

Establishing Natura 2000 in EU Accession Countries

Proceedings

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CIP: Establishing Natura 2000 in EU Accession Countries - Proceedings

Mihály Végh & Dóra Szücs (eds.), Tilburg: European Centre for Nature Conservation, 1999

(ECNC Technical report series), August 1999

ISBN: 90-802482-8-2

Published with the financial support of the European Commission's TAIEX Office and the Dutch Ministry of Agriculture, Nature Management and Fisheries and the Dutch Ministry of Foreign Affairs (MATRA Fund / Programme International Nature Management)

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Introduction to community financial instruments of interest for the Natura 2000 network

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Introduction

The Natura 2000 network will, in the near future, create a ‘community infrastructure’ for nature conservation in which member states take on certain obligations, and that will mean a financial burden.

For this reason, one of the most controversial aspects of the Habitats Directive is the financing of the Natura 2000 network, and though the Directive itself makes reference to a specific source of funding in the future, this does not yet exist. This aspect has frequently been used as an excuse for delaying the development of the Natura 2000. The problem can become further complicated when the Natura 2000 network occupies a large part of the territory, as funding difficulties could add to the problems arising from the restriction of land uses imposed by this status.

In this sense it should be noted that eight member states of the European Union have decided to contribute more than 13% of their territory to the Natura 2000 network. Bearing in mind that these are national statistics, it is possible to find that these percentages rise when considered at regional level, with some regions contributing more than 25% of their territory, and in some cases in excess of 30%.

Nevertheless, there are a number of financial instruments, which can be used to finance the Natura 2000 network. The range of possibilities is very broad and can satisfy almost any needⁱⁱⁱ. In particular, the instruments of cohesion and agriculture policy and the Life instrument.

Principle financial instruments for the Natura 2000 network.

Cohesion policy	Structural Funds	National initiatives	Operational Programmes (Ob. 1)
			DOCUP (Other Obj's)
		Community initiatives	LEADER INTERREG Etc
	Cohesion fund		
Agriculture policy	Agri-environmental measures		
	Farmland reforestation		
Community programmes	LIFE		

What is nature conservation?

Before continuing with this introduction, it is worth pausing for a moment to reflect upon a matter which, as obvious as it may seem, is fundamental when it comes to seeking out possible means of financing, as there are different ways to respond to different needs. What do we understand by nature conservation?

The ultimate objective of the Birds and Habitats Directive is to contribute to safeguarding biodiversity in the European Union. One of the tools envisaged for this purpose is the setting up of the Natura 2000 network. According to the Directives, all the measures, which are adapted to this end, must take into account economic, social and cultural demands, as well as regional and local particularities. This is a very important point to bear in mind, as conservation measures are not necessarily the same from one region to another.

From an analysis of the national percentages proposed for the Natura 2000 networkⁱⁱⁱ and of the size of these, the following conclusions about the national proposals can be drawn:

- large areas and an important percentage of the national territory have been proposed in Mediterranean countries
- smaller areas and a lower percentage of the territory in Central European countriesⁱ
- an intermediate position between the above in Scandinavia
- Austria is an exception: while being a Central European country it follows a similar pattern to the Mediterranean countries.

These tendencies have their explanation in different environmental situations and conservation strategies. In Central Europe the territory endures a high population density, with great urban and industrial development, and the predominant agriculture is of an intensive character, with the best conserved areas and the farming systems most compatible with nature conservation being restricted to some remote, highlands and mountainous regions. On the other hand, it is here that there is the greatest environmental awareness and culture, where NGOs are most powerful and from where most conservationist tendencies emanate. In general, the best conserved areas in these regions are the small ones and conservation policies tend to be focused on the acquisition of land and the management and recovery of degraded habitats, in what could be termed an 'intensive' conservation strategy; in view of the amount of inputs. For example the Netherlands in 1996 dedicated 78 MEuro to the acquisition of land, mostly farmland, and in its reconversion into nature sites. Denmark has set the target of recovering 1,000 ha of ancient wetlands each year at an average cost of 8.000 Euro per hectare.

In the Scandinavian countries the population density is low, the impact of farming localised in the South and, as in the previous group, in these countries there is a strong environmental awareness within the inhabitants. These factors facilitate the dedication of large areas to nature conservation. These countries also invest large sums for the acquisition of land, estimated at some 20 MEuro a year in Sweden and between 28-30 MEuro in Finland^{iv}.

In Mediterranean countries the situation is rather different. The population density is lower than in Central Europe. The countries are less industrialised and urbanised. There are still relatively large areas, which are well-conserved and dependent on traditional farming systems. The latter is of great interest, as the conservation of natural sites frequently calls for the maintenance of these farming systems, which are generally in decline due to their low competitiveness. Thousands of hectares have already been abandoned and thousands more are in the process of abandonment, with the consequent modification of ecosystems. In some cases these changes will be positive, but others will lead to an important loss of biodiversity. In any case they mean the loss of an ancestral culture which has been the guardian of much of the biodiversity which today we are striving to conserve.

This introduction to the different situations in the European Union clearly shows the range of circumstances, each due to its own reasons and each with different strategic needs in terms of conservation of the natural heritage. If conservationist tendencies in Central Europe are of an 'intensive' character, and frequently consist of management, which tries to recreate the effects of extinct traditional farming systems, strategies in the Mediterranean are more inclined towards the integration of conservation and rural development.

Thus we can see that alongside the diversity of habitats existing in the European Union there is a diversity of different situations, each of which needs a particular conservation strategy. In the most deteriorated regions it will be necessary to reverse situations of environmental degradation while in others it will be necessary to promote socio-economic development that is compatible with conservation needs. Therefore, each one of these situations will demand specific financial instruments.

Financial Instruments

Life

This is a financial instrument created by the Commission in 1992 with the aim of contributing to the development and implementation of environmental policy. Approximately 50% is dedicated to nature conservation and the rest to environment. Each year there is a call for proposals which is open to projects from all of the European Union. In the selection of projects, one of the major priorities is that they are carried out in areas protected by Community legislation, i.e. in Special Protection Areas and Special Areas for Conservation. Life finances all types of activities, from the acquisition of land to equipment and management costs, making it highly flexible. Funding represents 50% of the project cost and in exceptional cases 75%, the rest must be provided by the beneficiary.

This is a very popular instrument and between 1992 and 1998 has financed 347 nature conservation projects with 283 million Euro. 1999 sees the start of a third phase of its application, in which the fund is opened up to accession candidate countries.

Agriculture policy

Agri-Environmental Measures

These measures provide grants for farmers who undertake certain farming practices compatible with the environment, and their application is based on programmes prepared by the Member States. These programmes can be horizontal in character, for application in all the territory, or zonal, when they are designed to solve environmental problems in a specific region. Though both types of application are beneficial for the environment, application based on zonal programmes undoubtedly offers better results.

Programmes can be designed, for instance, to promote lower consumption of fertilisers, pesticides and herbicides in the vicinity of a wetland, to promote the survival of traditional farming practices with a lower environmental impact, reduce livestock densities, etc.

The States where these measures have been applied with the greatest success are Finland, Austria and Luxembourg, where more than 70% of useful farmland is assigned to these programmes, the EU average being 17%.

Afforestation of Farmland

These are grants, which promote the transformation of farmland into forested areas. As in the previous case, Member States must apply them in their territory, for which they can design horizontal or zonal programmes. The premiums in these grants are always greater for the plantation of native species than for quick-growth species.

Grants under the headings of agri-environmental measures and reforestation of farmland are paid 100% to the beneficiaries, with a 50 or 75% contribution from Community funds, depending on the region, and the rest paid out by the Member State.

Both measures will be eligible to receive assistance in the Accession Countries through the Special Accession Programme for Agriculture and Rural Development (SAPARD).

Cohesion Policy

For 'intensive' conservation strategies Life is obviously the most appropriate instrument, as it permits the financing of a wide range of possibilities. The agri-environmental measures are also of great interest, above all in areas with specific problems or suffering from the effects of intensive farming. For their great environmental specificity, these two types of grants are the most widely known and used for nature conservation in the European Community, so much so that until recently any talk of Community financial instruments for nature conservation only made reference to these.

However, in addition to the above, a variety of opportunities are offered by the Structural Funds (Box 1) and the Cohesion Fund.

BOX 1. The Structural Funds and their objectives

The four Structural Funds:

- *The European Regional Development Fund (ERDF). It aims to correct the main imbalances between the regions in the Community by taking part in the development and structural readjustment of backward regions, and in the reconversion of declining industrial regions. To do so, it finances productive investments: infrastructures, development of endogenous potential, health and education, research and development, and the environment.*
- *The European Social Fund (ESF). This is aimed at improving the employment possibilities of workers and helping to raise the standard of living. The investments are mainly directed at job training, employment aid, innovative actions, training systems, educational systems and research and development.*
- *The European Agricultural Guidance and Guarantee Fund, (EAGGF-guidance section^v). It aims to adapt the agricultural structures within the framework of the Common Agricultural Policy (PAC) and promote rural development and the structural adjustment of less developed regions. To do so, it finances the modernisation of agricultural operations, agricultural conversion and marketing, agricultural development, promotion of local products, prevention of natural catastrophes, renewal of towns, protection of the rural patrimony network, agri-environmental and afforestation schemes.*
- *The Financial Instrument for Fisheries Guidance (FIFG). It aims to help attain a sustainable equilibrium between fishing resources and their exploitation, increase competitiveness of the operational structures and the development of company development, change the value of fishing and aqua-culture products.*

Their objectives during the 2000-2006 programming period:

- **Objective 1** *To promote the development and structural adjustment of regions whose development is lagging behind. Is the same as at present and the priority of this regions will be maintained. Objective 1 will take up two thirds of the Structural Funds and will apply to the regions that do not reach 75% of the Community average per capita GDP. The ERDF, ESF, FIFG, and EAGGF will be involved, with a contribution of the 50-75% of the total investment. In the other Objectives this contribution will remain the 25-50%.*
- **Objective 2** *To support economic and social conversion. Is a new Objective. It will focus on the economic and social conversion of areas facing structural difficulties, which will be defined by common agreement between the Commission and the Member States. These will be very similar to those at present under Objectives 2 and 5-b. The ERDF, ESF and FIFG will be involved.*
- **Objective 3.** *To develop human resources. It is also a new Objective, focused on the modernisation of policies and systems relating to education, training and employment. Only the ESF will be involved. It will cover cover areas excluded from Objectives 1 and 2.*

Cohesion policy has the aim of contributing to the construction of the European Union, trying to reduce socio-economic differences between the regions. These are therefore funds, which pursue the development of the regions, the creation of wealth and of employment.

The Structural Funds are highly flexible and can be used for almost anything, including intensive conservation measures. Their possibilities are sufficiently varied to permit the financing of any measure, which contributes to the establishment, maintenance and promotion of the Natura 2000 network. Nevertheless, given that the Structural Funds have the aim of contributing to regional development, their potential is greatest when their use is linked to rural development. This is therefore an instrument of great interest for conservation strategies in the countries, which still have large regions where conservation and traditional extensive farming are closely linked. This tends to be the case in the more marginal lands, where it is more frequent to find the best-conserved natural areas, which are thus candidate sites for the Natura 2000 network.

This, therefore, is the meeting point between nature conservation and rural development, which if correctly developed would be a good approximation to a model of sustainable development.

National Initiative Structural Funds

The programming and management of these Structural Funds, which constitute more than 90% of the structural budget, is the responsibility of the Member States on a regional basis. For their application, Member States must prepare a Regional Development Plan, which will subsequently be discussed with the Commission. The final development of this Plan is articulated through programmes (Operational Programmes of Single Programming Document depending on the region).

Though there are good examples of how the four Structural Funds can contribute to financing the Natura 2000 network, the EAGGF is the most suitable for this purpose (Box 2). The Structural Funds contribute 50-75% of the programmed investment in the most underprivileged regions (objective 1) and 25-50% in the rest. The remaining finance is put forward by the Member State, fundamentally through public funds though also through private funds.

The above mentioned SAPARD includes many measures very similar to those already implemented through the EAGGF programmes

Community Initiatives

The Community initiatives are a small part of structural programming, which the European Commission reserves to contribute to solving problems of a Community scope, such as unemployment or the permeabilization of national frontiers. Many of the present Community initiatives involve some interest for nature conservation, through education, promoting new rural development initiatives or by means of the development of nature conservation programmes. The most interesting, which will also continue after the year 2000, are:

- LEADER is aimed at promoting native rural development approaches. Unlike other programmes it has a bottom-up development, i.e. it is proposed by local initiative and subsequently developed at that level. This is an initiative of great interest, as it offers opportunities for pushing forward a private and local initiative integrated with criteria for the conservation of Natura 2000 network sites.
- INTERREG has the aim of cross-border co-operation. Its area of application consists of the border regions. It is articulated in the form of an operational programme, which includes projects prepared by the public administrations. It can subsidise different actions of interest for the Natura 2000 network, such as measures aimed at rural development, nature conservation, etc.

INTERREG could be used in the Accession Countries for nature conservation in the future programming period, 2000-2006. There are very good examples of how it has been used in such manner in some EU Member states.

Box 2. Actions that could be financed by the Structural Funds.

European Regional Development Fund (ERDF).

Productive investments that allow the creation of non-agricultural employment (Rural tourism, handicraft production, etc)

Infrastructures (Waste-water treatment plants, fitting out or alterations to transport infrastructures to avoid habitat fragmentation, hydraulic infrastructures that help to conserve wetlands, etc.)

European Social Fund (ESF)

Job training for the local population

Education and awareness-raising

Research

*European Agricultural Guidance and Guarantee Fund (EAGGF)**

Promotion and creation of quality products

Development and improvement of the rural infrastructures linked with agricultural and forestry development

- *Diversification to alternative incomes*
- *Renovation and development of towns, protection and conservation of rural heritage*
- *Improvement of agroforestry and grazing states*

- *Fostering investment in tourism and crafts*
- *Protection of the environment, conservation of rural areas and landscape*
- *Research and technological agricultural and forestry development*
- *Demonstration projects*

FIFG

- *Conservation of marine resources*

**SAPARD will include these opportunities*

The Cohesion Fund

The cohesion fund is applicable exclusively in Ireland, Portugal, Spain, Italy and Greece. It works in a project basis, which are proposed to the Commission for funding by the Member States. Assistance from this fund is targeted at transport and environment. Environment accounts for the 50% of the fund, and although most of it is for sewage water and waste treatment, there are a few examples on how it has been used for nature conservation in Ireland and Spain.

Since the year 2000, the new Pre-Accession Structural Instrument (ISPA) will work in a similar way to the cohesion fund in the pre-Accession Countries. However, due to the important environmental deficit in these countries, it will be very difficult to be used for nature conservation purposes.

Opportunities for the Future

We have seen that the possibilities for funding the Natura 2000 network and nature conservation exist and are highly varied. However, the key to their successful use, in the EU Member states and in the pre-Accession Countries, depends on:

- Environmental authorities knowing of their existence and functioning, especially in the case of the Structural Funds (*This will be crucial for a good use of SAPARD, INTERREG*).
- Environmental authorities participating from the outset in the structural fund programming process (In the pre-Accession Countries, SAPARD will be implemented through Development Programmes for Rural Development for the period 2000-2006. These programmes will be drawn in each county by the responsible authorities, which most probably will be their Ministries of Agriculture.)
- Integration between nature conservation, agriculture and rural development policies.
- Promoting the participation of local initiative, public and private, in the attainment of the Natura 2000 network's objectives.
- Revaluation of products and services originating in Natura 2000 network areas.
- Co-ordination for the application and development of the instruments.

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