EFF). The fund allows for the protection of Natura 2000 sites where they directly concern fishing

activities, excluding operational costs. Natura 2000 areas could also benefit from EFF support through other measures aimed at the protection of the environment. Information on take-up is largely missing at the Member State level but the available information shows relatively little uptake, with some exceptions, such as France, Sweden and Poland. In 2011, the interim report on EFF support for environmental protection will be published, which will be a good occasion to reconsider its role in environmental protection and Natura 2000.

Financing under LIFE+

Joaquim Capitão, LIFE unit, DG Environment

The priority of the network is now to move from the designation of sites to management, in particular in terms of drawing up management plans. A number of Member States have used their allocation of funds under LIFE+ but most Member States are below their allocations. A reason for this may be that these Member States have found other funding possibilities under the EU budget. However, it may also be that there is a lack of match funding in some Member States. A number of ideas have emerged from consultations on how to reform LIFE+ in the next financing period. These included:

- Continuation of a centralised dedicated instrument reinforced by integration into other funding instruments
- Cover wider biodiversity but focus on Natura 2000
- Programmatic approach with LIFE+ as a dedicated instrument acting as a catalyst for other funds; i.e. establishing the investment needs, the funding sources and how to report their use
- More coherent approach using a variety of instruments.

Questions and answers

The Chair expressed surprise that the issue of using the funds for capacity building did not emerge at this point, noting that using technical assistance under different instruments can be useful in this respect. It had already been noted that the Habitats Directive is one of the

first items of environmental legislation which contains a provision for funding, as Member States had wanted to ensure before agreeing to such a regulatory framework, that there would be some Community funding mechanism to support its implementation.

Krzysztof acknowledged that it is not possible to estimate how much of the agricultural funding is spent on Natura 2000 as there is no way of recording the allocation of funds. Some participants called for clear coding post 2013 to indicate how much is spent on Natura 2000. He accepted, in response to a question from an NGO representative, that not all agri-environment is about biodiversity, but emphasised that there can be a synergetic effect between measures to protect the wider environment (such as water and soil quality) and biodiversity. For example, many Member States prioritised Natura 2000 sites when allocating the Less Favoured Areas measure.

It was noted that ‘Objective 1’ countries² tend to utilise European Regional Development Funds for Natura more than ‘Objective 2’³ countries, but this may be because more money is available.

SESSION 5: WORKING ROUND TABLES ON CURRENT FINANCING OPPORTUNITIES

*Chaired by Sonja Gantioler, IEEP &
Facilitators*

This session involved creating interactive, participatory working round tables. The aim was to gather insights into experiences in using the current EU funding instruments at the national level and by stakeholders and build on that experience by addressing questions on future options.

² Those regions whose per capita GDP is lower than 75% of the EU average.

³ The population of all the areas eligible for Objective 2 of the Structural Funds may not be more than 18% of the total population of the Community, i.e. no less than two thirds of the population previously covered by Objectives 2 and 5(b).

The format was modelled on the approach of AmericaSpeaks/Global Voices’ “21st Century Town Meetings ©” in which small groups of a maximum of ten people discuss issues independently of the other groups. In the Townhall Meeting method, a facilitator gathers the ideas generated in the round-table discussion and sends them to a “theme team.” The discussion followed the strict order of topics to be discussed, where each topic was attributed 30 minutes for discussion. For each of the main topics and sub-questions the facilitator summarised the main issues discussed in bullet points and rank three issues considered most relevant by participants. A background document was distributed before the conference to help initiate discussion. The organisers ensured that participants at any of the ten “round tables” represent a mix of Member State representatives, stakeholders and EC services.

What follows is a brief summary of the results of the first of these working groups. The full list of answers and questions is included in the Annex.

Review of integration of Natura 2000 into funding instruments

In general, it was agreed that there was a real broadening of financing possibilities for Natura 2000 under the existing EU funding framework. There have been several instances where funding has produced biodiversity rewards. LIFE+ was praised for creating opportunities to start up management activities, although it does not fund long-term management. EAFRD has produced several success stories and was considered to have increasing potential to fund Natura 2000. It has been successful thanks to an existing ‘tradition’ of funding and a degree of political will. Structural Funds have been occasionally successfully accessed for Natura 2000 infrastructure projects, whereas the European Fisheries Fund has yet to fulfil its potential.

However, there are a number of areas that could be improved. EAFRD lacks clear prioritisation and earmarking of funds for

biodiversity and Natura 2000. The lack of transparency means it is not possible to see how much is spent on the network. For the Structural Funds, the strict requirement to show economic benefits of projects limits the applicability of the fund for biodiversity projects as the links between socio-economic development and biodiversity are still poorly understood and remain underestimated. There is also limited understanding on how to access the funds. The European Fisheries Fund (EFF) has been largely untapped to fund Natura 2000 mainly as marine protected areas are still underdeveloped. In addition, the fund was seen to be more directed at fisheries, rather than the seas in general. Generally, obtaining co-financing has proved difficult in a number of cases. In other occasions, the payments are not enough to compensate the real effort invested by stakeholders (especially small farmers).

It was acknowledged that EU funding instruments available for biodiversity were often underutilised due to a lack of stakeholders' capacity and resources to apply for and manage such funding. For example, high administrative burdens seem to exclude the smaller organisations which often have technical capacity on the ground. It also seems that a number of Natura 2000 management activities are insufficiently or only partially covered by the EU funds, such as monitoring, capacity building, research, financing pre-accession countries, management of forests areas and support of measures enhancing ecological connectivity. Particularly re-occurring activities and long-term challenges are difficult to address with the existing funds.

Improving integration

Participants provided a number of options for improving integration of Natura into the mainstream financing instruments. Clear earmarking of financing for Natura 2000 under different funds and the expansion of funds under LIFE were seen as key improvements to the existing EU financing instruments/funding model for Natura 2000. There were suggestions to increase the biodiversity impact of the

Less Favoured Area measure by combining it with agri-environment measures or transforming into a High Nature Value fund. Also, ensuring better coordination between the different EU financing instruments at the national level, for example through the establishment of dedicated national funding programmes for Natura 2000, was considered important. There was also a clear need to further increase capacity building within Member States and NGOs. Finally, it was suggested to create a separate operational programme for Natura 2000 and to combine with specific Natura 2000 programmes at the national level. Natura 2000 management plans were seen as a 'motor' of establishing a successful integrated financing system based on robust information regarding financing needs.

SESSION 6: INNOVATIVE AND ALTERNATIVE FINANCING MECHANISMS

Chaired by Marianne Kettunen, IEEP

Introduction

Marianne Kettunen, IEEP

Marianne introduced the discussion about possible new and innovative ways to finance the network. It had already been indicated in the conference that it is unlikely that financing for Natura 2000 from EU funds will grow significantly in the next financing period. Moving beyond traditional sources of revenue, such as public funds, revenues from tourism, foundations and money raised by NGOs, can act as an important source of finance for the network and also help raise awareness of the needs by engaging different audiences. Some examples of innovative finances might include:

- Using public funds differently, e.g. earmarking funds for Natura 2000
- Environmental related taxes
- Promote use of sustainable products from Natura 2000 sites (e.g. nature auctions used in Finland or Australia).

Ecological fiscal transfers: a case study from Portugal

Pedro Clemente, CENSE

Since 2007, the Portuguese federal government has trialled the use of ecological fiscal transfers to regional governments based on the number of Natura sites present in their region. The management of protected areas is split between the federal and the regional governments and therefore allocating the federal budget to the regions to reflect the management burden and the opportunity costs was intended to provide an incentive to regions to protect their Natura 2000 areas. Although they have been effective in changing in a positive manner the mindset towards the network, the funds are too small to offset opportunity costs and the measure requires further improvement. In addition the municipalities are free to decide how the lump sum payments are spent and so there is at the moment no way to ensure they contribute to greater nature protection.

Questions and answers

A number of points required clarification. Pedro emphasised that many municipalities do not have the capacity to manage Natura 2000 effectively. As municipalities with a large proportion of land designated as Natura 2000 lose money in taxes, the fiscal transfers offers a mechanism for compensation. The criteria for payment is simply based on the area of the Natura 2000 sites rather than for lost revenue directly. A paper is due to be published this year assessing the impact of the scheme. The next step will be to establish the benefits associated with the sites.

Supporting business for biodiversity

Zenon Tederko & Mark Day (BirdLife Poland and International)

A second case study examined the potential of small and medium sized enterprises (SMEs) to contribute to sustainable Natura 2000 management. BirdLife partners demonstrated the potential for investment in pro-biodiversity business to contribute to management of Natura 2000 by exploiting business opportunities beneficial for businesses and site managers alike. Types of activities may include

biomass extraction, certified meat products, mowing and engineering projects.

Issues faced by site managers include limited capacity for management planning, limited tools to influence private land, and insufficient capacity to access 'green markets.' Barriers to SMEs participating in management activities include an often negative perception of the network, lack of capacity to absorb environmental payments, and lack of affordable credit to start new business models. In response, Biodiversity Technical Assistance Units were created to provide technical support to deliver benefits to business for biodiversity for site managers, SMEs and banks. Grant support can cover high transaction costs for banks to provide credit. Market access to rural development is essential so clustering of businesses, cooperatives and branded certification will play an important role.

Questions and answers

It was asked what is the difference between the example provided and an ordinary situation where loans are granted by the banks where a return on investment is likely. Mark responded that businesses need to demonstrate that their activities are compatible with Natura 2000 management (assessed by the agencies) if they are to access to the loans. The key is that the funding would only be available for business models that are biodiversity neutral or positive.

Risk guarantees for higher risk loans were supported as a means of incentivising banks to fund new projects. Carbon credits are available in Eastern countries. In the Netherlands, landscape auctioning has brought small companies, NGOs and landowners together in competition to rival bids to access grants in return for biodiversity benefits.

SESSION 7: WORKING ROUND TABLES ON FUTURE FINANCING OPTIONS

Chaired by Sonja Gantioler, IEEP & Facilitators

The discussions in the second series of working round tables focused on future options for financing Natura 2000 within the EU funding framework, building on the conclusions of the first round, as well as on innovative financing instruments.

Future options: a dedicated Natura 2000 fund, an enhanced integrated model and a programmatic approach

Participants concluded that an enhanced Life/dedicated Natura 2000 fund might most be needed to ensure connectivity and improving the network dimension of Natura 2000. Some even suggested creating two separate funds, specifically addressing either Natura 2000 sites or the connectivity issue. In addition it was emphasised that such a fund could particularly support the financing of reoccurring and long-term activities, including monitoring and increasing the knowledge base. Importance was also given to the funding of projects in areas outside the European Union, with regard to the protection of migratory species, and on islands (eg, Overseas Countries and Territories). An overarching programme for Natura 2000 was generally welcomed by the attendees, when discussing the improvement of funding from the existing Community funds under the integrated approach. Important underlying factors guaranteeing success of such operational approach were identified to be the setting of clear objectives, which are specific, measureable, achievable, relevant and time-bound. In addition, it should go along with legal obligations and an increased budget, which would foresee dedicated funding streams arising from other sectoral policies and related funds. Still, retaining and strengthening the integrated approach (eg, clear ring-fencing, minimum payments, national programmes) was very often seen as the probably most successful future option to guarantee adequate financing of the Natura 2000 network. The conservation and restoration of ecosystem services was described as useful cross-cutting theme, which could support the further integration of

financing Natura 2000 into different policy areas (eg, CAP, Cohesion Policy).

Innovative financing instruments

Innovative financing tools offer potential for new and more effective funding sources for Natura 2000. While no single idea is likely to solve the issue, a range of ideas were explored that offered promise. It was emphasized that these ideas cannot substitute for the need of dedicated funding. Some of the key ideas for innovative funding are summarized below:

- **Fiscal credit** (eg, tax credits) is considerably more motivating than fiscal rebate and can act as a powerful incentive to participate in activities beneficial to biodiversity.
- **Capital funds and green funds** can provide essential credit for biodiversity measures. Government can help by providing guarantees for loans for businesses trialling new business models that support biodiversity.
- **A habitat banking** mechanism could be adapted to EU habitats and tested, provided it can be implemented in a manner in line with Natura 2000 requirements.
- **Payment for Ecosystem Services (PES)** could be supported by tax breaks on company payments to encourage the investment in projects with broader benefits including biodiversity.
- **Levies and fees**, particularly associated with the recreation/tourism and real estate industries could provide funding sources to ensure the protection of sites.
- The use of **carbon credits** to fund conservation projects was seen as having potential provided that biodiversity criteria are attached to any carbon banking or emission trading scheme.
- Introduce a **special tax system** for companies that utilise natural resources in a sustainable fashion. Businesses could be involved through their Corporate Social Responsibility programmes.

3. Summary and ways forward

The Conference brought together over 100 people from across the EU and the new Member States, and from national and EU administrations and agencies, NGOs, economic sectors and landowners. The aim was to **explore future options for financing the Natura 2000 network**.

Improving knowledge about the financing requirements of Natura 2000

Through the course of the discussions, a number of ideas emerged to improve the estimates of the cost requirements of the network. It was recommended that **cost studies should estimate the financing requirements of the specific habitats within a Member State to achieve favourable conservation status** when establishing the costs of the network as a whole. This approach has been used successfully in both Spain and Luxembourg and creates a more accurate picture of the financing requirements. It was also suggested that **costs estimates should better distinguish between current costs and future costs** to facilitate more effective budgeting in the future. Management plans at site or regional level should better record information on costs which could inform estimates at the national level and assist in applying for funds for the management of sites.

Emphasising the **socio-economic benefits** of Natura 2000 will also be necessary in order to facilitate the preparation of funding applications, and to encourage regional and local acceptance of the network. In addition, it can support the development of innovative financing tools. In this regard, particular interest was expressed in increasing the knowledge base of the socio-economic benefits of the network, particularly at the national and Community level.

Adequacy and accessibility of funding

Funds are available for Natura 2000 support but are very often not being utilised. This was attributed to the high administration burdens

and the lack of absorption capacity within Member States, NGOs and other stakeholders to apply for the funds. There is therefore a need to **reduce the administrative burden**, which together with measures to increase absorption capacity could allow for growth in demand for different funds. **Greater collaboration between the government and NGOs and land owners** was seen as important to increase access and improve delivery. Stakeholders can provide the government with valuable monitoring and management, but they need support from the government in accessing funding systems and to increase awareness on the opportunities provided.

There is also a need for better **targeting or ring fencing of money for Natura 2000**. Biodiversity and Natura 2000 have not been well financed through other funds (such as Structural Funds) as other government departments have not seen the relevance of biodiversity to their own goals. The value of maintaining a **dedicated fund** for nature protection was underlined but in **complement to integration**. There was broad support for a **coordinated programmatic approach** supporting further integration of Natura 2000 into existing EU funds at Member State level to identify how best the funds could support multiple goals. There are a number of mechanisms to do this (such as national operational programmes) which resonated well with many participants.

The use of LIFE funding to develop targeted project models that can be mainstreamed once proven to work was supported by a number of participants. The role of LIFE to finance re-occurring activities and long-term challenges should be further promoted. However, additional funds will be needed both for the Natura 2000 sites and, importantly, for the wider spatial integration with other ecological infrastructure (such as corridors, floodplains etc.). The better integration of Natura 2000 sites to the broader countryside were seen as crucial to achieving favourable conservation status and ensuring greater resilience of the sites.

4. Annexes

ANNEX 1: STAKEHOLDER CONFERENCE AGENDA

DAY 1 – Thursday 15TH JULY

Introduction	
09:00	Welcome
09:10	Investing in Europe's Green Infrastructure – Natura 2000 <i>Ladislav Miko, Director B Nature</i>
PLENARY SESSION:	
	The financial resources required to implement the N2K network Chair Matt Rayment
09:30	The financial resources required to implement the N2K network <i>Matt Rayment (GHK)</i> <i>What are the costs associated with managing the Natura 2000 network</i>
10:00	Panel discussion on what the difference is between current expenditure, actual costs and costs needed to have a complete network with a favourable conservation status Participants: <i>Dalia Čebatariūnaitė (State Service for Protected Areas, Lithuania)</i> <i>Peter Torkler (WWF, Germany)</i> <i>Ludo Holsbeek (Flemish Government, Belgium)</i> <i>Rafael Hidalgo (Ministry of Environment and Rural and Marine Affairs, Spain)</i>
10:30	Questions and answers
11:15 - Break	
PLENARY SESSION:	
	The benefits of investing in Natura 2000 Chair Patrick ten Brink
11:30	Socio-Economic benefits associated with Natura 2000 <i>Patrick ten Brink (IEEP)</i> <i>Why is it important to invest in Natura 2000?</i> <i>What are the benefits we can obtain?</i>
12:00	Three cases studies exploring the benefits of Natura 2000; where costs are offset by benefits; who enjoys the benefits and who pays the costs Socio-economics of farming for conservation in the Burren (Ireland) <i>Brendan Dunford (HNV Services)</i> The lower Danube basin and its floodplain functions (Romania) <i>Orieta Hulea (WWF-DCP)</i> An economic and institutional evaluation of the Natura 2000 programme in France <i>Anne Dujin (CREDOC)</i>
12:30	Questions and answers
13:15 - Lunch	
PLENARY SESSION:	
	Financing Natura 2000 – Current Opportunities Chair David Baldock
14:15	Introducing EU funding instruments: <i>The EU framework for funding Natura 2000 – An insight from different EC services</i> Financing under the CAP - Krzysztof Sulima (DG Agri) Financing under Regional Policy - Agnes Kelemen (DG Regio) Financing under the CFP - Leticia Martinez Aguilar (DG Mare) Financing under Life - Joaquim CAPITÃO (DG Env -Life unit)

15:00	Questions and answers
WORKING ROUND TABLES: Financing Natura 2000	
15:30	Introduction to the working round tables - Financing Natura 2000 <i>Sonja Gantioler (IEEP)</i> <i>All participants will be divided into parallel working groups with facilitators to discuss a series of key questions to enhance active participation in the discussions.</i>
15:40 - Break	
WORKING ROUND TABLES: Financing Natura 2000 – Current Opportunities	
16:00	<u>Current EU funding options - Opportunities, strengths, weaknesses and needs</u> Financing under the CAP, Regional Policy, CFP, LIFE and the Research Framework What is already possible with the existing funding instruments? How successful has the integration of Natura 2000 funding into other programmes been? What lessons are there on the uptake of opportunities? What can be done to make greater use of the current opportunities?
17:30 - Close	

DAY 2 – FRIDAY 16TH JULY

WORKING ROUND TABLES: Financing Natura 2000 – Current Opportunities	
09:00	Working round tables – Current Opportunities (continued) <i>Discussion picking up from Day 1</i>
10:00	Feedback from working round tables & discussion <i>Sonja Gantioler (IEEP) + Facilitators</i>
10:45 - Break	
PLENARY SESSION:	
Financing Natura 2000 – Addressing the investment needs of the network	
	Chair Marianne Kettunen
11:00	Innovative and alternative financing mechanisms <i>What innovative solutions for financing Natura 2000?</i> <i>Marianne Kettunen (IEEP)</i> Fiscal transfers to compensate Natura 2000 opportunity costs in Portugal <i>Pedro Clemente (CENSE)</i> Supporting Business for Biodiversity – Public-private partnerships for financing Natura 2000 in Poland, Hungary and <i>Mark Day (RSBP) and Zenon Tederko (BirdLife Poland)</i>
11:30	Questions and Answers
12:30 - Lunch	
WORKING ROUND TABLES: Financing Natura 2000 - Future options for EU funding instruments	
13:30	<u>Future financing options</u> What are the ways of improving the integration of biodiversity priorities into other EU funds? In what respects could an enhanced LIFE fund or dedicated Natura 2000 funding instrument be needed? What innovative instruments could be used to help fund Natura 2000 in future? Would a programmatic approach (e.g. operational programme for Natura 2000) provide a stronger basis for success, and if so, what elements might it contain?
15:30 - Break	

15:45	Feedback from working round tables & discussion <i>Patrick ten Brink (IEEP) + Facilitators</i>
16:45	Closing remarks <i>Stefan Leiner, Head of Unit B3 Natura 2000</i>
17:00 - Close	

ANNEX 2. RESULTS OF THE WORKING ROUND TABLES

For each of the questions addressed in the two working round tables the most important key messages resulting from the discussions are presented below. It summarizes **re-occurring issues** and particularly interesting insights addressed during the discussion, drawn from the raw material provided in form of cards. All other points mentioned but not listed below (eg, the wider range of very interesting examples) will not be lost, as they have been included into an excel database, to further feed into the development of the Communication on Financing Natura 2000.

WRT I: Financing Natura 2000 – Current Opportunities

Question I: What is already possible with the existing EU funding instruments?

1. The participants paid particular attention to:

New areas / Natura 2000 management activities
In general, there has been a real broadening of financing possibilities under the existing EU funding framework 2007-2013; more possibilities available now than for the 2000-2007 financing period;
In principle , the current EU funding framework covers most Natura 2000 management activities
Instruments made targeted funding for forestry, farming, water within the Natura 2000 network available
Funding was broadened for training opportunities
LIFE has been generally broadened and financing became possible for the designation of marine Natura 2000 sites; it was successful in starting up activities
EAFRD provided in principle a good coverage; it offered new opportunities for financing of Natura 2000 management plans and became a key financing instrument in several MS (e.g. UK, Ireland)
However, in practice specific conservation actions lose out due to competitive demands / priorities under the different EU funding instruments.
Due to financing of Natura 2000 not being compulsory under the different EU funding instruments, actual opportunities on the ground depend on on the programmes set up by the Member States under the different funding instruments

2. The participants emphasised the importance of:

Areas / Natura 2000 management activities not covered
Generally reoccurring activities are less covered, including site management activities, particularly monitoring ; limited funding for addressing long-term challenges such as abandonment
Limited funding for capacity building and communication, particularly technical assistance,
Limited funding for research activities (apart from FP financing)
Limited funding for marine sites , including research and monitoring, and addressing issues such as no take zones, 'leakage effect', dealing with deep sea trawling, by-catch, and long liners; research into real alternatives
Limited possibilities for financing in non-EU countries / accession countries (eg, cross boarder effects of protected areas, migrating species)
Less funding for non-priority habitats and species
Less funding for measures increasing connectivity
<u>LIFE</u> : Not enough funding for continuation of projects

<u>EAFRD</u> : Limited use of funding for stakeholder engagement; non-agricultural / non-forest land not eligible for funding (e.g. urban green spaces); N2k projects focused on forest harder to get funding
<u>EFF</u> : Funding does not cover marine protected areas in general, strong focus on fisheries
<u>Structural Funds</u> : Link to socio-economic development needed for receiving funding

Question II: How successful has integration of Natura 2000 into different EU instruments been?

1. The participants paid particular attention to:

Reasons – for instruments most commonly used
It is difficult to assess how successful integration has been as no information available on how much has been effectively spent on Natura 2000 – measurement problem
EAFRD and LIFE+ perceived as the most commonly used/most successful instruments for financing Natura 2000
<u>EAFRD</u> :
Important/ proven its increasing potential to finance N2K, especially Pillar II and agri-environment measures
There has been already existing “tradition” and at least some political will for integration, particularly for win-win situations
Most significant for compensation payments
Includes suitable measures and programmatic approach ; financially huge programmes & projects
Key tool for Payment for Ecosystem Services for foresters and farmers
<u>LIFE</u> :
Most integrated approach , good for starting activity, most substantial direct funding
Dedicated to nature conservation, covers a range of actions widely usable and centrally managed, guidance is provided
<u>EFF</u> :
Hopefully upcoming opportunities in the future
<u>Structural Funds</u> :
Successful in funding infrastructures needed for protected areas (e.g. tourism facilities).
Particularly successful in new Member States , not every MS eligible for funding under the Structural Funds
<u>FP</u> :
Facilitating and informing mechanism but does not address Natura 2000 management activities

2. The participants emphasised the importance of:

Reasons –not fulfilled
None of the different EU funding instruments have fully fulfilled their potential
In a competitive environment for financing Natura 2000 less attractive than other options. It is hard to justify nature conservation in socio-economic (cohesion policy) or agricultural terms (CAP).
At MS level financing under the different EU funding instruments is voluntary , no national integration strategy exists. Also at Community level no targeting or strategy regarding implementation exists.
Guidance and monitoring is not well organised at Member States level
<u>EFF</u> :

N2K in marine environment is 'underdeveloped' and biodiversity's potential benefits (e.g. from no take zones) are inadequately targeted
Lack of money - money for fisheries not for marine protection in general
<u>Structural Funds:</u>
Need to demonstrate economic benefit which is often impossible to the extent required
Links socio-economic development and biodiversity poorly understood, underestimated and articulated.
Funding only secured where MS already gets a lot of support; complexity leads to low uptake
Not targeted to the environment; not widely understood in environmental circles
<u>LIFE:</u>
Generally limited budget
Small amount of funding and for specific time limited projects; not systematic; focuses on case studies; high administrative requirements
<u>EAFRD:</u>
Funding is for limited periods - no long term commitment and re-occurring activities
Diversion of funds within Axis 2 does not work well; Axis 2 Natura 2000 funds should be clearly ring-fenced
Often current agri-environment schemes do not require substantial biodiversity measures. Farmers do not always have necessary knowledge and understanding
No ring fencing for Natura 2000; measures applied have little effect (e.g. not targeted or insufficient); LFA payments have little regard to Natura 2000.
<u>FP:</u>
Not seen as relevant for conservation as other funding instruments; research results not easily accessible
Academic ethos biased against practical reforms; not systematic; can support but not deliver

Question III: What are the lessons learned regarding uptake of existing funding opportunities?

1. The participants paid particular attention to:

Successes
Generally, lessons have been learned on how to make use of the broader funding portfolio (e.g. different EU funds and also innovative funds like lotteries etc.)
Good MS examples exist of national co-financing in general (eg, Poland)
Example Romania: effectively targeted agri-environment payments for HNV areas - many of which are Natura 2000 sites
Example Estonia: Good success in Estonia due to good cooperation between all stakeholders; successful integrated use of different funds
Example Cyprus: LIFE plays important role in funding designation of Natura 2000 sites
Example Wales (UK): Working jointly with fishermen to protect N2k under EFF
Example UK and Ireland: Good uptake of agri-environment measures
Example Slovenia: National level programming established to ensure coordinated approach to finance N2K across funds
The current funding model has increased participation of local level stakeholders / increase of local participatory processes
The current funding model has created more links with economic and social aspects
Opportunities under different EU funding instruments have helped to increase awareness in other sectors.

Many examples of successful uptake- but this does not guarantee a successful **outcome**

2. The participants emphasised the importance of:

Barriers
Administrative barrier / bureaucracy linked to the different EU funding instruments
Linked to it lack of capacity to deal with this burden among stakeholders. This leads to high admin costs already in the applying process, without any guarantee of success – some stakeholders might not have resources for this.
Lack of coordination at national ministerial level - e.g. in providing support – lack of cooperation between sectors
Competition with other non-nature priorities as there is no ring-fencing of funding - conflicting interests
There is an administrative pressure for "broad brush" measures; political pressure to spread funding widely but thinly
At times the payments are not sufficient to compensate and do not reflect the real effort by stakeholders (especially the small farmers)
Lack of N2K management plans and national overall N2K financing strategies makes effective financing of the network difficult
Requirements for co-financing are becoming a problem for MS (e.g. In the light of current economic situation)
Lack of knowledge and know-how
Lack of trust between different stakeholder groups and lack of political support
<u>EAFRD:</u>
Axis II funds could be made more accessible to small farmers (re: co-financing)
No financing for non-productive land
LFA payments should be better targeted to address N2K sites
<u>Structural Funds:</u>
Tendency towards investments projects - not conservation.
Low uptake in several centrally governed countries.
There is a need to make the link to economic development in order to obtain funding.

Question IV: What can usefully be done to make greater use of the current EU opportunities to help finance Natura 2000- what are the ways of improving integration?

1. The participants paid particular attention to:

Greater use/ Improving integration
<u>Improving integration:</u>
Clearly earmarked/ring-fenced financing for Natura 2000 under different funds
Even introducing a "minimum" financing for N2K under each fund/ minimum budget in each fund for N2k - protect Natura 2000 share of other funds (eg, cohesion) so that it is not given away to other sectors
National coordination groups for funding of N2k, including all responsible ministries and agencies
National programme for N2k - across all ministries + funds. EC could insist that MS strategically target N2k
Set up conservation commissions to coordinate across the funds
National financing strategies for Natura 2000 (integrating different aspects of Natura 2000)
Integration of the different EU opportunities in a national or regional action plan ; Examples: Slovenia, Romania and in the near future Poland (in process)

Create separate operational programme only for Natura 2000 --> combine this specific N2k programme with those of other EU funding instruments at national level.
If minimum payments for Natura 2000 are not ensured not much money would flow even with the existence of an operational programme;
<u>EAFRD and CAP:</u>
Greater use of more specific, localised, targeted agri-environment schemes adapted to management needed for N2k sites
Introduce element of payment by results to agri-environment schemes
Widen the scope of potential beneficiaries of Axis 2 measures
Transform LFA in High Nature Value category fund or LFA combined with agri-environment in simple programme with an environmental focus
<u>Structural Funds:</u> Include ecosystem services benefits in definition of economic and social benefits
<u>LIFE:</u> Increase LIFE funding by at least x5
Adopt programme approach to LIFE focusing on the development of the management plans and management capacity, with longer term and more flexible projects
<u>Greater use:</u>
Need of dedicated Natura 2000 fund : if N2k is important to EU this must be supported by dedicated fund; all European money goes into one big environmental fund (this is a dream!)
Funds for designated N2k areas is not enough; biodiversity conservation requires activities outside the sites (eg, green infrastructure)
MORE: capacity building / awareness / better advice (eg, team of advisers, NGOs) / better & more coordinated information flow
Improve quality of national/regional focal points : EU funded training, plus greater importance must be given to such posts by MS
MORE: flexibility in programming --> more result-based approaches, particularly less compromises in designing the project foreseen by the current EU funding instruments; more money should be made available to NGOs and other actors
N2K management plans are seen as a "motor" / requirement establish a successful financing system for Natura 2000 – both to better estimate that financing needs and also create a "mixture of funds" to finance activities.

WRT II: Financing Natura 2000 - Future options for EU funding instruments

Question I: In what areas could an enhanced LIFE fund or a dedicated Natura 2000 funding be needed?

1. The participants paid particular attention to:

Enhanced Life/dedicated Natura 2000 fund
Financing outside the borders of Natura 2000 to ensure connectivity , enhancing the network dimension of Natura 2000
Monitoring and increasing the knowledge base
Financing re-occurring activities and general long-term funding
Capacity building
Need for funding of projects outside the EU, e.g. regarding the protection of migratory species (e.g. protected in Finland but endangered in Senegal) and on islands (e.g. OCTs)
Focus on projects/areas that have indirect, long-term effect for biodiversity; concentrating on managing areas and support people's livelihoods
Assessment of socio-economic benefits of Natura 2000, environmental goods and services, public and private benefits: research and evaluation on these issues needed for N2k sites, BUT not make it into a specific fund for ecosystem services

Address threats such as invasive alien species or climate change
Marine protected areas
Species action plans, new priority species and habitats that fall outside other funds

Question II: What innovative instruments could be used to help funding Natura 2000?

1. The participants paid particular attention to:

Most promising instruments
Highlighting the importance of fiscal instruments (for example financial incentives like taxes on outdoor equipment)
Fiscal credit for Natura 2000 purposes; fiscal credit is much more motivating than fiscal rebate
Capital funds for loans and guarantees for action
Green funds , cooperation with bank that can dedicate percentage of loan of investment (e.g., the Netherlands)
Habitat banking mechanism should be adapted to EU habitats and should be in line with Natura 2000; would allow biodiversity credits to be bought and sold
Trust fund collecting donations; charity
Payment for Ecosystem Services (PES), for example in Danube region: tax break on sustainable company payments into PES schemes
Specific levies and fees linked to certain sectors, particularly recreation/tourism and real estate
Using carbon credits to fund conservation projects; attach biodiversity criteria to carbon banking and emission trading scheme
Operational programmes focusing on "ecological" development based on local natural capital
Include companies that use natural resources in special tax system (biodiversity offsetting); involvement of business through CSR activities
None of these are substitute for dedicated EU Natura 2000 funding

2. The participants emphasised the importance of:

Key elements
Transparency of the process and participation of stakeholders , particularly local
Needs technical assistance and long-term/mid-term view
Capacity/team for implementation has to be available
A set of SMART (specific, measurable, achievable, relevant, time-bound) indicators for control
Instruments need to be linked to awareness raising
Targeted to biodiversity and in line with Natura 2000 needs
Ready accessible

Question III: Would a programmatic approach (e.g. operational programmes for Natura 2000 similar to op. programmes within Cohesion policy) provide a stronger basis for success?

1. The participants paid particular attention to:

Key elements/ underlying factors
Yes, overarching programme that would ensure that the money given for this programme would be spent on Natura 2000, but also re-enforcing ring-fencing of N2k funding
Yes, one overarching programme for environment, but with clear objectives, measures, actions and indicators (time-bound)
Yes if linked to an increased budget and clear ring-fencing, adequate coding of where money is spent
Yes if legal obligation and not voluntary
Yes if strict guidelines/monitoring of implementation, effective management involving set up of actors
Yes if flexible enough to adapt to the national situation (e.g., federal system)
Need to know the costs, develop indicative proxy costs to prepare estimates
Budget comes from all ministries, not just environment; percentage of each fund goes to environmental programme
Clear indication and coordination of funding sources
It should be SMART (specific, measurable, achievable, relevant, time-bound)
Cooperation and partnership approach
Ready to apply measures
Retain and strengthen the integrated approach (common solutions do not work)

Question IV: How to ensure that future efforts supporting the conservation / restoration of broader ecosystems and their services (e.g. financing targeted to these activities) best support the implementation of Natura 2000?

1. The participants paid particular attention to:

Ecosystem services
Identify the link between N2k management measures and the provision of compatible ecosystem services ; the fact that they are generally provided by the network is not sufficient information
N2k should be incorporated as part of regional spatial planning (economic and social dimension)
Two funds, one for N2k and one for outside N2k , addressing connectivity
Environment mainstreamed into all funds; ecosystem services as cross-cutting theme
Adding prices to intangible benefits (e.g., green accounting)
Making conservation managers aware of commercial possibilities

Support for implementation of Natura 2000
Positive branding of N2k concept
Integration of N2k into other policy areas (sectoral strategies), also with positive contribution from research funds for innovation
More consistent environmental legislation application in MS to ensure ecosystem protection in areas outside Natura 2000
Management design and implementation
Increasing patch size, heterogenic buffering as well as connectivity
Quality control of environmental impact assessment
Enforcement

ANNEX 3. PARTICIPATION LIST

Last name	First name	Institution	Country
Adriaenssens	Veronique	ARCADIS Belgium	Belgium
Andugar	Antonia	European Farmers and Agri-Cooperatives (COPA-COGECA)	supranational
Arroyo Schnell	Alberto	WWF - WCPA	supranational
Baldock	David	Institute for European Environmental Policy (IEEP)	United Kingdom
Bassi	Samuela	Institute for European Environmental Policy (IEEP)	Belgium
Baumüller	Andreas	WWF EPO	supranational
Bertel	Edda-Maria	Ministry for Agriculture, Forestry, Environment and Water Management	Austria
Bibic	Andrej	Ministry for Environment and Spatial Planning	Slovenia
Bouny	Jonathan	Agence de services et de paiement (ASP)	France
Brunner	Ariel	BirdLife International European Division	supranational
Buckova	Barbora	European Landowners' Organization (ELO)	supranational
Budinok	Marie-Alice	European Landowners' Organization (ELO)	supranational
Camilleri	Janice	Malta Environment & Planning Authority	Malta
Campos	Bruna	Birdlife International	Belgium
Capitao	Joachim	European Commission	supranational
Cebatariunaite	Dalia	State Service of Protected Areas (SSPA)	Lithuania
Cerulus	Tanya	Flemish Government - Environment, Nature and Energy Department	Belgium
Clemente	Pedro	CENSE - FCT/UNL	Portugal
Da Silva Branco	Carla	AG PRODER	Portugal
Day	Mark	Royal Society for the Protection of Birds (RSPB)	United Kingdom
De Corte	Pieter	Agency for Nature and Forests	Belgium
de l'Escaille	Thierry	European Landoowners' Organization (ELO)	supranational
de Lombaerde	Annick	European Commission	supranational
De Pous	Pieter	European Environmental Bureau (EEB)	supranational
Deelen	Jan Gerrit	Ministry of Agriculture	Netherlands
Dimalexis	Tasos	Hellenic Ornithological Society	Greece
Dimitrova	Lora	Ministry of Environment and Water	Bulgaria
Dujin	Anne	CREDOC	France
Dunford	Brendan	HNV Services Ltd	Ireland
Dupeux	Delphine	RISE Foundation	Belgium
Embo	Tomas	ANB	
Galicic	Mirjam	Institute of the Republic of Slovenia for Nature Conservation	Slovenia
Gantioler	Sonja	Institute of European Environmental Policy (IEEP)	Belgium
Gaworska	Marta	CEPF	Belgium
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Herbert	Sophie	Ecologic Institute, Brussels	Belgium
Hidalgo	Rafael	Ministry of Environment, and Rural and Marine Affairs	Spain
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Hosek	Michael	Agency for Nature Conservation	Czech Republic
Hughes	Mark	European Bank for Reconstruction and Development	United Kingdom
Hulea	Orieta	WWF	Romania
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Jandova	Lenka	Agency for Nature Conservation and Landscape Protection	Czech Republic
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Miller-Aichholz	Philipp	European Landowners' Organization (ELO)	supranational
Minozzi	Federico	EUROPARC Federation	Belgium
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Page	Nathaniel	Fundatia ADEPT Transilvania	United Kingdom
Pernetta		European Commission	supranational
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Raidmets	Rainer	Ministry of Agriculture of Estonia	Estonia
Rambaud	Lucile	Ministry of Ecology	France
Rayment	Matt	GHK Consulting Ltd	United Kingdom
Rocha	Ana	European Landowners' Organization (ELO)	supranational
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Roelse	Ingrid	Regiebureau Natura 2000	The Netherlands
Rubio Garcia	Joseluis	Ministry of Environment and Rural and Marine Affairs of Spain	Spain
Runge	Tania	Committee of Professional Agricultural Organisations in the European Union - General Confederation of Agricultural Co-operatives in the European Union	Belgium
Rybanic	Ratislav	Birdlife International	supranational
Saarimaki	Aaro	Finnish Permanent Representation	Finnland
Salsi	Angelo	European Commission	supranational
Sayman	Unal	REC Turkey	Turkey
Silva	Mario	Ministry of Environment/ICNB	Portugal
Standaert	Simon	RDC-Environment	Belgium
Sulima	Krzysztof	European Commission	supranational
Sundseth	Kerstin	European Commission	supranational
Tchatchou	Tomy	Service Public de Wallonie - D.G.A.R.N.E.	Belgium

Tederko	Zenon	BirdLife Poland	Poland
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Turkelboom	Francis	Research Institute for Nature and Forest (INBO)	Belgium
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van Reeth	Wouter	Research Institute for Nature and Forest	Belgium
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Ververis	Charalampos	Ministry of Environment	Greece
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von Bethlenfalvy	Gabor	FACE	Belgium
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Zicha	Jiri	Ministry of the Environment of the Czech Republic	Czech Republic
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Zikova	Dagmar	Ministry of the Environment	Czech Republic