



Biodiversity allocations in cohesion policy programmes

ENEA/MA Network Plenary Meeting – 9.06.2022

*Máté Tas DG REGIO G1
Inese Kausa DG ENV E3*

2021-2027 ambition

- MFF Interinstitutional agreement defines for the first time an ambition for biodiversity financing in the EU budget: 7.5% in 2024 and 10% in 2026 and 2027
- Need to operationalize this ambition under individual EU funds and programmes, and ensure effective mainstreaming by increasing available financing
- ERDF and Cohesion Fund allocation to biodiversity objectives was 4% of the total 2014-2020 budget (2,9% under ERDF and 7,8% under Cohesion Fund)
- To reach the higher ambitions in 2021-2027 the share of biodiversity expenditure under ERDF and Cohesion Fund has to be increased
- Letter sent by the Directors-General of BUDG/REGIO/ENV to all permanent representations inviting Member States to increase the programming of financial resources for biodiversity under the Cohesion policy programmes for 2021-2027

2021-2027 outlook

- A methodology for tracking biodiversity investments was developed after consultation with the Member States, the European Council and the European Parliament
 - 100% coefficient assigned to intervention fields:
 - 078 - Protection, restoration + use of Natura 2000 sites
 - 079 - Nature + biodiversity protection
 - 080 - Other measures to reduce GHG emissions in natural areas
 - 40% coefficient assigned to intervention fields:
 - 058 - Prevention or management of floods and landslides
 - 059 - Prevention or management of climate related risks: fires
 - 060 - Climate change measures - prevention and management
 - 065 - Waste water collection and treatment
 - 066 - Waste water collection and treatment - low energy
 - 073 - Rehabilitation of industrial sites and contaminated land
 - 074 - Rehabilitation of industrial sites/ land - carbon sink
 - 167 - Natural heritage and eco-tourism other than Natura 2000
- Draft (and the few adopted) programmes show higher biodiversity allocations than the 2014-2020 level so far – need to further increase the funding in the programmes contributing to biodiversity objectives

Why is biodiversity important for the EU economy?

- \$44 trillion of economic value generation – **more than half of the global GDP – is dependent on nature and its services** and is therefore exposed to nature loss.
- 3 largest sectors highly dependent on nature: **construction, agriculture, food and beverages**
- EU: ca. **€15 billion** of annual agricultural output is directly attributed to pollination
- Ecosystem services provided by the Natura 2000 network alone (such as air and water purification, pollination, climate change mitigation, and flood control) are estimated to have a value of **€200-300 billion per year**

=> Biodiversity is an important macro-economic factor to be taken into account



Contribution of biodiversity to climate objectives

- Climate change and biodiversity loss are **interdependent** and need to be addressed in an integrated manner.
- **Nature-based solutions** are estimated to deliver over a third of the mitigation effort needed until 2030 to keep global warming below 2°C.
- Many of the habitats requiring restoration (such as peatland, forest, grassland, cropland) are particularly carbon-rich, thus offering **significant potential to store and sequester carbon** in the above- and below ground biomass and in the soil. Their restoration and maintenance could contribute significantly to climate change mitigation.

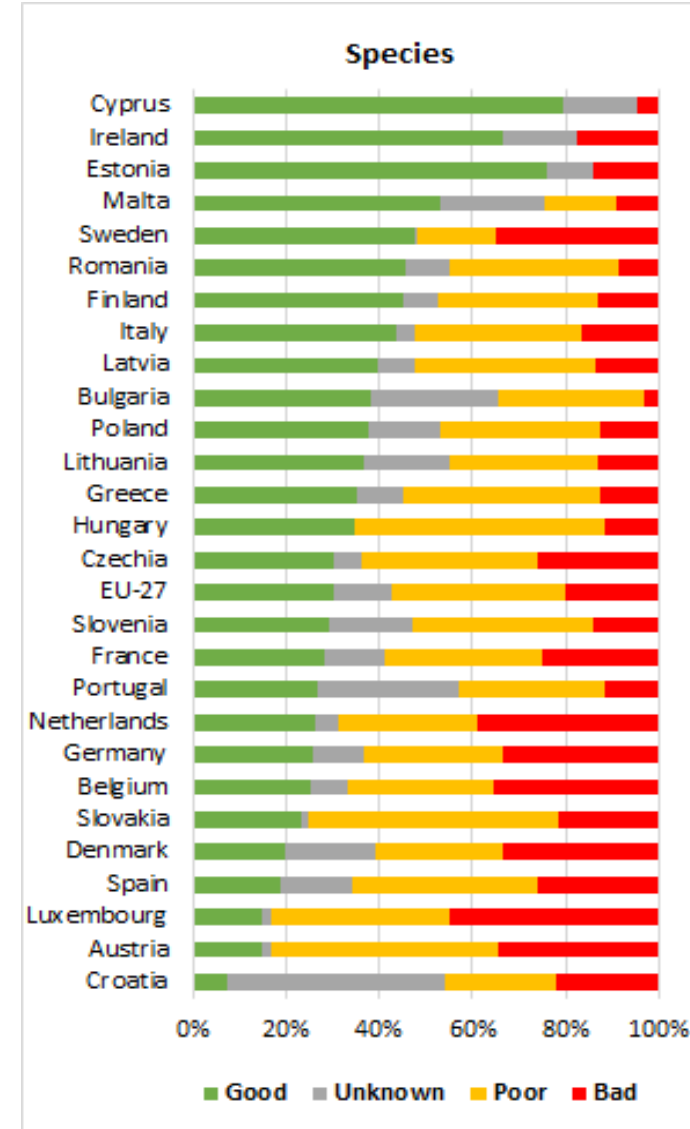
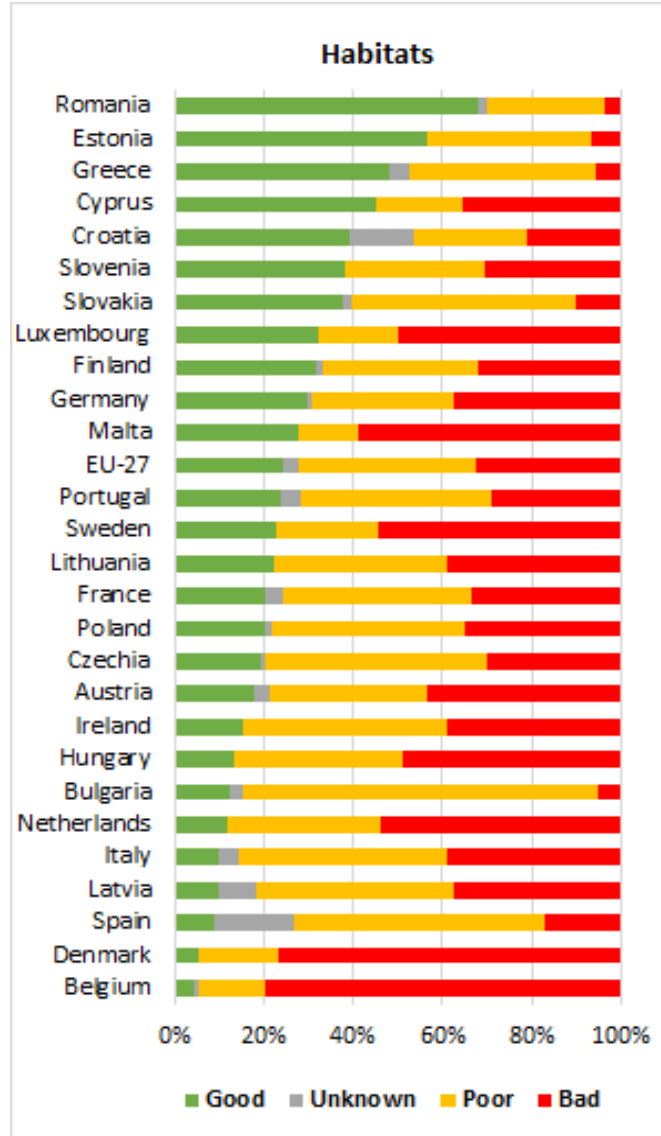


Socio-economic benefits of biodiversity financing

- Investments in nature and biodiversity **create jobs, boost the economy and improve quality of life** (e.g., Emscher landscape park in Germany, the European Green Belt, restoration of peatlands in Ireland, etc.)
- Other benefits:
 - Food security
 - Recreation, tourism and cultural heritage
 - Reducing public health problems, opportunities for outdoor recreation
 - Opportunities for environmental education, research and development
 - Green infrastructure for risk management (water security, water quality, protection against natural hazards)



Conservation status of habitats and species



| EU Biodiversity Strategy for 2030

Ensure that by 2030, Europe's biodiversity will be on a path to recovery for the benefit of people, the planet, the climate and our economy



Protect Nature



Enable Transformative Change



Restore Nature



EU For An Ambitious Global Agenda



Some key EU commitments



+ ca 100 measures



| Biodiversity Strategy financial commitments

- at least €20 billion a year should be unlocked for spending on nature' – through private and public funding at national and EU level, including through a range of different programmes in the next long-term EU budget.
- 'a significant proportion [30%] of the EU budget dedicated to climate action will be invested on biodiversity and nature-based solutions'
- 'under Invest EU, a dedicated natural-capital and circular-economy initiative will be established to mobilize at least €10 billion over the next 10 years, based on public/private blended finance'
- 'The Commission will strengthen its biodiversity proofing framework'



Funding needs for biodiversity

- “the scale of **financing needs** to deliver the strategy (...) is estimated at around **EUR 48.15 billion** annually between 2021 and 2030”
- estimated average **gap** of **EUR 18.69 billion** a year is identified

European Commission, Directorate-General for Environment, Nesbit, M., Whiteoak, K., Underwood, E., et al., *Biodiversity financing and tracking : final report*, 2022, <https://data.europa.eu/doi/10.2779/950856>



Financial needs for Natura 2000 in 2021-2027

- State of play with PAFs:
 - ❖ 70 PAFs from all 27 MS:
 - ❖ 23 MS – finalised
 - ❖ 3 MS – draft
 - ❖ 1 MS – PAF submitted but with data gaps
- EUR 10.2 billion per year
 - ❖ EUR 7 bn (69%) - annual costs
 - ❖ EUR 3.2 bn (31%) - one-off costs
 - ❖ maintenance and restoration (EUR 5 bn, 49%)
 - ❖ costs average EUR 132 /ha (terrestrial)



The upcoming Nature Restoration Law

- **Adoption** scheduled for the end of **June 2022**
- The **primary aim**: to restore degraded ecosystems to effectively halt and reverse the decline of biodiversity in the EU
- **National Restoration Plans**
- **Sources of financing**:
 - ❖ Public sources at EU and Member States level
 - ❖ MFF biodiversity spending target
 - ❖ Private funds, market-based instruments
 - ❖ Phasing out environmentally harmful subsidies



| EU draft budget 2023

- To **halt and reverse the decline of biodiversity** in the EU is a **major objective** of the Union
- In the **2014-2020** period, biodiversity-related expenditure reached **8 %** of overall expenditure.
- Draft MFF budget **2021-2027** estimate: **6.45%**
- Member States should dedicate **sufficient funding to biodiversity** in the context of the finalisation of the European Structural and Investment Funds and the Common Agricultural Policy (CAP) in order to achieve the ambition, set out in the IIA, to reach annual spending levels of up to 10 % in 2026 and 2027



Thank you

