

DRAFT THEMATIC GUIDANCE FICHE FOR DESK OFFICERS

**BIODIVERSITY, GREEN INFRASTRUCTURE,
ECOSYSTEM SERVICES AND NATURA 2000**

VERSION 2 - 20/02/2014

RELEVANT PROVISIONS IN THE LEGISLATION

Regulation	Articles
<i>Common Provisions Regulation (CPR)</i> <i>(N° 1303/2013)</i>	Article 8 "Sustainable development" Article 9(6) "preserving and protecting the environment and promoting resource efficiency" Article 96(7) (a) "[Each operational programme [...] shall, [...] include a description of] (a) the specific actions to take into account environmental protection requirements, resource efficiency, climate change mitigation and adaptation, disaster resilience and risk prevention and management, in the selection of operations"
<i>European Regional Development Fund (ERDF Regulation)</i> <i>(N° 1301/2013)</i>	Thematic Objective 6 "Preserving and protecting the environment and promoting resource efficiency" Article 5(6) (d) "[The ERDF shall support [...] protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure" Related provisions: Article 3 (1) (c), "[The ERDF shall support] investment in infrastructure providing basic services to citizens in the areas of energy, environment, transport, and ICT"
<i>Cohesion Fund (CF Regulation)</i> <i>(N° 1300/2013)</i>	Article 2 1. (a) "[The Cohesion Fund shall support] [...] investment in the environment, including areas related to sustainable development and energy which present environmental benefits" Article 4(c): "[The Cohesion Fund shall support [...] preserving and protecting the environment and promoting resource efficiency by (iii) "protecting and restoring biodiversity and soil and promoting ecosystem services, including through NATURA 2000, and green infrastructure".
<i>European Territorial Cooperation Regulation (ETC Regulation)</i> <i>(N° 1299/2013)</i>	Article 8 – 7 (a) "[Each cooperation programme shall [...] include a description of: (a) the specific actions to take into account environmental protection requirements, resource efficiency, climate change mitigation and adaptation, disaster resilience and risk prevention and risk management in the selection of operations"

This is a draft document based on the new ESIF Regulations published in OJ 347 of 20 December 2013 and on the most recent version of the relevant Commission's draft implementing and delegated acts. It may still require review to reflect the content of these draft legal acts once they are adopted.

1. Introduction

This guidance explains issues related to thematic objective 6 “*Preserving and protecting the environment and promoting resource efficiency*” and the related investment priorities for “*protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure*” under the ERDF and Cohesion Fund. It also provides suggestions for questions that could be raised by the negotiators.

2. Strategic Framework

2.1. Investments in biodiversity and nature protection as a source of socio-economic development

Investments in the sustainable use, protection and restoration of biodiversity and Natura 2000 lead to direct or indirect socio-economic benefits, including maintaining or creating jobs¹. Several economic sectors (agriculture and agro-food, tourism and leisure...) are dependent on the provision of a number of 'ecosystem services', i.e. services provided by nature such as clean rivers and water including bathing waters, soil, biomass, or disaster resilience etc. For instance, insect pollination in the EU has an estimated economic value of € 15 billion per year². Nature and ecosystem services also play an important role in controlling environmental risk factors such as climate change, floods and droughts

2.2. Framework of intervention: the Habitats and Birds Directives and the EU Biodiversity Strategy to 2020

The Habitats and Birds Directives, and the EU Biodiversity Strategy to 2020 are the cornerstones of the EU biodiversity and nature protection policy. The EU Member States have committed to implement the six targets of the EU Biodiversity Strategy to 2020. The objective is to reduce key pressures on nature and ecosystem services in the EU by stepping up efforts to fully implement existing EU nature legislation and anchor biodiversity objectives into key EU sectoral policies, including regional development.

2.3. Natura 2000 as an important focus for regional policy investments

Natura 2000³ is the centerpiece of EU nature and biodiversity policy. Effective management and restoration of sites in the Natura 2000 network requires significant investments. Cohesion policy can support the development and implementation of a wide range of instruments aimed at Natura 2000 network such as preparation of management plans for Natura 2000 areas; ecosystem restoration projects; development of infrastructure for public access; improving knowledge base and public awareness about nature etc. Where funding is planned to be invested in Natura 2000, the Prioritized Action Frameworks (PAF's based on Article 8 of Habitats Directive), developed at Member States' or regional level should be the strategic planning documents steering the needed investments.

Where the strategic steering documents (PAF's, N2000 management plans etc.) are weak or not yet developed and hamper a qualitative project pipeline, the ERDF could support the needed projects to get the adequate framework conditions and also capacity building. In addition Directorate-General for Environment (DG ENV) has developed useful guidance on these critical aspects (see chapter 6 at the end for the links).

¹ About 17% of EU jobs are directly or indirectly linked to natural assets

² The EU Biodiversity Strategy to 2020;

<http://ec.europa.eu/environment/nature/info/pubs/docs/brochures/2020%20Biod%20brochure%20final%20lowres.pdf>

³ <http://ec.europa.eu/environment/nature/natura2000/>

2.4. Green Infrastructure: a new opportunity to steer ERDF and CF investments for environmental and socio-economic benefits

A central and new element that could be supported through the ERDF and CF over 2014-2020 are investments into Green Infrastructure⁴ (GI). It can represent very effective win-win projects that not only deliver on the environmental side but also in terms of larger socio-economic benefits, for example connecting fragmented habitats (green and blue corridors), water retention and flood alleviation, carbon sequestration and cooling urban heat islands, space and habitat for wildlife with access to nature for people, places for outdoor relaxation and improved health and well-being.

GI should in particular be considered in urban development programmes. Investments into maintaining or developing high-quality green public spaces and business parks/premises, green roofs and vertical gardens, city rivers and storm pond systems in urban and peri-urban areas etc. are key tools to build climate resilient cities, improve well-being, maintain urban biodiversity and reach social and educational objectives as well.

2.5. CLLD as a possible effective instrument to channel biodiversity and nature related funding

Community-Led Local Development (CLLD) could represent a new and effective vehicle to implement biodiversity and nature related co-funded projects given the need to closely involve local communities, civil society and often implement small-scale projects. It could help tackle some of the issues in 2007-13 on biodiversity related funding, i.e. governance and capacity problems within authorities to develop the adequate project that suit the framework of ERDF and CF.

2.6 Supporting the development of remote and outermost regions, islands and coastal zones with biodiversity related investments

The marine dimension of biodiversity/nature and ecosystems needs to be considered. While it will be more a priority for the European Maritime and Fisheries Fund (EMFF), the ERDF could also support elements of the recently developed marine parks or protected areas and existing plans/projects.

Some of the EU Outermost Regions/Islands are 'hotspots' of biodiversity: it represents both a challenge and an opportunity for development for which regional policy could provide part of the needed investments. Similarly in remote areas, preserved nature can represent a key asset for development, in particular for tourism, agriculture/forestry.

2.7. Closely looking at synergies with other TOs and the other ESI funds

Sections 3 and 4 of the Common Support Framework (Annex I to the CPR) require Member States to ensure coordination, complementarity and synergies and avoid overlapping between support from the different ESI Funds and other EU policies and instruments.

Priority axes focused at biodiversity, Natura 2000, Green Infrastructure and ecosystem services need to be aligned with the priorities of Thematic Objective (TO) 5 on climate change adaptation and risk prevention and TO 6, Investment priority b on investing in the water sector since the synergies of all those areas are manifold.

As transport infrastructure can have significant impact on natural areas, investments under TO7 need to take it into account. Biodiversity proofing grey infrastructure should be further considered, beyond the legal requirements set by the Environmental Impact Assessment, Habitat and Birds Directives.

The European Agricultural Fund for Rural Development (EAFRD), and to a certain extent also the EMFF, will also significantly co-fund biodiversity, nature protection, Natura 2000 and Green Infrastructure related programmes. To avoid overlaps and/or funding gaps, managing authorities should clearly focus on the synergies of the various EU funding streams in their programmes to enhance EU added-value of investments.

⁴ To be understood as "a strategically planned network of natural and semi-natural areas but also other environmental features designed and/or managed so as to deliver a wide range of ecosystem services. It incorporates green spaces (and/or blue where aquatic ecosystems are concerned) and other physical features in terrestrial (including coastal) and marine areas. On land, GI is present in both rural and urban settings"

The related Operational Programmes (OPs) should also envisage possible synergies with the LIFE Programme⁵ (particularly with the so called "integrated projects"). LIFE projects often provide a "testing laboratory" for small scale projects that later on can be replicated on a wider scale (e.g. with regard to restoration or ecosystem services).

3. Regulatory scope of support

In line with the results orientation of the new legislative framework for Cohesion policy, the ERDF and the Cohesion Fund regulation distinguish clearly between the scope of support for the ERDF/CF (the activities it may support) and the investment priorities for each thematic objective (objectives to which the ERDF/CF shall contribute). For an operation to be eligible for ERDF/CF support it must contribute to a specific objective defined for an investment priority and fall within the scope of the fund's activities.

Scope of support:

1. ERDF

The main field of intervention of the ERDF on biodiversity are investments in the development of endogenous potential, through fixed investment and small-scale infrastructure.

This field of intervention is restricted by the generic exclusion of ERDF support in undertakings in difficulty.

2. Cohesion Fund

The Cohesion Fund, while ensuring an appropriate balance and according to the investment and infrastructure needs specific to each Member State, shall support investments in the environment, including areas related to sustainable development and energy which present environmental benefits, in compliance with article 177 of the Treaty.

Exclusions are similar to those applying to the ERDF: undertakings in difficulty.

3. Investment priorities

Investments under the Thematic Objective 6 "Preserving and protecting the environment and promoting resource efficiency" shall contribute to the following investment priority related to biodiversity:

1. ERDF

“Protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure”;

(ERDF: Article 5 (6) (d))

2. Cohesion Fund

(c) (iii) "protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure".

(CF: Article 3 (c) (iii))

⁵ <http://ec.europa.eu/environment/life/index.htm>

4. Key measures linked to Investment Priorities

4.1. Indicative Actions of high European added value for the ERDF and the CF.

In its staff working document N° SWD(2012) 61 final, Part II, on Elements for a Common Strategic Framework 2014 to 2020⁶, the Commission identifies a number of actions. These are actions which can be expected to make a significant contribution to the achievement of the targets and objectives of the Union strategy for smart, sustainable and inclusive growth and which shall act as a reference point in the preparation of programmes.

For the ERDF and the CF these include investment in green infrastructure, including in Natura 2000 sites and other territories to promote the protection and restoration of biodiversity and ecosystem services, climate change mitigation and adaptation, protection against floods and fires, coastal protection, soil protection and other risk prevention measures, decrease the fragmentation of natural areas, increase water availability, and restore heavily modified sites and habitats.

4.2. Why should the ERDF and the CF co-finance this kind of investments?

The underlying principles justifying a support of regional policy in the area of biodiversity, Natura 2000, ecosystem services and Green Infrastructure are manifold:

- First, they are an integral part of sustainable regional development (which includes the economic and job dimensions) with many spill-over effects on some of the key socio-economic sectors in certain regions such as agriculture/agro-food, tourism and recreation, energy production (through water, biomass...)⁷.
- Second, investments in these areas can bring educational, health and well-being benefits which are key elements of social cohesion.
- Third, they can support territorial cohesion, in particular through development of Green Infrastructure.
- Last but not least, in supporting MS and regions in these areas, regional policy contributes directly to implementing the relevant actions under the EU Biodiversity Strategy and providing the necessary funds to meet the 2020 biodiversity target, and the provisions of the Birds and Habitats Directives, as well as meeting the objectives under the EU water, air and marine legislation and policies.

4.3. Where should the money go and how to invest?

In relation to biodiversity, ecosystems and Natura 2000, although public funding is expected to remain the main source, private investment should also be encouraged for revenue-generating projects and for some green infrastructure elements, with potential support through financial instruments.

In this framework, the scope for investments is relatively broad but the interventions of the ERDF and CF should be based on clear preliminary analysis and assessments of needs in order to channel the funding into the projects with real EU added-value. In particular, the relevant strategic documents and reference plans at national and/or regional level should be the basis of the investment decisions (especially for Natura 2000, see below). As a key implementation principle, regional policy supported programmes should target in priority multi-benefit programmes and projects, i.e. programmes and projects that will deliver both environmental benefits but also socio-economic ones.

⁶ http://ec.europa.eu/regional_policy/sources/docoffic/working/strategic_framework/csf_part2_en.pdf

⁷ The value of the flow of ecosystem services from the (terrestrial) Natura 2000 network is estimated to be between €200 and €300 billion per year. This is equivalent in scale to between 2% and 3% of the GDP of the EU27, and roughly equal to the GDP of countries like Denmark, Greece or Finland (Estimating the Overall Economic Value of the Benefits provided by the Natura 2000 Network:

http://ec.europa.eu/environment/nature/natura2000/financing/docs/Economic_Benefits_of_Natura_2000_report.pdf

4.3.1. Natura 2000 and Prioritised Action Frameworks (PAFs)

Natura 2000 plays a central role in the EU efforts to achieving the EU biodiversity target of reducing and halting biodiversity loss. In this respect the effective management of Natura 2000 sites is a key requirement of the Habitats Directive. Article 8 of the Habitats Directive requires Member States to develop strategic planning tools, called Prioritised Action Frameworks (PAFs), which are designed to help integrate Natura 2000 financial requirements into relevant EU funding instruments. Therefore the PAFs are an important planning tool for identification and prioritization of the nature-related investment needs. This is a relevant step to identify necessary measures and ensure their proper integration into the Partnership Agreements (PAs) and Operational Programmes (OPs). Financing for Natura 2000 sites laid down into the Operational Programmes will have to be consistent with measures and financial sources for these measures as set out in the PAFs. Therefore Member States have been asked to submit their PAFs to the Commission before submission of their draft PAs and OPs. PAFs will also provide opportunities for improved stakeholders' consultation process regarding biodiversity financing.

4.3.2. Concrete ways ahead with regional policy

Among possible measures that could be supported are:

- Support to address the knowledge gap as regards biodiversity and ecosystem services;
- Site restoration and on-site management interventions;
- Investments in National Parks, Nature Parks, UNESCO Biosphere Reserves;
- Investments to control invasive or non-native species;
- Investments to reduce the impacts of land fragmentation and damages of grey structures, creating and/or maintaining ecological corridors (through Green Infrastructure);
- Green Infrastructure projects aimed at connecting habitats;
- Green Infrastructure and biodiversity projects in cities and agglomerations;
- Integrated spatial planning considering the enhancement of multiple ecosystem services;
- Management planning and monitoring for Natura 2000 sites;
- Educational actions and public awareness on Biodiversity and Natura 2000;
- Capacity building and trainings related to biodiversity and Natura 2000;
- Innovative approaches such as needed RDI and tests/pilots in:
 - Payment for Ecosystem Services (PES);
 - Innovation systems/models based on natural assets;
 - Geographic Information Systems (mapping...) and ICT solutions...

4.4. Synergies and complementarities within ERDF/CF and with other EU funds

In a broader perspective and given the horizontal nature of 'nature', synergies and spill-over aspects have to be considered and factored in the decision making process (mainstreaming). The design and selection of priorities and measures on biodiversity/Natura2000/GI within TO6 should be linked with the possible priorities and measures in other OPs and TOs, especially TO 5 on climate change adaptation (which is directly linked to nature and biodiversity) but also TO 1 and 3.

Eventually it should be underlined that the EAFRD is expected to play a crucial role in delivering the aims of the EU's Biodiversity Strategy by providing environmental public goods through agriculture and forestry. The EAFRD will also play an important role in ensuring the ecological integrity and scenic value of European landscapes, which are largely dependent on agricultural and forest management practices. In this respect synergies with the EAFRD are crucially important to avoid

overlaps in the scope of support or grey areas of 'no-support' as set out in the Common Strategic Framework.

Although European Structural and Investment (ESI) funds will provide the main part of the EU contribution to financing biodiversity, there are still other means playing an important role in the Multiannual Financing Framework. Besides Horizon 2020⁸, the new LIFE programme, as the only EU instrument solely dedicated to the environment, is expected to stay a key element. Through its sub-programme on environment, thematic area “Biodiversity”, LIFE will finance best practices to halt biodiversity loss and restore ecosystem services, while keeping its primary focus on Natura 2000. The newly introduced concept of LIFE integrated projects may provide support to small-scale innovative projects that could then, if successful, be further supported by other EU financing instruments of relevance (including ERDF, CF, EAFRD, EMFF, Horizon 2020).

5. Lessons from the past and result orientation

Investments in biodiversity, Natura 2000 and ecosystem services in the 2007-13 period had to face several difficulties in many MS which led to delays in the use of the allocated funding as well as re-allocation of funding in certain cases. Hurdles are manifold but certain key features appear frequently: the difficulty for some authorities to deal with bottom-up and small scale projects which are often the very nature of biodiversity and ecosystem related projects, the challenge of working with small organisations (like NGO's, associations, small municipalities...) that often do not have the human and financial capacities to design and implement projects on their own, the lack of an adequate project pipeline, weak administrative capacity or the difficulty to connect biodiversity related programmes to regional socio-economic development.

Nevertheless there have been very good projects (see the links in section 6) which show the way ahead and prove that investments into nature and biodiversity can not only benefit the environment but also provide further socio-economic development and employment opportunities.

The key for green infrastructure development is that it provides a “wide range of ecosystem services” (see definition in footnote 4). The specific objectives need to identify the most important service among those that were established based on the needs of the region. These services can affect various aspects of regional development and can include carbon storage, reducing risk of natural disasters, water purification and water regulation, tourism and recreational activities, health benefits.

Certainly, green infrastructure can contribute to many objectives as it provides a wide range of ecosystem services. Nevertheless, the idea of having a specific objective is about the change the programme seeks and not to list every possible impacts. Therefore the specific objective should reflect the most important result.

Result indicators should provide a basis to measure the improvement of ecosystem services. Naturally, they are linked to a certain type of service. While a result indicator that measures the monetary value of different types of services can be devised, we do not recommend using such indicators, because of their complexity.

Examples:

- carbon stock in the protected natural areas, in CO₂ equivalents
- annual recreational visits at Natura2000 network sites

⁸ http://ec.europa.eu/research/horizon2020/index_en.cfm?pg=redirect

6. Useful resources

DG Environment resources

- Nature & biodiversity webpage:
http://ec.europa.eu/environment/nature/index_en.htm
- EU Biodiversity strategy to 2020:
<http://ec.europa.eu/environment/nature/biodiversity/comm2006/2020.htm>
- Financing Natura 2000:
http://ec.europa.eu/environment/nature/natura2000/financing/index_en.htm
- Synthesis report on the economic benefits of Natura 2000:
http://ec.europa.eu/environment/nature/natura2000/financing/docs/ENV-12-018_LR_Final1.pdf
- Management of Natura 2000 sites: Guidance
http://ec.europa.eu/environment/nature/natura2000/management/guidance_en.htm
- Green Infrastructure:
http://ec.europa.eu/environment/nature/ecosystems/index_en.htm

Examples of co-funded projects with collection of good practices

- Improving the current and future funding opportunities for nature conservation and biodiversity through the European Regional Development Fund (ERDF):
<http://www.surf-nature.eu/>
- Including Guidance on:
 - Natura 2000 (http://www.surf-nature.eu/fileadmin/SURFNATURE/Publications/Natura_2000_booklet_PDF.pdf)
 - Green Infrastructure (http://www.surf-nature.eu/fileadmin/SURFNATURE/Publications/Green_Infrastructure.pdf)
- Biosphere entrepreneurship: A pilot study on social entrepreneurship in the biosphere reserve Lake Vänern Archipelago and Mount Kinnekulle, Sweden
http://www.vanerkulle.org/vk/images/stories/files/297_Biosphere%20Entrepreneurship%20-%20A%20Pilot%20Study%20Webversion.pdf
- Biodiversity web portal: www.azoresbioportal.angra.uac.pt
- Biodiversity databases: <http://www.biodiversidadcanarias.es>
- Maritime cluster providing global marine science expertise in Wales (RegioStars 2011 Winner):
http://ec.europa.eu/regional_policy/videos/video-details.cfm?vid=721&LAN=EN
<http://www.bridgemarinescience.eu/>
- Danubeparks project: http://ec.europa.eu/regional_policy/videos/video-details.cfm?vid=566&LAN=EN
- Connecting Smart and Sustainable Growth through Smart Specialisation - A practical guide for ERDF managing authorities (with examples of Green Infrastructure)
http://ec.europa.eu/regional_policy/sources/docgener/presenta/green_growth/greengrowth.pdf
- Studies on Design, Implementation and Cost Elements of Green Infrastructure Projects and on Green Infrastructure Implementation and Efficiency (with > 100 cases of GI)
<http://ec.europa.eu/environment/nature/ecosystems/studies.htm>
- Danubeparks project: http://ec.europa.eu/regional_policy/videos/video-details.cfm?vid=566&LAN=EN

- Landscape institute on Green Infrastructure principles:
<http://www.landscapeinstitute.org/PDF/Contribute/2013GreenInfrastructureLIPositionStatement.pdf>
- Greeninfranet: <http://www.greeninfranet.org/>