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The challenge of financing the implementation of Natura 2000 – Empirical evidence from six European Union Member States

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ABSTRACT

Natura 2000, which is the core pillar of the European Union's biodiversity conservation policy, is an ambitious and complex venture that requires funding to be successful. A major challenge is said to be a lack of available funding, and a low uptake of allocated funds is also reported. However, in in-depth analysis has still not been produced to assess the approaches to funding, the reasons for these approaches and their impact regarding the achievement of the aims of Natura 2000. Thus, with this article, we intend to fill this gap. To accomplish this, a case study analysis was carried out in six selected EU Member States: Austria, France, Germany, the Netherlands, Spain, and the UK.

In our study, we perceived different approaches which we sum up to two main types of approaches that were present in the Member States to different degrees. The first type was to find the funding necessary for the required activities, and the second was to delay the implementation of Natura 2000. The major reasons for the different approaches were related to domestic political power realities. The funding approaches impacted onto the attractiveness of EU co-financing instruments, and the sustainability of the schemes. Alternative approaches were either absent or declining in importance. The economic benefits were not perceived on the ground.

We conclude that neither a "one size fits all" approach to funding Natura 2000 will work nor will a universal claim for "more money". Therefore, a successful funding strategy ultimately necessitates effective interventions at institutional levels, the business environment and the local level.

1. Introduction

Natura 2000 is the core pillar of the biodiversity conservation policy of the European Union (EU). It is a globally unique transnational network of protected areas that has been established based on the Birds Directive (Council Directive 79/409/EEC) and the Habitats Directive (Council Directive 92/43/EEC), which aim to protect habitats and species of European importance across the EU. The implementation of this network was marked by conflicts, especially with landowners who feared restrictions on land management and related losses of income (see, e.g., Alphandéry and Fortier, 2001; Sotirov et al., 2011; Borrass, 2014; Winkel et al., 2015; Geitzenauer et al., 2016). To mitigate such conflicts, a participatory approach (see, e.g., Jones et al., 2015; Rauschmayer et al., 2009) accompanied by adequate funding was suggested. Further, the implementation of Natura 2000 requires substantial funds, as has been reported by several estimations (Working Group on Article 8 of the Habitats Directive, 2002; Gantioler et al., 2010). The latest estimation of 2009 revealed funding requirements of 5.8 billion Euros per year for the European Union with its 27 Member States (EU-27) or € 63/ha of Natura 2000 territory per year. These estimates comprise both one-off costs and recurring costs, such as regular management to sustain the favorable conservation status (Gantioler et al., 2010, 3). However, Natura 2000 is also expected to generate benefits for the public (see, e.g., Wätzold et al., 2010). Inter alia, protected areas are expected to provide a higher level of ecosystem services and consequently improve the well-being of the people (cf. TEEB, 2009). The European Commission (2011, 4–6) highlights the significant benefits of Natura 2000, such as carbon sequestration and storage, water

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provision and purification, tourism and recreation. A study of the possible benefits estimated values between € 200 and 300 billion per year (ten Brink et al., 2013, 19), a number that outweighs the estimated costs.

The availability of funding to cover the costs of Natura 2000 implementation is frequently described as insufficient. The European Commission (2011) estimated that if "all nature and biodiversity related funding under cohesion policy as well as Natura 2000 payments and 20% of agri-environment funding under rural development policy is considered as allocated to Natura 2000, together with the relevant LIFE+ allocation to nature, then this would cover only 20% of Natura 2000 financing needs" (European Commission, 2011, 7). This lack of funding is viewed as a major obstacle to the effective implementation of Natura 2000 (see, e.g., Fernandez, 2003; Ferranti et al., 2010; Wätzold et al., 2010; Hochkirch et al., 2013; Winkel et al., 2015). However, this and other literature indicates that the challenges relating to funding do not only originate from a lack of resources but also relate to conflicting interests, a lack of integration across policy sectors, and divergent policy priorities at different policy levels (Winkel et al., 2013, 2015; Winkel and Sotirov, 2016).

Thus far, an in-depth empirical analysis of the funding challenges related to Natura 2000 has not existed, although this would be crucial for an effective and efficient design of the policies governing the funding of Natura 2000 implementation. Little is known about the approaches of national and sub-national policy makers to the implementation of Natura 2000 funding, the reasons for the selection of these approaches or their impacts. This article intends to fill this gap. We are addressing these questions through a case study analysis of six selected EU Member States: Austria, France, Germany, the Netherlands, Spain, and the UK.

In the next section, we set the scene for the issue of financing Natura 2000 by presenting a literature review and giving relevant background information. Thereafter, the methodology of this article is presented. The Results section offers an analysis of quantitative data on LIFE Nature projects and subsequently offers insights from stakeholder interviews in the selected Member States. The article thereafter discusses findings from the perspective of the ongoing debate in the literature, and it ends with conclusions.

2. Setting the scene: funding Natura 2000

Public funding is the most frequently mentioned source of financing for the implementation of Natura 2000 in the literature (see, e.g., Fernandez, 2003; Bouwma et al., 2008; Anthon et al., 2010; Klassert and Möckel, 2013; Ferranti et al., 2014). Public funding originates from EU co-funding instruments (see, e.g., Alphandéry and Fortier, 2001; McCauley, 2008; Ferranti et al., 2010; Ioja et al., 2010; Wätzold et al., 2010), which require contributions from Member State budgets (see below on the European Agricultural Fund for Rural Development – EAFRD) and sub-national authorities such as federal states (see, e.g., Geitzenauer et al., 2016) and district councils (Beunen and de Vries, 2011).

In accordance with the Treaty on the European Union (Maastricht Treaty 1992, Art. 130s), the responsibility for implementing and financing environmental policy lies with the Member States. However, in the case of disproportionate costs for individual Member States, further provisions can be established (Maastricht Treaty, 1992, Art. 130s, para. 4–5[2]). For the Habitats Directive, the European Commission initially did not include the issue of financing in the first drafts of the directive, but because of intervention by Spain, which at the time expected nearly half of the country to become Natura 2000 sites, provisions for financing were included in the Habitats Directive (Fernandez, 2003). Article 8 of the Habitats Directive states that in a case in which the respective Member States face exceptionally high costs, these costs can be co-financed by any relevant EU co-financing instrument (92/43/EEC, Art. 8). Article 8 further foresees that the Member States together with the European Commission will develop a Prioritized Action Framework (PAF) whereby priority measures, available funding options and available resources are considered (92/43/EEC, Art. 8, para. 2–4). The European Commission envisages that the PAFs will strengthen the integration of Natura 2000 financing into the use of relevant EU co-funding instruments (European Commission, 2011, 11).

Currently, the implementation of Natura 2000 can be co-funded by the EU via several instruments: The European Agricultural Fund for Rural Development (EAFRD), the European Maritime and Fisheries Fund (EMFF) (formerly the European Fisheries Fund [EFF]), the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund (of which the European Territorial Cooperation[3] is a component), the Financial Instrument for the Environment (LIFE) and the Framework Programme for Research and Innovation (Horizon 2020) (formerly the 7th Framework Programme for Research and Development [FP7]) (Gantioler et al., 2010, 3; Kettunen et al., 2014, 8). This diversified funding structure is labeled as an integrative approach by the European Commission (2004) as opposed to a "stand-alone fund" (European Commission, 2004, 8). The Commission argues that such an approach situates the integration of Natura 2000 into wider land management policies. Additionally, the Member States are encouraged to adapt their strategies to national specificities and avoid duplication and overlap of the different EU funding instruments (European Commission, 2004, 9).

The EAFRD[4] outlines the general rules and objectives, and the Member States must work out their own national rural development programs for approval by the European Commission (European Commission., 2009; Europäische Kommission., 2014; 1698/2005/EC, Art. 15–19; 1305/2013/EU, Art. 6–12). The budget allocation for the entire EAFRD 2014–2020 amounts to approximately 85 billion Euros (1305/2013/EU, Art. 58, para. 1) or approximately € 12 billion per year. Although Natura 2000 can be implemented through a number of measures (if not all) within the EAFRD, specific measures also exist for the implementation of Natura 2000 (together with the Water Framework Directive). The annual subsidies are limited to € 500/ha/year for an initial five years and subsequently to € 200/ha/year. These limits were valid for EAFRD 2007–2013 and for the current program (Europäische Kommission., 2014). Although no concrete figures were published, the European Commission states that only a very small portion of the EAFRD 2007–2013 was used for Natura 2000 implementation. The evaluation of National Rural Development Programmes for the EAFRD 2014–2020 confirms again that the exact budgets allocated for activities supporting Natura 2000 implementation cannot be given. However, it concludes, based on rough estimations, that the allocated budgets do not cover the funding needs for Natura 2000 implementation (European Commission, 2016).

The LIFE Nature sub-program of the LIFE instrument is an EU financing instrument with a distinct focus on Natura 2000 (see, e.g., EU/1293/2013, Article 11). Up to 2013, four LIFE programs were implemented (LIFE I, LIFE

[2] "Without prejudice to certain measures of a Community nature, the Member States shall finance and implement the environment policy" (Treaty on European Union 1992, Article 130s, para. 4).
"Without prejudice to the principle that the polluter should pay, if a measure based on the provisions of paragraph 1 involves costs deemed disproportionate for the public authorities of a Member State, the Council shall, in the act adopting that measure, lay down appropriate provisions in the form of:
- temporary derogations, and/or
- financial support from the Cohesion Fund to be set up no later than 3l December 1993 pursuant to Article 130d" (Treaty on European Union 1992, Article 130s, para. 5).

[3] The aim of the European Territorial Cooperation (ETC), which is funded by the European Regional Development Fund (Regulation [EU] 1301/2013), is to support cross-border, transnational and interregional cooperation (Regulation [EU] 1299/2013). The ETC was formerly known as "INTERREG", a name that is still widely used.

[4] While the current legal regulation of the EAFRD for 2014–2020 is REGULATION (EU) No 1305/2013, at the time of the interviews, this study referred to the previous regulations, primarily the regulation covering 2007–2013 (1698/2005/EC). However, the general rules and procedures have remained the same.