

# BIODIVERSITY ON THE BRINK

What's holding back financing for nature in the EU?

CEE Bankwatch Network

euRONATUR



# Research & writing

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# Summary

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Biodiversity both inside and outside the European Union continues to decline each year. The EU aims to address this through its Biodiversity Strategy for 2030, which foresees a key role for both EU public and private financing in addressing the biodiversity crisis. This was more recently echoed during the COP 15 agreement,<sup>1</sup> which, in addition to goals for the protection of land and sea and the elimination of harmful subsidies and reforms, called for a drastic increase in global biodiversity financing of USD 200 billion by 2030.

However, a number of significant barriers at the national level remain, preventing the successful uptake and efficient use of such financing. The financial allocations earmarked for nature restoration and conservation measures are too low, even though EU funding is available. This leads to the under-achievement of objectives, as was the case with the EU's 2020 headline target of halting the loss of biodiversity and the degradation of ecosystem services in the EU by 2020, and restoring them insofar as was feasible.<sup>2</sup>

To better identify and understand the barriers impeding the uptake of funding, in the second half of 2022, EuroNatur and CEE Bankwatch Network, together with four national partner organisations,<sup>3</sup> held a series of roundtable discussions in Bulgaria, Croatia, Latvia and Slovenia. These brought together a variety of stakeholders involved in the field of EU biodiversity financing at the national level. This report is a presentation of these findings, with the aim of raising awareness of current barriers and in turn facilitating more efficient use of funding for biodiversity.

Across all four countries we found a number of common barriers that need to be dealt with systematically. These include:

- An overall lack of knowledge and awareness about what constitutes biodiversity – and consequently about the need to invest in biodiversity – among stakeholders. As such, the critical need to finance biodiversity is still widely unknown, and those who need to take part in this do not necessarily understand what kinds of investments are required.
- Insufficient cooperation between actors was also repeatedly cited as a chronic problem, with biodiversity not seen holistically across sectors or ministries. This lack of cooperation and coordination between sectors is evident both at the administrative and implementation levels.
- Organisations underlined difficulties in obtaining funding, as bureaucratic requirements often make applications and reporting conditions too demanding. This is compounded by the common understanding that the responsibility primarily lies with the non-governmental sector, despite the economic and human resource difficulties this sector faces.
- Lastly, the overcentralisation of institutions responsible for managing and implementing biodiversity-related projects causes its share of difficulties, which are exacerbated by a chronic lack of capacity in such institutions. As a result, they are not able to fully use the funds allocated to them. This was identified as being the result of administrative obstacles.

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1 COP 15 stands for the 15th Conference of the Parties to the United Nations Convention on Biological Diversity. The 15th edition was held in Montreal, Canada between 7 and 19 December 2022. United Nations Environment Programme, [COP15 ends with landmark biodiversity agreement](#), 20 December 2022.

2 European Commission, [Our life insurance, our natural capital: an EU biodiversity strategy to 2030](#) / \* COM/2011/0244 final, EUR-Lex, 3 May 2011.

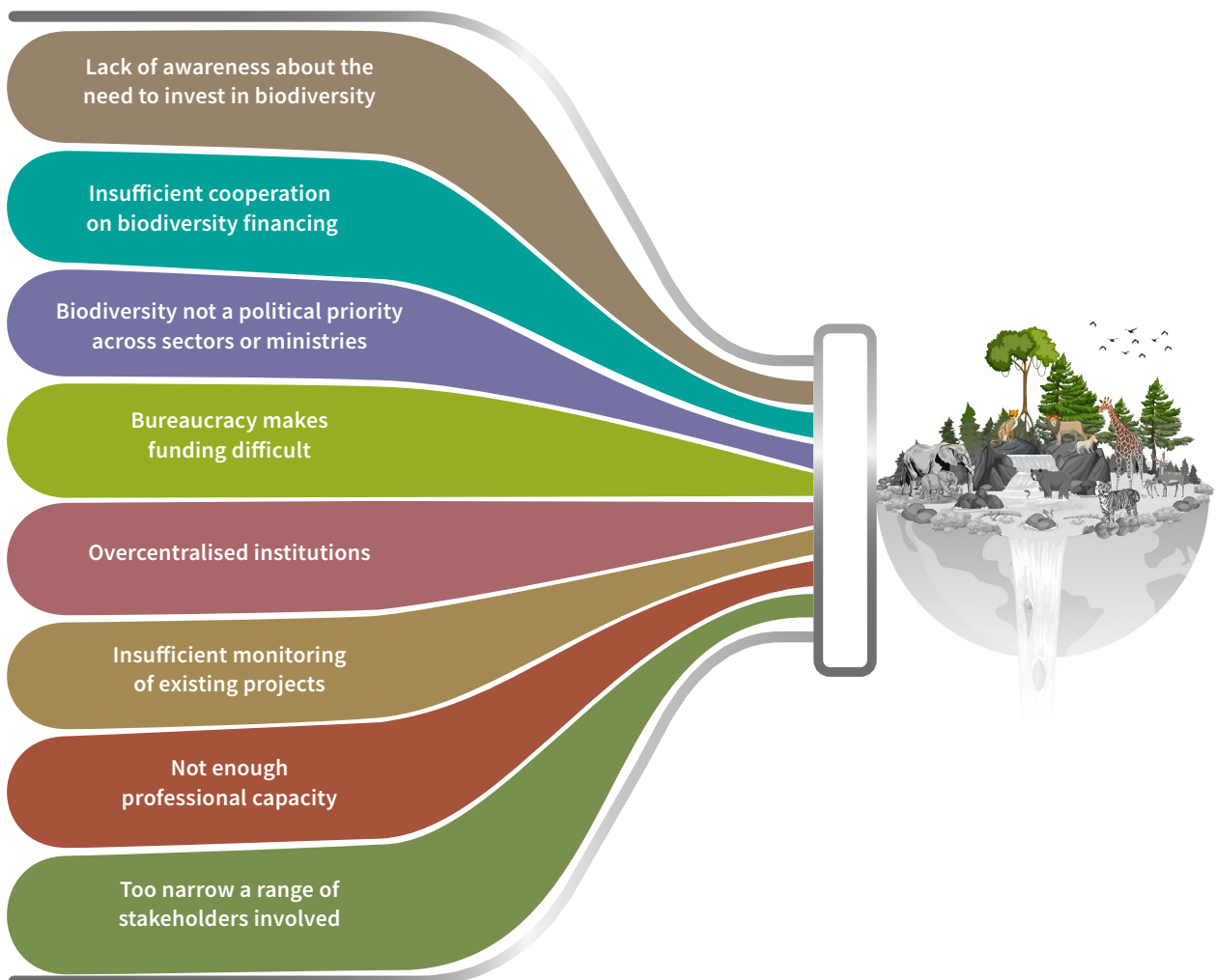
3 Balkani from Bulgaria, Zelena Akcija/Friends of the Earth Croatia, Green Liberty from Latvia and DOPPS/Birdlife Slovenia

In addition, recommendations are provided both at the EU and national levels based on the discussions with stakeholders. These are outlined in greater detail below and include ways to:

- Induce and anchor political commitment;
- Clearly define and identify what biodiversity investments are and what they will deliver to nature and society;
- Create synergies in a field of highly specialised experts;
- Guarantee financial trust and set up proportionate rules around how financing is spent;
- Improve coordination and ensure full transparency of the use of public funds for all actors and the wider public.

This publication aims to create dialogue, bring together diverse actors to find solutions and address a key reason for the limited progress in conservation and restoration projects in these four countries.

## Bottlenecks in investing in biodiversity



# Introduction

## The importance of biodiversity financing

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The cost of failing to protect and restore biodiversity vastly outweighs the investments needed. It is estimated that more than 50 per cent of global gross domestic product (GDP) is dependent on nature, biodiversity and the services it supports.<sup>4</sup> EU data shows that investments in nature restoration add between EUR 8 and EUR 38 in economic value for every EUR 1 invested,<sup>5</sup> thanks to the various ecosystem services that biodiversity provides. We have included two examples below.

- Natural pollinators, namely insects, are key to crop yields and food security; the direct economic value of crop pollination by insects in the EU is EUR 14 billion annually, and more than 75 per cent of global food crop types rely on animal pollination.<sup>6</sup>
- The costs of flooding and related natural disasters in Europe have been forecast to reach almost EUR 1 trillion per year by 2100 without new investments in adaptation, many of which consist of biodiversity investments. Restoring coastal ecosystems can increase resilience to storms, coastal flooding and coastal erosion, with natural alternatives being cheaper than traditional hard engineering approaches such as dykes, dams, storm barriers and sea walls.<sup>7</sup>

Besides the benefits for health and the preservation of our livelihood, financing actions that conserve and restore nature also delivers economically by providing stable and long-term employment:

- Investments in climate adaptation could generate up to 500,000 jobs by 2050.<sup>8</sup>
- The benefits of the EU Natura 2000 nature protection network are valued at between EUR 200 billion to EUR 300 billion per year.<sup>9</sup> Every EUR 1 billion invested in the management of Natura 2000 sites already generates 30,000 jobs both directly and indirectly.<sup>10</sup>
- Investments in biodiversity conservation can not only deliver more jobs than some traditional sectors like mining and road transport, but can also create jobs sooner, when the stimulus effect of investments is most needed. This is particularly true for investments in forestry and wetlands, where the ongoing nature of these activities also means long-lasting jobs.<sup>11</sup>

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4 World Economic Forum, [Nature risk rising: Why the crisis engulfing nature matters for business and the economy](#), In collaboration with PwC, *New Nature Economy series*, 2020.

5 European Commission, Directorate-General for Environment, [Restoring nature: for the benefit of people, nature and the climate](#), *Publications Office of the European Union*, 2022.

6 José Graziano da Silva, [Why bees matter- The importance of bees and other pollinators for food and agriculture](#), *Food and Agriculture Organization of the United States*, 2019.

7 European Environment Agency, [Economic Losses and Fatalities from Weather and Climate-Related Events in Europe](#), 2022.

8 Renewable energy sources are not considered here, as they don't fall under biodiversity action. Examples for investments in climate adaptation can be afforestation to regulate temperature, or flooding areas to avoid flooding in areas where human activities would be in peril.

9 Olaf Bastian, [The role of biodiversity in supporting ecosystem services in Natura 2000 sites](#), *Ecological indicators*, 24, 12-22, 2013.

10 Konar Mutafoglu et al., [Natura 2000 and Jobs: Scoping Study](#), April 2017.

11 Vivid Economics, [Fund Nature, Fund the Future](#), June 2021.

Biodiversity, however, is an ambiguous term at the best of times, and even more so when we refer to ‘biodiversity financing’. This means the financing of activities/projects that contribute to the achievement of the EU’s 2030 Biodiversity Strategy objectives. These include:

- The commitment to legally protect a minimum of 30 per cent of the EU’s land area and 30 per cent of the EU’s sea area and integrated ecological corridors.
- The commitment to strictly protect at least one-third of the EU’s protected areas (10 per cent on land and 10 per cent at sea), including all remaining EU primary and old-growth forests.
- The commitment to restore 25,000 kilometres of free-flowing rivers.
- The commitment to plant at least three billion trees in Europe while following ecological principles.

According to the European Commission, the EU’s biodiversity strategy for 2030 is a comprehensive, ambitious and long-term plan to protect nature and reverse the degradation of ecosystems. The strategy aims to put Europe’s biodiversity on a path to recovery by 2030. **The strategy states that EUR 20 billion per year should be unlocked for biodiversity through various sources, including EU funds, national funding and private funding.**<sup>12</sup> However, the Institute for European Environmental Policy and Trinomics have since then estimated a total requirement of EUR 48 billion per year in order to achieve the objectives of the strategy by 2030.<sup>13</sup> This shows that financing is a crucial driver for change, including how that funding is designed, sourced and used. Indeed, the conservation and restoration of habitats, species and entire ecosystems requires significant amounts of money for data collection, research, observation, construction and ecological restoration.<sup>14</sup>

Looking back, the EU did not achieve key objectives under its previous Biodiversity Strategy to 2020, placing greater pressure on the need to achieve those objectives by 2030. The mid-term review concluded that the EU would miss its overall 2020 headline target of halting the loss of biodiversity and the degradation of ecosystem services. What’s more, rather than making progress towards these targets, in many cases, the situation actually worsened. In 2020, the European Environmental Agency<sup>15</sup> found that fewer than half of bird species had a favourable status, which was lower than in previous years. Only 15 per cent of habitats had a favourable status, less than the previous period (16 per cent from 2007 to 2012).

One marker for today’s situation is comparing the costs of achieving EU-wide biodiversity objectives with how much is actually being spent. **The current financing needs per year between 2021 and 2030 are estimated at EUR 48.15 billion, but only EUR 29.46 billion per year is expected to be spent** (EUR 15.22 billion from the EU budget and EUR 13.87 billion from Member State budgets). This means there is a **current financing gap for biodiversity of around EUR 186.89 billion** over this time period.<sup>16</sup>

That said, the lack of biodiversity financing or funding<sup>17</sup> cannot be explained only by a lack of available money, since money is poorly absorbed and often not fully spent within programming periods. For example, Croatia spent only 49 per cent of the available cohesion policy funds from 2014 to 2020 by 2020,<sup>18</sup> and many other Member States suffer from similar slow absorption problems. **In order to improve this situation, it is vital to better understand what relevant stakeholders perceive to be the problems, barriers and bottlenecks preventing further investments that will allow for these targets to be realised. What are the underlying factors preventing increased funding and what needs to happen for these to be overcome?**

This report therefore aims to provide a consolidated overview of the most significant and problematic barriers impeding the use of EU funding for biodiversity nationally, as identified by a wide variety of relevant stakeholders working in this field. The identified barriers are non-exhaustive, but are recurring and consistently noted across all four countries: Bulgaria, Croatia, Latvia and Slovenia.

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12 European Commission, [Biodiversity Strategy for 2030, Bringing nature back into our lives, COM/2020/380 final](#), *EUR-Lex*, 20 May 2020.

13 Institute for European Environmental Policy and Trinomics, [Biodiversity Financing and Tracking](#), May 2022.

14 One example of these costs is the Max-sur-Zenne project, which consists of the restoration of a 650-metre stretch of the Senne river in Brussels, which will cost EUR 20 million.

15 European Environment Agency, [Report No 10/2020, State of Nature in the EU, Results from reporting under the nature directives 2013-2018](#), 20 August 2020.

16 IEEP and Trinomics, [Biodiversity Financing and Tracking](#), May 2022.

17 We will not tackle the topic of biodiversity investments, since this implies direct and short-term economic return and added value, which is peripheral in terms of the EU Biodiversity Strategy’s goals.

18 European Commission, [2014-2020 ESIF Overview](#), refreshed 13 January 2023.

# Concept and methodology

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■ White-tailed eagle, Ķemeri National Park, Latvia. There are 93 bird species of EU importance in Latvia. Their biggest threat is loss of habitat.  
*Photo: Aivars Petriņš and Rolands Ratfelders*

This report is based upon an initiative whose main purpose was to establish a dialogue in the form of roundtables, which would for the first time comprehensively address the issue of national biodiversity financing. This is crucial for establishing a common understanding of the challenges, advantages and issues faced, leading to the identification of bottlenecks and future actions for solutions.

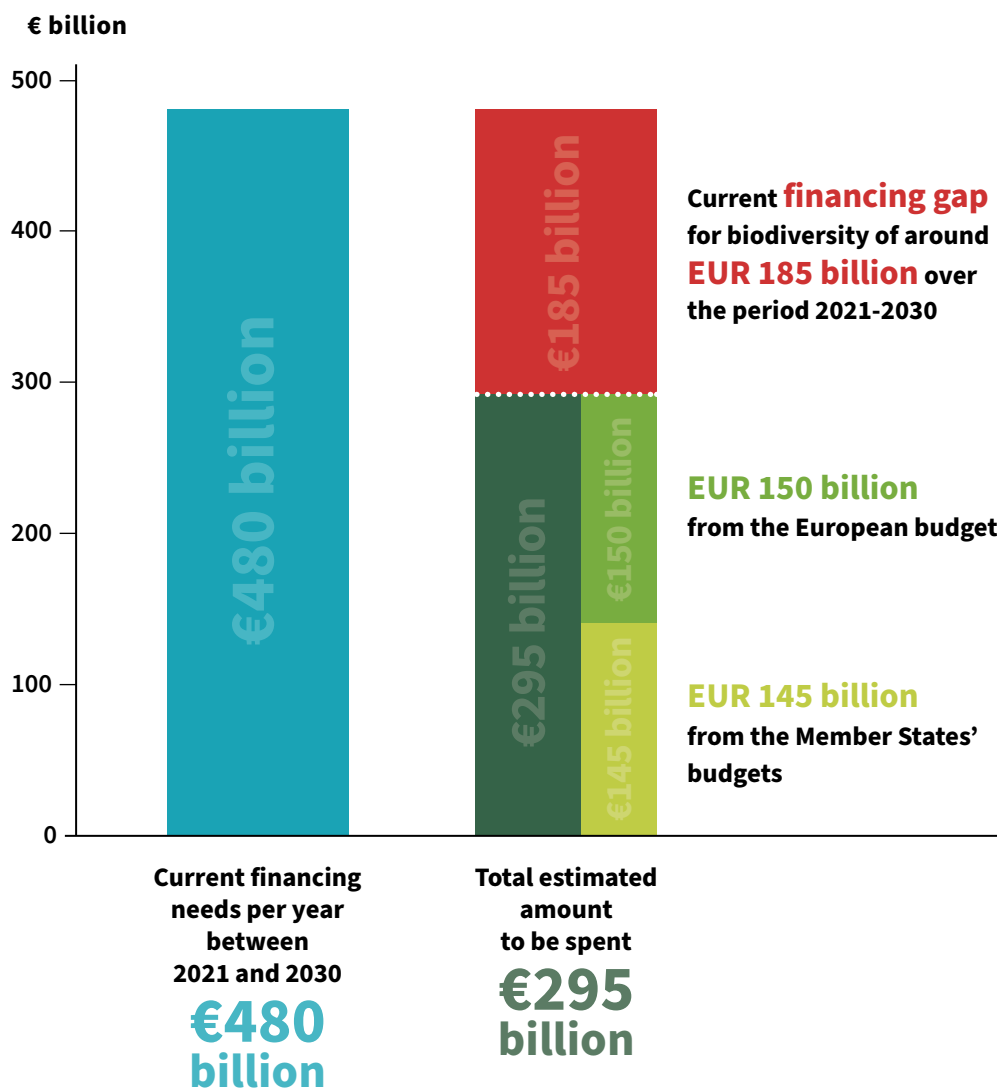
The chosen methodology for this pilot project builds on this approach to contribute to a better understanding of why there is such a small amount of money used for biodiversity despite the well-known need for more. This understanding is a prerequisite for formulating recommendations and trying to address the barriers holding us back. The methodology builds on:

- **Two sets of roundtables in four different countries**, namely Bulgaria, Croatia, Latvia and Slovenia.<sup>19</sup>
  - One roundtable per country consisting of a representative number of environmental organisations to discuss the topic and provide input.
  - One stakeholder roundtable per country bringing together all possible actors who could play a role in the conception of such projects and are issuing financing or are dependent on it.



- **A constructive space for clear and open discussion:** the key stakeholders might have conflicting interests and points of view, which sometimes explain the lack of communication between them and/or conflict. Identifying bottlenecks might mean recognising weaknesses and other issues. The roundtables should allow an open and frank exchange of views to understand not only the obvious, but also the underlying reasons for this lack of attention/interest, in order to build solutions with a common purpose as a follow-up.

### Funding gap in investing in biodiversity



Source: Institute for European Environmental Policy and Trinomics, [Biodiversity Financing and Tracking. Final report](#), Institute for European Environmental Policy, May 2022, p. 128, Table 32.

# Geographical focus

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## Bulgaria



One-third of Bulgaria is currently included in the Natura 2000 network. It has a total of 340 Natura 2000 sites, of which 120 are special protection areas (bird sites) and 233 Sites of Community Importance, of which 189 are designated as Special Areas of Conservation.<sup>20</sup> Despite high needs – even to simply cover the costs of the Natura 2000 areas – the previous funding period shows that the state of financing for biodiversity in Bulgaria is insufficient. One-third of the funds originally allocated for biodiversity from the Operational Programme Environment from 2014 to 2020 were reshuffled and allocated to non-biodiversity projects.

Currently, from the 2021 to 2027 budget, some money can be considered biodiversity spending:

- **The Recovery and Resilience Facility (RRF):** Two measures will be financed through the RRF for a total amount of EUR 47.5 million, which represents less than one per cent of the RRF budget for Bulgaria.<sup>21</sup>
- **The Prioritised Action Framework (2021-2027)<sup>22</sup> (PAF):** The PAF will be financed by various EU and national funds, accounting for EUR 716 352 240 in total:
  - Cohesion Fund and national budget (co-financing): EUR 225 557 340;
  - European Fund for Agriculture and Rural Development (EFARD) EUR 490 794 900 (70 per cent of the PAF's budget).
- **Operational Programme for Environment for 2021 to 2027:<sup>23</sup>** The biodiversity priority of the programme accounts for EUR 132 470 260, representing less than 10 per cent of the whole programme's budget.
- **National budget:** The State Budget Act for 2022 envisages EUR 12 670 017 for biodiversity. This is 0.063325634 per cent of the total state budget.

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<sup>20</sup> Ministry of Environment and Water of Bulgaria, [General Information About the NATURA 2000 Ecological Network](#).

<sup>21</sup> Council of Ministers of the Republic of Bulgaria, [National Recovery and Resilience Plan](#), 2021.

<sup>22</sup> The Ministry of Environment and Water of the Republic of Bulgaria, [Bulgarian Prioritised Action Framework 2021-2027](#), 2021.

<sup>23</sup> European Structural and Investment Funds Information Portal, [Bulgarian Operational Programme 2021-2027](#), 10 October 2022.

## Croatia



In Croatia, several sources of funding are available for biodiversity-related projects.

- **The Recovery and Resilience Facility:** Around EUR 31.5 million (20 per cent of the budget earmarked for measure C.1.3 R1-I3) will be spent on ecosystem restoration projects, which amounts to around 0.5 per cent of the Facility's total budget for Croatia.<sup>24</sup>
- **LIFE:** The LIFE programme has funded 25 projects in Croatia with 18 coordinating beneficiaries and total project costs of EUR 36 million, of which the EU contributed EUR 22 million. As of March 2022, LIFE's Nature and Biodiversity component had co-financed five projects in Croatia, representing a total investment of EUR 10 million, of which EUR 5 million had been contributed by the EU.<sup>25</sup>
- **The PAF:** The draft of the new PAF estimates the priority needs for financing to be EUR 1 253 745 605 (for 2021 to 2027).<sup>26</sup>
- **Cohesion policy:** The Operational Programme on Competitiveness and Cohesion foresees EUR 151 million (out of a total budget of EUR 5.2 billion) for 'Nature and biodiversity protection, natural heritage and resources, green and blue infrastructure', while the Integrated Territorial Programme foresees an additional EUR 62 million (out of a total budget of EUR 1.57 billion) for the same purpose.
- **National budget:** The Croatian state budget for 2022 foresees EUR 121 million for 'Biodiversity and landscape protection', which amounts to 0.49 per cent of total expenses. This budget item was slashed by EUR 6 711 863 during the last budget rebalancing in November 2022, resulting in the above figure.<sup>27</sup>

## Latvia



Latvia has no national biodiversity strategy and relies entirely on the EU Biodiversity Strategy for 2030, making its objectives even more important to achieve.

- **The Recovery and Resilience Facility:** The country included no biodiversity-related measures in the RRF,<sup>28</sup> yet biodiversity in Latvia is under threat from a variety of different sources, especially the excessive destruction of old-growth forests and activities related to intensive agriculture. The conservation status is not favourable for 90 per cent of habitats of EU importance, including wetlands, forests, grasslands, freshwater coastal and dune habitats.
- **The PAF:** Based on the latest information included in the PAF<sup>29</sup> and provided by the Nature Conservation Agency and the Ministry of Environmental Protection and Regional Development in their presentations<sup>30</sup> at the roundtable held as part of this project, the total budget identified as necessary for the implementation of all the priorities included in the PAF from 2021 to 2027 is around EUR 814 million. Unfortunately, this number includes only the targets set according to the EU's Habitats and Birds Directives and does not include all the new nature conservation and restoration targets set in the EU Biodiversity Strategy 2030.<sup>26</sup>

24 Government of the Republic of Croatia, [Nacionalni plan oporavka i otpornosti 2021–2026](#), 233-238, July 2021.

25 European Commission, [Life Programme in Croatia, Facts and Figures](#), 20 April 2022.

26 Ministry of Environmental Protection and Energy of Croatia, Priority Action Framework (PAF) for NATURA 2000 Network in The Republic of Croatia, 2020.

27 Ministry of Finance of the Republic of Croatia, [National Budget 2022](#), (Excel sheet 4 in the folder 'Opći dio'), 2022.

28 [Recovery and Resilience Facility Plan of Latvia](#), 2021.

29 LatviaNature, 2022.

30 The information was presented by the Nature Conservation Agency and the Ministry of Environmental Protection and Regional Development of Latvia during the stakeholders' round table on 4 November 2022.



Aside from the PAF and the operational management programme for Natura 2000 protected sites,<sup>31</sup> Slovenia currently does not have any national biodiversity strategy. Moreover, even if there is sufficient EU funding, it is often not properly distributed nationally; in Slovenia, the environmental ministry receives four times less than its counterparts.

An analysis of measures from the existing Natura 2000 operational management programme from 2015 to 2020 shows that for the most part, the nature and Natura 2000 conservation goals have not been achieved. A look at Slovenian biodiversity financing provides another relevant snapshot of the current situation:

- **The Recovery and Resilience Facility:**<sup>32</sup> The RRF accounts for EUR 5 100 000 for biodiversity (out of EUR 2.6 billion in total, which represents 1.9 per cent). This amount is topped up by funding for the project through the Common Agricultural Policy for 2023 to 2027.<sup>34</sup>
- **Cohesion Policy Programme 2021-2027:**<sup>35</sup> Slovenia has planned to allocate EUR 80 179 221 from the European Regional Development Fund (ERDF), specifically towards priority tasks including biodiversity and nature protection. The proposed budget is not intended exclusively for biodiversity measures, but also includes other investments, such as the financing of green infrastructure in urban areas. The allocated budget for these priority tasks represents 10 per cent of the total budget allocated to ‘Policy Objective 2: A greener, low-carbon Europe’ and only 2.5 per cent of the total Cohesion Policy Programme. In relation to the previous programme (2014 to 2020), the total share of the budget allocated to specific tasks and goals that include biodiversity measures and investments seems to be higher, but as the total share of the budget allocated strictly to biodiversity is unknown, we cannot determine whether this is also true for investments related exclusively to biodiversity.
- **National budget:** Of Slovenia’s total annual planned budget for 2022,<sup>36</sup> only EUR 52 382 723 was allocated strictly to clearly stated biodiversity conservation and protection measures and projects. This represents only 0.30 per cent of the total planned state budget for 2022. A total of EUR 44 670 755 was allocated through the programme ‘Conservation of biodiversity and protection of natural riches’, which belongs under the ‘Environmental protection and environmental infrastructure’ policy. Strictly speaking, only slightly more than 5 per cent of the planned budget of the aforementioned policy was distributed exclusively to the policy programme for biodiversity conservation. More broadly, additional funds were allocated through horizontal measures in the same policy and through biodiversity protection projects in other policies, namely the transport and agricultural policy (including funding from the Common Agricultural Policy).<sup>26</sup>

31 Zivi Z Naturo 2000, [Program upravljanja](#).

32 European Commission, [Recovery and Resilience Facility](#).

33 EuroNatur & CEE Bankwatch Network, [Behind the Green Recovery: How the EU recovery fund is failing to protect nature and what can still be saved](#), June 2022.

34 The same investment that is funded in the national recovery and resilience plan is additionally funded within Common Agricultural Policy by the EU, but the planned amount of funding is much lower: EUR 608 505 from the EU budget. See Common Agricultural Policy p. 1232 (intervention IRP09).

35 Republika Slovenija, [Priprava programskih dokumentov](#).

36 Republika Slovenija, [Amendment to the budget of the Republic of Slovenia: Development Program Plan for the period 2022-2025](#).

# What's holding back progress for biodiversity?

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■ A European green lizard in Vrachanski Balkan nature park, a Natura 2000 site in Bulgaria. *Photo: Katerina Rakovska*

Across the four roundtables, similar if not identical types of bottlenecks were identified by participating stakeholders and decision makers.

## Return to square one: a pervasive lack of expertise and knowledge

Biodiversity conservation and finance are two topics that require highly specialised and qualified people. Bringing together these topics is crucial, but it has only happened fairly recently. Despite this, in order to discuss public biodiversity financing, decision makers across all sectors need a minimum level of awareness and expertise about these two topics. This entails more than simply knowing what constitutes biodiversity, why financing its protection is crucial for the very survival of the human species, and what restoration and conservation projects look like; they must also know about financing mechanisms and how public funds are programmed, disbursed and controlled.

The broad consensus coming from all four roundtables is that there is a lack of **knowledge and expertise about these two fields together**, as this topic is still rarely dealt with systematically as a policy agenda point. The issue seems to apply across various levels of society (the wider public, ministries, managing authorities and various other decision makers). The cost of inaction is deeply misunderstood, which leads to decisions that only exacerbate the crisis.

The resulting marginalisation of opinions about this topic is experienced not only by people from non-governmental organisations, but also by those working on nature-related topics in institutions at the national, regional and local levels. In short, a huge investment of capacity is needed for all the key players to even start speaking the same language and be able to understand what is needed to stop biodiversity loss and why that is important.

One similar and interconnected problem is greenwashing. Many plans and programmes contain general introductory statements about how natural resources are the biggest wealth that we possess, but no concrete investments towards their protection are foreseen further on in the plans.

Another issue is that in agricultural plans, the term 'green' is very liberally used to describe agricultural investments, which can be highly damaging and directly conflicting with biodiversity objectives. For example, a Bulgarian pastoralism measure has damaged alpine grasslands, glacial lakes and chamois habitats<sup>37</sup> in national parks for two consecutive financial periods, but despite this, has been included in the newly approved Common Agricultural Policy strategic plan.

Also, between planning and implementation, measures can change in a problematic way. For example, in Bulgaria, the Bulgarian Society for the Protection of Birds came across a case in which an agricultural subsidy for geese feeding was given to farmers on a property with wind energy infrastructure, which is especially risky for migrating birds. In such cases, the connection between purposes and activities gets lost during implementation. This lack of expertise is not surprising or abnormal, since both topics have only recently been brought together like this. Nevertheless, this makes it even more crucial to effectively monitor results in order to learn from mistakes. Moreover, acknowledging this deficiency is key for recognising the need for experts and learning in this field.

### **Insufficient cooperation and collaboration between actors**

One of the key bottlenecks and barriers that prevents the more efficient use of EU funding is the overcentralisation of institutions responsible for managing and implementing biodiversity-related projects.

Currently, sectoral administrations like transport, agriculture and energy work in isolation, and those working in the biodiversity sector are simply ignored when they try to intervene in other sectoral plans like water management, forestry and agriculture. This marginalisation reinforces the aforementioned lack of knowledge and understanding about what nature protection actually is. Stakeholders working in nature conservation who participated in the roundtables agreed that there is a chronic lack of understanding among institutions that other sectors, not just those working directly in the environmental field, have a shared responsibility for financing biodiversity measures. Participants in Croatia noted that the implementation of the EU Biodiversity Strategy and the PAF are seen as the exclusive responsibility of the nature protection sector, which is the weakest sector in terms of staff and financial resources. This is especially problematic given that the majority of funds for concrete measures are channelled towards end users through relevant sectors like forestry and agriculture, but the implementation of these measures is not seen as being within their remit.

Biodiversity is not seen holistically across sectors or ministries. This is often not helped by the fact that some Member States do not even have a national biodiversity strategy. Moreover, environmental ministries are often put under the umbrella of energy, agriculture or economy, which ultimately leads to a competition between the sectors and a lack of institutional prioritisation. Having an independent ministry can elevate environmental protection within the political agenda; this central hub for decision-making and coordination brings added value and raises the political credibility of the issue.

Furthermore, there is a lack of ownership of devolved responsibilities between authorities. For example, ministries of finance, despite their responsibility in the fields of economic policy, financial policy, budgeting and tax policies, argued that this topic was none of their concern at the roundtables in two of the four countries.

The lack of cooperation and coordination between sectors is evident both at the administrative and implementation levels. Current discrepancies and conflicts prevent more effective and comprehensive protection, as well as limiting the potential for allocating funds for nature conservation projects within other sectors. Existing conflicts alone cannot explain the lack of cooperation; a lack of mapping of relevant stakeholders and potential synergies was also identified. This prevents the creation and elaboration of new, innovative solutions and common projects.

Tensions remain, with nature conservation authorities and non-governmental organisations on one side and the forestry and agriculture sector on the other. This standoff hinders mutual discussion and cooperation, including about the use of the Common Agricultural Policy for more extensive biodiversity funding. Cross-sector cooperation can prevent conflicts of interest between sectors that are essentially competing for the same resources.

This lack of cooperation leads to specific problems concerning the insufficient monitoring and/or analysis of results of agricultural measures that also have biodiversity objectives. This is particularly true for the Common Agricultural Policy, where non-governmental organisations do not have the capacity to monitor the policy's effect on biodiversity; in some countries there are currently no other actors who can do this. Simply put, none of the actors see such work as falling within their remit or competence.

In Bulgaria and Latvia, for instance, while there are some monitoring programmes for biodiversity, the results of implementing agricultural measures and their impact on biodiversity are not studied. The lack of monitoring and/or analysis of the results of environmental programmes led by national authorities also leads to a lack of transparency. It is often unclear whether and to what extent projects have been successful in achieving their intended objectives, and this in turn is a missed opportunity for educating other stakeholders on the importance of such projects.



■ Ormož Basins Nature Reserve, Slovenia: a 55-hectare wetland of exceptional national and international significance for many endangered bird species. *Photo: Tilen Basle*

### **Lack of sufficient time, resources and capacity by relevant experts**

There is also a lack of professional capacity to thoroughly cover the nature sector, as there are not enough nature conservation and specific financial experts in general, and in particular within the institutions responsible for biodiversity protection.

This is the result of human resources and finances not being used efficiently, below-average salaries for public employees and a lack of long-term experience due to constant political changes. Ministerial staff are often moved between different departments, preventing them from gaining long-term experience and knowledge in a specific area. A similar problem noted in Croatia is that more and more people are leaving the sector out of frustration caused by bad working conditions and the marginalisation of the sector as a whole. This further reduces already insufficient capacities.

As a result, institutions responsible for biodiversity protection are not able to fully use the funds allocated to them, even if these are already insufficient compared to the overall needs.

## Difficulties in upscaling

Financing nature conservation and restoration activities on a large scale is difficult because the principle of economies of scale does not usually apply. Such projects are usually very site-specific, non-replicable, small-scale and expensive. Governments also do not see returns on their investment in the form of short-term economic value, as the benefits are much broader and more difficult to measure. As a result, they are not seen as worthwhile or financially viable within the logic of creating economic growth. Of course, this attitude fails to take into account the significant economic cost of failing to protect biodiversity and neglects the benefits of healthy ecosystems.

## Excessively strict funding conditions and administrative requirements

What further restricts the absorption of certain funds, namely structural funds, is unreasonably strict project oversight by intermediary-level bodies, often the ministry responsible for the national allocation of the funds. Some roundtable participants even referred to this as ‘administrative violence’. An insistence on particularly unimportant administrative details at the expense of focusing on the quality of the projects creates a lot of frustration and additional workload, resulting in declining staff interest in working on these kinds of projects.

This is naturally the main bottleneck for organisations that depend on grants and public funding to start biodiversity projects. NGOs and organisations that manage protected areas struggle to obtain funding, as bureaucratic requirements often make application and reporting conditions too demanding and they do not have the capacity – in terms of staff and sometimes professional qualifications – to manage processes such as project applications, management and coordination.

Non-governmental organisations also have substantial pre-financing (not just co-financing) problems. Due to a lack of core funding, co-financing and effective pre-financing mechanisms, these organisations are often not capable of smoothly implementing nature conservation projects, especially when funding rules are unfavourable. National co-funding rules for non-governmental organisations are often the same as for private commercial entities, which is not always realistic. This is compounded by the fact that in reality, the responsibility for starting nature conservation and restoration projects lies heavily with the non-governmental sector, even if it should mostly be carried out by public authorities.

Similarly, stakeholders working in the public nature protection sector also struggle with mandatory financial contribution requirements (pre-financing or co-financing) that are too high. Consequently, it is very difficult for most organisations to provide this share of the money due to the general lack of funding for the sector. However, this does differ from country to country.

In Slovenia, participants explained that the Ministry of Environment’s budget is simply too low to allocate money for pre- or co-financing of the state-run Institution of the Republic of Slovenia for Nature Conservation, leading to very few project applications being submitted. In Latvia, pre-financing and co-financing is mainly a problem for non-governmental organisations, while in Bulgaria this differs by programme; for example, LIFE needs a very high level of co-financing, while the operational programmes need very little and, in some cases, none at all. According to Croatia’s law, institutions managing protected areas cannot form budgetary reserves, which, in conjunction with the absence of a systemic solution for the pre-/co-financing problem at the national level, creates problems with project implementation.

The limited funding problem across national and European budgets is also partly explained by the fact that national ministries tend to cut available national financing for biodiversity using the justification that EU funds cover this area, primarily the LIFE fund. In reality, while it is performing well, the size of this fund does not cover needs on the ground. As such, bigger funds like the Cohesion Policy and the RRF need to fill the gap. The truth is that even these funds are not entirely absorbed (most RRF loans are still available, while in 2021, only 63 per cent of overall Cohesion Policy spending was absorbed).<sup>38</sup>

One issue specifically noted in Slovenia was that locally important biodiversity areas often do not have official protection status and thus do not meet the set criteria for project applications. On the other hand, areas with conservation status like nature reserves are also ineligible for projects if the status of species and habitats is considered favourable. This leads to a deficit in funding for conservation management.





■ European souslik. Photo: svoboda.photos

## One step forward, two steps back: positive projects undermined by activities that damage biodiversity

It is far easier and more cost effective to protect the environment than to restore it. With this in mind, the top priority should be to prevent harmful funding in the first place. It is highly inefficient for one programme to finance a restoration project while another simultaneously includes activities that damage biodiversity, either directly or through subsidies.

In Bulgaria, for example, new small ground souslik (squirrel) populations have emerged thanks to measures carried out with funds from the Environment operational programme,<sup>39</sup> but larger souslik colonies have been destroyed as a consequence of harmful agricultural subsidies.<sup>40</sup> The monitoring of RRF plans has also shown a number of planned investments in hydrology restoration and drainage actions, as well as river restructuring. These clearly conflict with wetland restoration targets and the commitment to restore rivers to a free-flowing state as outlined in the Biodiversity Strategy for 2030.<sup>41</sup> No amount of increased biodiversity funding would compensate for such harm.

## Insufficient involvement of landowners

Among the barriers and bottlenecks is the issue of land ownership. Most private landowners in these countries are neither informed nor involved sufficiently in nature conservation initiatives, which makes it hard to build trust and gain their support for biodiversity-targeted actions. Nature conservation restrictions are frequently applied without previous consultations with landowners and without securing compensation, which causes resistance and unwillingness to cooperate. Similarly, private landowners' concerns about possible income reduction as a result of biodiversity conservation and restoration actions are often not adequately addressed. Landowners also typically lack experience in selling alternative services like ecotourism as feasible alternatives to traditional sources of income (such as intensive forestry and agriculture).

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39 Sinor.bg, [240 Sousliks returned to their natural environment in the Sinite Kamani Nature Park](#), 22 January 2012.

40 BNR News, [Environmentalists: About 5,000 sousliks were killed because of ploughing pastures](#), 13 October 2015. Bulgarian Farmer, [Pastures - more valuable than wildlife](#), 20 October 2019. Two articles with the case of Topolchane village – example of ploughing pastures in order to use agricultural subsidies.

41 EuroNatur and CEE Bankwatch Network, [Behind the Green Recovery: How the EU recovery fund is failing to protect nature and what can still be saved](#), June 2022.

# How can these issues be solved?

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■ Vitosha Nature Park, Bulgaria. A Natura 2000 site, sub-alpine willow communities. *Photo: Katerina Rakovska*

Addressing these bottlenecks will require rethinking the design of funds and changing behaviour through learning and increased knowledge at all levels as a prerequisite for political will and initiative. The difficulty lies in the number of levels at which these changes must be made, ranging from non-governmental organisations to top decision makers at national and EU levels. Without sufficient awareness and comprehension by leaders like elected politicians, systematic change will not be achieved. In the context of the successive economic shocks caused by the pandemic, inflation and the limited availability of raw materials, a rational rethink of existing biodiversity financing processes is very ambitious but thoroughly necessary. The following recommendations aim to advance the discussion and initiate a problem-solving process.

## Recommendations for EU decision makers

- **Ensure commitment and consistency across the board.** The EU must make sure that biodiversity protection is mainstreamed across all sectors to prevent the undermining of efforts to achieve the objectives of the EU Biodiversity Strategy, as enshrined in the European Green Deal. For example, the European Commission must prioritise phasing out subsidies that harm biodiversity in line with the Global Biodiversity Framework 2030 adopted at COP 15 (Target 18). A clear system should be established to link the continuation of certain subsidies with impacts on nature.
- **Provide clear definitions, priorities and measurable criteria for real results.** Without clear definitions and priorities for biodiversity investments, reaching the goals may not be enough to bring about real change. Definitions and common understanding would facilitate broader understanding, avoid greenwashing and create incentives. A clear definition of what is considered an investment in biodiversity and corresponding clear biodiversity investment priorities should be developed at the EU level, allowing uniform work and maximum impact. Given the overall critical state of habitats and species of EU importance, direct investments in nature restoration and conservation should be considered the most important step at this stage.

- **Remove excess administrative requirements imposed by public fund issuers (EU authorities).** For concrete change in the sector, a certain amount of flexibility is required to avoid money being returned or not spent at all. We strongly recommend a proportionate approach to avoid the existing situation, in which the burden is the same for a small project as for a larger one. While recognising and strongly supporting the need to prevent corruption and the misuse of public funds, the level of legal requirements should be proportionate to the amount of funding on offer so as not to make applications impossible.
- **Decrease co-financing and pre-financing requirements and provide guarantees for pre-financing.** For a sector to work efficiently, a minimum number of resources need to be in circulation. Biodiversity conservation and restoration, with all its actors, is deprived of core resources that could help structure it and provide some form of buffer. This causes a snowball effect, since a lack of financial resources prevents further grants from being distributed. As such, we encourage public institutions, ministries, agencies and public banks to provide financial guarantees for implementing organisations, playing a role as risk carriers to allow for additional funding. Alongside these changes, the requirements for pre-financing and co-financing should be reduced to increase access to already available financing.

## Recommendations for the national level

- **Commit to protecting biodiversity.** All 27 Member States must develop yearly/multi-annual biodiversity strategies under the Biodiversity Convention. As a result of the recent agreement at COP 15 in December 2022, countries now also have to develop, update and implement national biodiversity finance plans or similar instruments. This positive progress must be capitalised on to also include legally binding plans outlining specific measures.
- **Remove excess administrative requirements by public fund issuers (national ministries).** While respecting EU rules and processes, national ministries need to facilitate the use of funds rather than hinder them by including unnecessary administrative requirements.
- **Create task forces for knowledge exchange between sectors on nature conservation.** Biodiversity expertise needs to be exported to other sectors. Only by creating synergies between those sectors will solutions be found. We recommend that national task forces coordinated by public authorities be set up to bring together finance ministries, biodiversity experts, agriculture sector actors, forestry sector actors and non-governmental organisations. Aside from specific task forces, knowledge on biodiversity needs to be democratised and shared more intensively. This can take the form of specific training programmes at the national level as well as targeted workshops for decision makers.
- **Provide targeted training and capacity building on the alternative/sustainable use of natural resources.** Well-preserved nature has a significant potential to provide economic benefits to local communities. Actors such as private landowners, municipalities or the tourism sector need additional support to help them understand what feasible sustainable alternative solutions exist to traditional income sources (like intensive forestry and agriculture or unsustainable tourism). This can be achieved through targeted training programmes from the public hand and from the non-governmental sector.
- **Improve coordination through monitoring committees.** Monitoring committees are obligatory for the management of cohesion policy funds and are an effective tool for successfully implementing and monitoring programmes. They allow partners to access and analyse the programmes and positively influence them by issuing recommendations. However, there is currently insufficient representation of environmental stakeholders, who if included could contribute to information exchange and joint initiatives between decision-makers, state enterprises, universities, non-governmental organisations and other stakeholders. Furthermore, the use of such committees should also be considered for other funds.
- **Allow timely and full access to information to relevant stakeholders and ensure public participation in decision-making.** Some stakeholders stated that they didn't have any information about the development of the PAF for 2021 to 2027. Some mentioned that both the criteria used to calculate biodiversity funding and the definition of what is actually considered an investment in biodiversity are not fully clear, which might make it difficult to match the reality of needs. The timely involvement of diverse stakeholders in the development of such important documents would help build trust and effective cooperation in the future. Early involvement, clear communication and the mapping of key stakeholders would also improve the quality of the work.

- **Involve large state enterprises.** Large state enterprises, especially those managing large areas of public land and forests, should be more involved in biodiversity funding and nature conservation. This makes even more sense given the fact that these enterprises are managing state property and nature conservation is one of the important functions of the state. In the national contexts in which they are already involved to some extent, close cooperation with the nature protection sector and adequate monitoring is needed to effectively combat greenwashing.
- **Involve local authorities.** So far, the role of municipalities in nature conservation has been mostly project-based. In Latvia, for instance, the most successful examples are municipalities participating in LIFE projects as partners. Municipalities should be encouraged and supported to participate more in biodiversity funding, linking these efforts to ecosystem services, which have great potential to bring additional economic benefits to local communities. Additionally, according to the Biodiversity Strategy 2030, towns with at least 20,000 inhabitants should have ambitious urban greening plans. Currently, the 'green component' is almost non-existent in the spatial planning documents issued by most municipalities. This must change rapidly.

# Annexes

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## ANNEX 1: Roundtable composition

### BULGARIA

#### 03.11.22 in Sofia – Coordinated by Katerina Rakovska, Balkani Wildlife Society

The following representatives were present at the stakeholder roundtable:

- Four representatives of the **Environment Programme from the Directorate of the Ministry of the Environment and Water**
- One representative of the **Technical Inspectorate from the Directorate of the State Agriculture Fund**
- One representative of the **Payment Agency at the Ministry of Agriculture and Food**
- Two representatives of the **Enterprise for the Management of Activities in the field of the Environment (PUDOOS)**
- One representative of the **State Expenditures Directorate at the Ministry of Finance**
- Representatives from environmental organisations:
  - BALKANI
  - Association of Parks in Bulgaria
  - Za Zemiata
  - CEE Bankwatch Network

### CROATIA

#### 24.11.22 in Zagreb – Coordinated by Hrvoje Radovanović, Zelena akcija / Friends of the Earth Croatia

The following representatives were present at the stakeholder roundtable:

- One representative from the **Ministry of Agriculture** (Directorate of Fisheries, Sector for Management of EU Funds in Fisheries)<sup>42</sup>
- The chairperson of the **Environment and Nature Conservation Committee of the Croatian Parliament**
- A member of the **Environment Committee of the City Assembly of Zagreb**
- One representative from the **Maksimir public institution**<sup>43</sup>
- One representative from the **Green Ring public institution**<sup>44</sup>

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42 Representatives from the Ministry of Economy and Sustainable Development and the Ministry of Rural Development and EU Funds also applied to participate, but then cancelled at the last minute.

43 Manages protected areas of nature (including national categories and Natura 2000 sites) within the city of Zagreb.

44 Manages protected areas of nature (including national categories and Natura 2000 sites) in Zagreb county.

- One representative from the **Croatian Alliance of Associations of Private Forest Owners**
- Representatives from environmental organisations:
  - o BIOM – BirdLife partner in Croatia
  - o Brod Ecological Society – BED
  - o EuroNatur
  - o Zelena akcija / Friends of the Earth Croatia

## LATVIA

### 04.11.22 in Sigulda – Coordinated by Rolands Ratfelders, Biedrība Zaļā brīvība (Green Liberty)

The following representatives were present at the stakeholder roundtable:

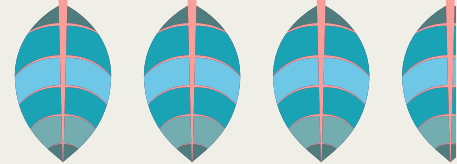
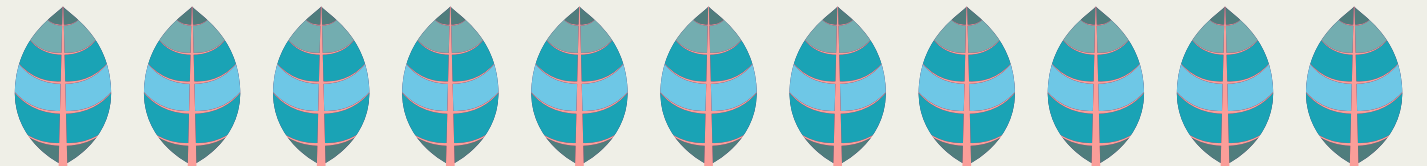
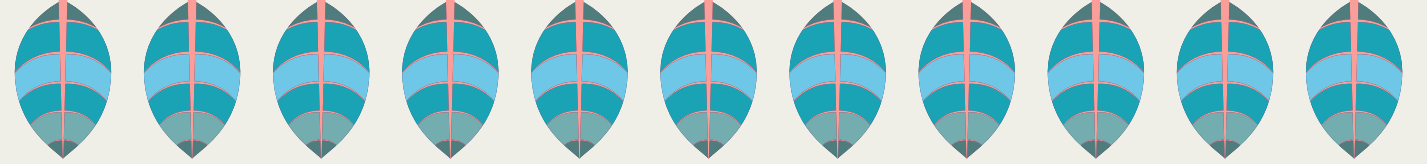
- Three representatives from the **Nature Conservation Agency**:
  - o LIFE-IP LatViaNature project
  - o Compensation Unit
  - o Management
- One representative from the **Institute of Life Sciences and Technology**
- Two representatives from the **State Regional Development Agency**:
  - o Latvian Environmental Protection Fund
  - o Management
- Three representatives from the **Ministry of Environmental Protection and Regional Development of the Republic of Latvia**:
  - o Department of Investment Policy
  - o Department of Nature Conservation – Senior Expert
- Two representatives of **ALTUM**,<sup>45</sup> **Lands’ Fund unit**
- One representative of the **Vidzeme University of Applied Sciences, Institute of Social, Economic and Humanities Research**
- Three representatives of the **Ministry of Agriculture of the Republic of Latvia**:
  - o Department for Market and Direct Support
  - o Department of Forests
  - o Department of Agriculture
- Two representatives of the **state enterprise VAS Latvijas Loto**
- Representatives from environmental organisations:
  - o Pasauls Dabas fonds (WWF partner in Latvia)
  - o Biedrība Zaļā brīvība (Green Liberty)

## **SLOVENIA**

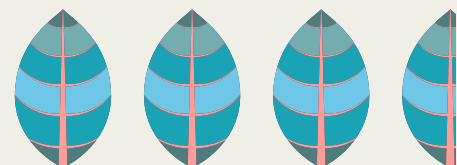
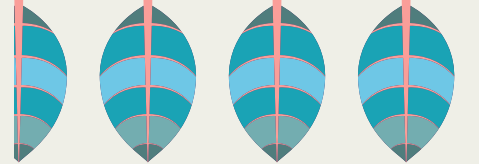
### **15.11.22 in Koper – Coordinated by Pia Höfferle, DOPPS/Birdlife Slovenia**

The following representatives were present at the stakeholder roundtable:

- Representatives from environmental organisations:
  - o Umanotera, Slovenian Foundation for Sustainable Development
  - o DOPPS-BirdLife Slovenia
- One representative from the **Tivoli, Rožnik and Šiška hill Landscape Park; Nature parks of Slovenia**
- One representative from the **Škocjan Caves Public Service Agency**
- One representative from the **Triglav National Park Public Institution**
- One representative from the **Institute of the Republic of Slovenia for Nature Conservation**
- One representative from the **Ministry of the Environment and Spatial Planning**
- One representative from the **European Commission**



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