



**European Committee
of the Regions**

**Commission for
the Environment,
Climate Change and Energy**

ENVE

Financing biodiversity action: opportunities and challenges for EU subnational governments



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List of abbreviations

CAP	Common Agricultural Policy
CBD	Convention on Biological Diversity
CEB	Council of Europe Development Bank
CF	Cohesion Fund
CFP	Common Fisheries Policy
CoR	European Committee of the Regions
CP	Cohesion Policy
EAFRD	European Agricultural Fund for Rural Development
EAGF	European Agricultural Guarantee Fund
EASME	Executive Agency for Small and Medium-Sized Enterprises
EBRD	European Bank for Reconstruction and Development
EFSI	European Fund for Strategic Investments
EIAH	European Investment Advisory Hub
EIB	European Investment Bank
EMFF	European Maritime and Fisheries Fund
ERDF	European Regional Development Fund
ESF	European Social Fund
ESF+	European Social Fund Plus
ESIF	European Strategic and Investment Funds
ETC	European Territorial Cooperation
EU	European Union
GEF	Global Environment Facility
GI	green and blue infrastructure
Horizon 2020	Framework Programme for Research and Innovation
IFs	Intervention Fields
LIFE	European Financial Instrument for the Environment and Climate Action
LRAs	Local and Regional Authorities
MFF	Multiannual Financial Framework
MPA	Marine Protected Area
MS	Member State
NBS	Nature-based solutions
NCCF	Natural Capital Financing Facility
OP	Operational Programme
PAFs	Priority Action Frameworks
PDA	Project Development Assistance
PES	Payment for Ecosystem Services
R&I	Research and Innovation
TOs	Thematic Objectives

Summary

Local and Regional Authorities (LRAs) manage the land and the sea, provide a link between global goals and local communities, and have an increasingly important role in biodiversity protection. However, they face numerous obstacles in accessing and attracting public and private financing for biodiversity. In this context, the objectives of this study were threefold: 1) to summarise the sources of funding for biodiversity projects available to LRAs; 2) to identify the main barriers and challenges in accessing that funding; and 3) to formulate recommendations on overcoming those barriers.

A range of opportunities for financing biodiversity projects by LRAs exists at EU level, including the [European Funds for Structural Investment \(ESIF\)](#), [LIFE Programme](#) and [Horizon 2020](#). Of these, only LIFE dedicates part of its budget to biodiversity. Other funds from this group of funding instruments are used for nature conservation to varying extents, largely left to discretion of the Managing Authorities (MAs) in each Member State. It is thus essential that MAs (including regional authorities) place biodiversity high on their policy agendas and that they integrate biodiversity considerations and nature-based solutions (NBS) across different economic sectors.

Funding opportunities at Member State level include national budgetary resources allocated to various institutions and programmes, regional and municipal budgets, and private funding, e.g. from foundations, banks and companies. Innovative funding instruments such as green bonds, payment for environmental services and crowdfunding are increasingly used, allowing broad participation of stakeholders and risk-sharing. Additional funding opportunities are provided by international institutions and programmes such as [European Bank for Reconstruction and Development \(EBRD\)](#), Council of Europe Development Bank CEB, and [European Economic Area \(EEA\) and Norway Grants](#).

LRAs and other stakeholders highlight several barriers in accessing biodiversity financing, such as insufficient funding dedicated to biodiversity, complicated application procedures, lack of know-how and expertise in using NBS and innovative funding sources, and insufficient administrative capacity.

The recommendations are divided into three groups, according to policy level. At EU level, more funding earmarked for nature should be accompanied with simplification of procedures to increase uptake of the available funding. At national level, sufficient funding should match EU resources. At sub-national level, LRAs should be more creative in seeking funding opportunities and in development of multi-benefit projects involving NBS.

At all policy levels, it is important to increase ambition in respect of environmental mainstreaming and integration of the green and blue economy across different sectors. Spatial planning and urban development should receive special attention regarding mainstreaming of biodiversity, with measures on no-net loss or net gain, as well as promotion of NBS, worthy of special attention. Other key actions relevant at all levels are sharing knowledge on innovative financing, exchange of good practices, awareness raising and education.

1.Part 1: Funding opportunities

This part of the study outlines the biodiversity finance instruments available to LRAs in the EU. Section 1.3 provides an overview of the value drivers underlying the available funding, while Section 1.2 highlights the enabling conditions needed to make the funding work in practice. Sections 1.3 and 1.4 summarise the opportunities available at EU and international level, respectively. This is followed by a summary of financing sources (Section 1.5) and examples of biodiversity financing options available in five selected Member States (France, Italy, Poland, Luxembourg and Finland) in Section 1.6.

This part of the report is based on a desk review (see footnotes throughout and Annex 4 for principal references) and input from stakeholders interviewed (see Annex 3 for a list). Annexes 1 and 2 provide lists of biodiversity finance options at EU, international and national level.

1.1 Value drivers underlying the funding for biodiversity

Funding for biodiversity has many ‘drivers’ – legal, political, and practical factors that steer the availability and usage of public funding towards actions that support biodiversity. Public funds are underpinned by policy objectives, some of which are very broad, meaning that potential beneficiaries need to understand the values or core objectives that drive the funds, and then determine how their specific objectives – such as biodiversity conservation and protection – can fit into this broader context.

At the EU level, an important legal driver of funding is the [EU acquis](#). The [Habitats Directive Article 8](#) explicitly states that the implementation of the Natura 2000 network should be supported by funding from relevant EU funds, including the EU Structural and Cohesion Funds. Article 6 of that Directive requires Member States to establish the necessary conservation measures for special areas of conservation and to minimise any negative impacts of investments on biodiversity¹; the implementation of these measures is required for compliance with EU and national laws and constitutes an important demand for biodiversity funding, often linked to LRAs.

From a policy perspective, the ESIF are large, cross-cutting instruments that aim to promote overall economic, social and territorial cohesion across the EU; in the current period 2014-2020 they are linked to the EU 2020 Strategy and its

¹ [Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora.](#)

objectives of smart, sustainable and inclusive growth. A specific thematic objective for environment exists, which includes biodiversity as a spending priority. The Operational Programmes, that define spending at national and regional levels need to take into account the overall objectives driving the funds and projects, should also align with these higher strategic objectives. In the upcoming financing period (2021-27), Cohesion Policy will continue to target these broad objectives, but will be driven by new strategic policy approaches such as the Green Deal², the 2030 Agenda and the sustainable development goals (SDGs), as well as the recommendations stemming from the European Semester framework for policy coordination across the Member States³. Climate change remains a core value driver, with a target of 30% across the EU budget.

The LIFE Programme, meanwhile, is the only source from the EU budget with nature as one of its core objectives; the LIFE Regulation sets out ‘Nature and Biodiversity’ as one of three priority areas in the sub-programme ‘Environment’⁴. The Multiannual Work Programme 2018-2020 states that LIFE will focus on implementing projects that address targets 1-5 of Biodiversity Strategy 2020⁵.

International funding sources (e.g. the EBRD) tend to focus on biodiversity protection measures in developing countries or countries in transition, and target projects relevant for implementation of international agreements, such as the CBD. For national and regional-level sources, country or region-specific values provide additional value drivers (e.g. for coastal areas, the need to conserve healthy fisheries will be high on priority lists, while for areas threatened with drought, forest fire prevention will be prioritised). Aesthetic values and increasing or maintaining attractiveness for tourism are also noted by the stakeholders interviewed as value drivers for nature projects⁶.

There is increasing recognition of the value of biodiversity as an element of NBS⁷

² European Commission, ‘The European Green Deal’, COM(2019) 640.

³ European Commission, ‘A Stronger link with the European Semester and the Union’s economic governance’, 29 May 2018

⁴ Article 11 LIFE Regulation.

⁵ These are: 1) Protect species and habitats; 2) Maintain and restore ecosystems; 3) Achieve more sustainable agriculture and forestry; 4) Make fishing more sustainable and seas healthier; 5) Combat invasive alien species. For more information see [Biodiversity Strategy](#).

⁶ Maintaining attractiveness for tourists was an underlying value driver in one project example from an LRA in Poland, supported by LIFE. Available at: http://ec.europa.eu/environment/life/project/Projects/index.cfm?fuseaction=search.dspPage&n_proj_id=3861&docType=pdf (interview with a representative of the Executive Agency for Small and Medium-Sized Enterprises (EASME)).

⁷ According to the EU [definition](#), NBS are ‘solutions that are inspired and supported by nature, which are cost-effective, simultaneously provide environmental, social and economic benefits and help build resilience. Such solutions bring more, and more diverse, nature and natural features and processes into cities, landscapes and seascapes, through locally adapted, resource-efficient and systemic interventions’. Examples include green roofs and facades and natural habitat restoration.

that can be used for climate adaptation (lowering temperature variations in buildings, flood risk management) and climate change mitigation (e.g. energy efficiency gains through the use of green roofs and facades), as well as in water management (rainwater absorption capacities of plants can lower the costs of sewerage systems⁸). **Biodiversity can be an element of multi-sectoral projects**, bringing benefits in terms of reduced risk, health and wellbeing⁹, although greater awareness of these advantages is needed.

1.2 Enabling conditions

A set of enabling conditions - at all administrative levels - is needed to implement the investments guided by the values outlined above. Firstly, the high-level policy objectives expressed in legislative, strategic and programming documents must be made operational. EU environmental legislation must be transposed and implemented at Member State and sub-national levels. In addition, mainstreaming of environmental and climate policy¹⁰ in all economic sectors must be strengthened, with clear recognition of the multi-benefits of nature. Spatial planning and urban development policies, as well as agricultural policy, play a special role in nature conservation measures and in promoting NBS, and these policies should receive particular attention in respect of their links to biodiversity.

Implementation of policy objectives and specific measures on the ground requires sufficient financing resources, including EU funding and matching funds from national and other sources. Application procedures and mechanisms for combining various sources of funding should not be overly complicated. Engaging private funding is of crucial importance, not only because of the scarcity of public money but because of the role biodiversity can play in business cases – as a factor in lowering disaster risk (particularly in the context of climate adaptation), increasing energy efficiency, and improving human health and wellbeing¹¹. **Increasing awareness of the role of biodiversity through education and knowledge sharing are indirect but essential enabling conditions** for better integration of biodiversity-enhancing solutions in various economic sectors and for more effective use of the available funding for biodiversity.

⁸ Water absorption capacities drive green roof subsidies from municipalities in the Netherlands. Source: interviews with experts from the [Naturvation](#) project.

⁹ For instance, some municipalities in the Netherlands include greening/biodiversity in neighbourhood development under the objective of ‘healthy urban living’. Aesthetics seem to drive the green roof uptake by private home owners in the Netherlands. Source: interviews with experts from the [Naturvation](#) project.

¹⁰ ‘Mainstreaming’ stands for integration of environmental and climate policy goals in other policies.

¹¹ For more information on links between the business sector and biodiversity, see the dedicated website of DG Environment, [Business @ Biodiversity](#).

1.3 EU funding in the current and upcoming Multiannual Financial Framework (MFF)

EU funding is a key source of financing for LRA biodiversity actions. In its resolution adopted in January 2020, the European Parliament called on the Commission and the Council to earmark a minimum of 10% of the EU 2021-2027 budget for biodiversity¹². European LRAs are key actors in the use of this funding, identifying projects, acting as project beneficiaries and partners, and fostering synergies and innovation¹³.

EU co-funding for biodiversity is integrated into various EU funds and instruments, linking biodiversity goals with broader themes, such as management of land and natural resources and climate adaptation. The EU funds available for financing biodiversity during the period 2014-2020 include¹⁴:

- European Agricultural Fund for Rural Development (EAFRD);
- European Maritime and Fisheries Fund (EMFF);
- European Regional Development Fund (ERDF);
- European Social Fund (ESF);
- Cohesion Fund (CF);
- LIFE;
- Horizon 2020.

The first five funds listed above are collectively known as ESIF. Eleven Thematic Objectives (TOs) guide ESIF spending and these are linked to the Europe 2020 strategy of ‘smart, sustainable and inclusive growth’¹⁵. TO6 ‘Preserving and protecting the environment and promoting resource efficiency’ is the most relevant for supporting biodiversity, but projects falling under other themes can also enhance biodiversity, such as TO5, related to climate change adaptation.

The [EU Action Plan for Nature, People and the Economy](#) (2017) lists several actions to strengthen nature conservation, including an increase in the LIFE

¹² [European Parliament Resolution of 16 January 2020 on the 15th meeting of the Conference of Parties \(COP15\) to the Convention on Biological Diversity \(2019/2824\(RSP\)\)](#).

¹³ Jen, S. and Ballesteros, M., Contribution of EU local and regional authorities to the 14th meeting of the UN Convention on Biodiversity (CBD COP 14), 2018. Available at: <https://op.europa.eu/en/publication-detail/-/publication/5d26f81b-5e36-11e8-ab9c-01aa75ed71a1>

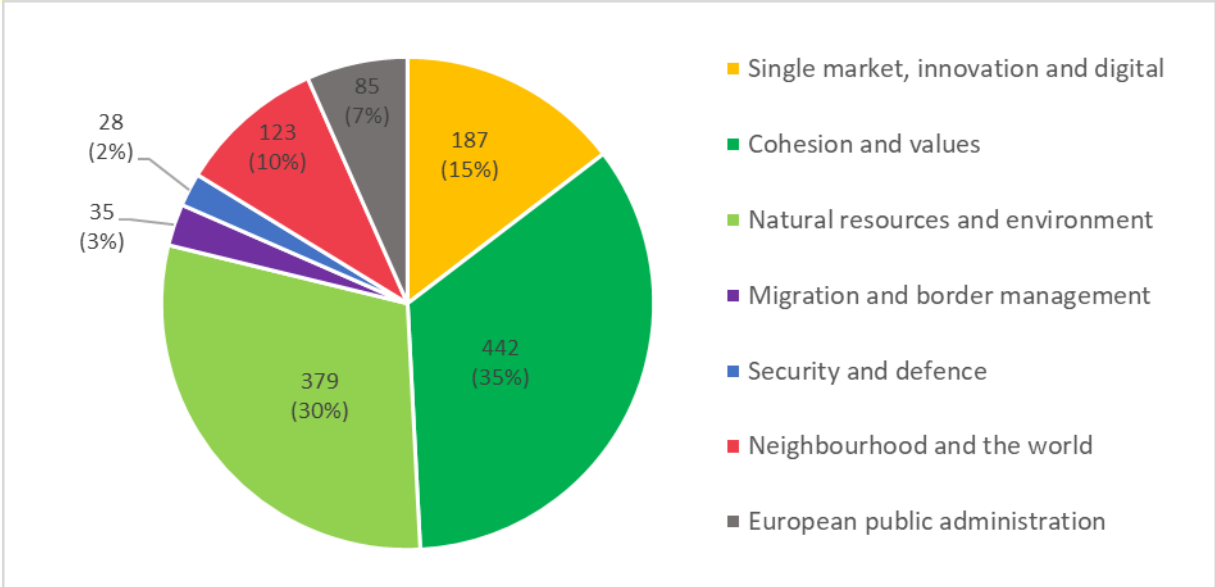
¹⁴ Kettunen, M., Torkler, P. and Rayment, M., *Financing Natura 2000 Guidance Handbook. Part I – EU funding opportunities in 2014-2020*, a publication commissioned by the European Commission DG Environment, June 2014.

¹⁵ Europe 2020. A European strategy for smart, sustainable and inclusive growth, <https://ec.europa.eu/eu2020/pdf/COMPLET%20EN%20BARROSO%20%20%20007%20-%20Europe%202020%20-%20EN%20version.pdf>

budget dedicated to biodiversity, stimulating private sector investment in nature projects, and support for the deployment of green infrastructure (GI) and NBS through EU research and innovation policy and Horizon 2020 funds¹⁶. Council Conclusions on the EU Action Plan (2017) call on the European Commission and Member States to integrate Natura 2000 and wider biodiversity more effectively within the Common Agricultural Policy (CAP), CP, Common Fisheries Policy (CFP), integrated maritime policy and research and innovation policy¹⁷.

The next MFF, for the period 2021-2027¹⁸, is organised around 7 policy priorities.

Figure 1: MFF 2021-2027 by heading, EUR billion (current prices)



Source: Gancheva, M., Markowska, A. and O’Brien, S. (2019), analysis based on COM (2018)321.

Overall, the upcoming MFF budget allocation for priorities such as research, investment, migration and defence will be higher than in the current period, while allocations for CP and the CAP will be lower¹⁹. While both CP and the CAP can be used for biodiversity action, neither has a dedicated allocation for biodiversity and so the impact of these changes on final spending in this area cannot be predicted - **much depends on the priority given to biodiversity and nature by the Member States and the specific MAs**. Decreases in CP and CAP funding in the upcoming financing period can be at least partly compensated by the increase in LIFE funding.

¹⁶ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: An Action Plan for nature, people and the economy, COM(2017) 198 final. Available at:

https://ec.europa.eu/environment/nature/legislation/fitness_check/action_plan/communication_en.pdf

¹⁷ Council Conclusion on EU Action Plan for Nature People and the Economy, June 2017. Available at:

<http://www.consilium.europa.eu/en/press/press-releases/2017/06/19/conclusions-eu-action-plan-nature/>

¹⁸ COM(2018) 321, A Modern Budget for a Union that Protects, Empowers and Defends, The Multiannual Financial Framework for 2021-2027

¹⁹ Parry, M. and Sapala, M. 2021-2027 Multiannual financial framework and new own resources. Analysis of the Commission’s proposal, 2018.

The following sections explore the financial allocations for the forthcoming financing period 2021-2027, particularly changes in ‘Cohesion and values’ and ‘Natural resources and environment’, compared to current funding.

1.3.1 Cohesion and values

CP represents the bulk of the resources under this heading and is one of the key sources of EU financing for LRAs in various fields including biodiversity. Of the three main financing instruments of CP, only the European Regional Development Fund (ERDF) will increase (by 2%) compared to the current financing period, while the Cohesion Fund and the European Social Fund Plus (ESF+) will see a decrease in funding allocation (by 45% and 7%, respectively). Support for biodiversity will be possible through funding for the ‘greener Europe’ objective: *‘a greener, low-carbon Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate adaptation and risk prevention and management’*²⁰.

A more detailed categorisation of funding into intervention fields (IFs) features one category of CP funding directly devoted to biodiversity: ‘Protection, restoration and sustainable use of Natura 2000 sites’ (IF 49) and ‘Nature and biodiversity protection, green infrastructure’ (IF 50). However, biodiversity-related projects can also be funded under other IFs, such as ‘Adaptation to climate change measures and prevention and management of climate related risks (...)’ or ‘Rehabilitation of industrial sites and contaminated land’²¹. There is no specific financial allocation dedicated to these categories, as CP rules state that the MAs in charge of operational programmes (OPs) in each Member State allocate funding to specific IFs.

Ernst&Young and Biotope (2017)²² estimated the contributions of ERDF and CF to financing biodiversity for the period 2014-2020, which amount to approximately EUR 1.5 billion per year (EUR 10.6 billion, over seven years). Given that EU policy highlights the importance of more sustainable investment (e.g. the European Green Deal²³, the EU taxonomy regulation²⁴), there is potential for Member States to prioritise actions that enhance biodiversity, e.g. through green infrastructural solutions or ecosystems preservation as a response to climate

²⁰ [Proposal for a Common Provisions Regulation, COM\(2018\) 375.](#)

²¹ Annexes to [Proposal for a Common Provisions Regulation, COM\(2018\) 375.](#)

²² [EY and Biotope, Study on biodiversity financing and tracking biodiversity-related expenditures in the EU budget, June 2017.](#)

²³ https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en

²⁴ [Proposal for a regulation of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, COM/2018/353 final.](#)

change. COWI and Milieu (2019)²⁵ noted a positive trend in integration of environmental concerns into CP over time.

The rules for spending CP funding will remain similar to those in the current MFF, with some new rules proposed. The maximum co-financing rate will continue to depend on the category of the region, but the new proposal sets the maximum threshold at lower levels: 70% for the poorest regions, 55% for transition regions and 40% for more developed regions²⁶ (compared to current rates of 85%, 60% and 50%, respectively)²⁷.

The ERDF, in addition to providing Member State-specific funding, finances the European Territorial Cooperation (ETC) instrument, or ‘Interreg’. The ETC supports cooperation between countries and regions and can also be used to support biodiversity²⁸. The proposed share of the ETC in the upcoming MFF is lower than in previous financing periods, and the proposed co-financing rates will also be lower, falling from 85% now to maximum 70% in the 2021-2027 MFF.

The European Commission and the European Investment Bank (EIB) have created a platform for advisory services on financial instruments under the ESIF (FI-Compass), which provides practical know-how and learning tools on financial instruments for ESIF MAs and other interested parties, such as LRAs²⁹.

1.3.2 Natural resources and environment

LIFE Programme

In the MFF for 2021-2027, Heading 3 is devoted to ‘*natural resources and environment*’ and will serve as another important source of biodiversity finance for LRAs. The most prominent source of direct funding for biodiversity is the LIFE Programme for environment and climate action. While LIFE is partly dedicated to biodiversity goals, its total budget is considerably lower than the budget that can potentially be used for nature-related projects from the CP. Total funding of LIFE will increase by 50%, from the current EUR 3.2 billion to EUR 4.8 billion, with EUR 2.2 billion dedicated to the sub-programme ‘Nature and

²⁵ [COWI and Milieu, Integration of Environmental Concerns in Cohesion Policy Funds \(ERDF, CF, ESF\), Final Report, 2019.](#)

²⁶ [Proposal for a Common Provisions Regulation, COM\(2018\) 375.](#)

²⁷ [Common Provisions Regulations 2014-2020.](#)

²⁸ For example, five countries implemented the Interreg project [Prospera](#), aiming to improve regional policies on protection and promotion of natural heritage, with the ultimate goal of preventing biodiversity loss, soil consumption and further degradation of natural assets. One of the project components deals with sustainable public-private partnerships. A list of Interreg projects can be found on the dedicated [website](#).

²⁹ <https://www.fi-compass.eu/>

Biodiversity'³⁰. Nature-related projects can also potentially be funded from the budget dedicated to climate action, assuming that the role of biodiversity in mitigating climate change and in climate adaptation is acknowledged. According to the proposed LIFE 2021-2027, projects providing co-benefits and promoting synergies between LIFE sub-programmes (climate and environment) will be prioritised³¹.

While the European Committee of the Regions (CoR) welcomed the increased budget for LIFE, it noted that the increase is partly due to the extension of areas eligible for support, including types of projects currently funded under Horizon 2020. It advocated for the possibility of further increased funding for the Nature and Biodiversity sub-programme, provided that the funding requested by applicants exceeds its budget by over 20% over two consecutive years. The CoR also called for current co-financing levels for LRAs to be maintained in future delegated acts or calls for proposals, and emphasised the need for provision of dissemination and technical assistance support to ensure LRA participation in the programme³². National Contact Points (NCPs) in every Member State provide information and advisory services to all interested stakeholders, including LRAs.

LIFE funding managed by the European Commission has been combined with EIB financing via the Natural Capital Financing Facility (NCFE). The NCFE supports projects that simultaneously contribute to LIFE objectives and make a strong business case. It offers funding to projects that promote conservation, restoration, management and enhancement of natural capital for biodiversity and adaptation benefits, including ecosystem-based solutions to challenges in land, soil, forestry, agriculture, water and waste. It is currently in a pilot phase which will last until 2021. The NCFE consists of a finance and technical assistance facility that can be used for project preparation, implementation and monitoring³³.

CAP

Two agricultural funds - the European Agricultural Guarantee Fund (EAGF) and the EAFRD, as the backbone of the CAP – account for most of the funding under the ‘Natural resources and environment’ heading. The allocation to these two funds will be reduced by over 15%, compared to the current MFF.

³⁰ The potential of CP to support biodiversity in 2014-2020 was estimated at more than EUR 10 billion (see section above).

³¹ [Yougova, D., LIFE Programme for 2021-2027, Financing environmental and climate objectives, 2018.](#)

³² [Proposal for a Regulation establishing a Programme for the Environment and Climate Action \(LIFE\) and repealing Regulation \(EU\) No 1293/2013. COR 2018/03653.](#)

³³ [Natural Capital Financing Facility.](#)

The EAGF provides direct payments to farmers and is less relevant to this study. The EAFRD has, however, been an important support for local investments in nature in the current period, and this central role is likely to increase after 2020. According to the Commission's communication on the CAP post-2020, the rural development pillar of the CAP (supported from the EAFRD) will focus on better synergy and coordination with municipalities and local agencies and the development of 'smart villages' throughout the Union³⁴. Smart villages develop innovative solutions to deal with challenges in their local context, engaging in a process of sustainable development and implementing strategies to improve their economic, social and environmental conditions³⁵. NBS and GI³⁶ fit well within in this concept.

The lower budget envisaged for the CAP in 2021-2027 may risk the achievement of rural development objectives³⁷. The CoR has called for the establishment of an EU Agenda for Rural, Mountainous and Remote Areas in order to promote socioeconomic development and nature protection, while fostering cooperation with urban areas³⁸.

EMFF

LRAs situated in coastal areas can receive support from the EMFF. The proposed allocation to this fund in the next MFF will amount to EUR 5.45 billion, some 13% less than in the current period³⁹. The proposed new EMFF regulation has four general objectives, two of which are relevant for LRAs and biodiversity: 1) *Fostering sustainable fisheries and the conservation of marine biological resources*; and 3) *Enabling the growth of the sustainable blue economy and fostering prosperous coastal communities*. The EMFF can support community-led local development, which should have a growing role in implementing blue economy⁴⁰ measures.

³⁴ [McEldowney, J., CAP reform post-2020 – Setting the scene, 2018.](#)

³⁵ [See the working definition of 'smart villages', pilot project 'Smart eco-social villages'](#)

³⁶ [Green and blue infrastructure](#) (GI) are natural and semi-natural areas designed and managed to deliver a wide range of ecosystem services, such as water purification, air quality, space for recreation, climate mitigation and adaptation. These networks of green (land) and blue (water) spaces can improve environmental conditions, human health and quality of life. They enhance biodiversity and create green jobs. The Natura 2000 network is the backbone of EU green infrastructure.

³⁷ [COR 2018/02389](#). Note that in the new budget proposal, the rural development pillar of the CAP (represented by the EAFRD) is reduced by 28% compared to the EU-27 budget for 2014-2020 (Parry and Sapala, 2018).

³⁸ [Resolution on the European Commission Work Programme for 2019, COR 2018/05067.](#)

³⁹ According to Ernst&Young and Biotope, (2017), the OPs guiding the spending from the EMFF in the current financing period allocated on average approximately 40% (EUR 2.23 billion) for TO6: *Preserving and protecting the environment and promoting resource efficiency*.

⁴⁰ [European Commission, What is the Blue Economy?](#)

1.3.3 Research and innovation (R&I)

Biodiversity action can be financed under the heading *Single market, innovation and digital*, which includes Horizon Europe – the EU programme for R&I that will succeed Horizon 2020. The proposal for Horizon Europe⁴¹ proposes the highest allocation (EUR 52.7 billion) to its Pillar II: *Global Challenges and Industrial Competitiveness*, which covers five policy clusters including *Climate, Energy and Mobility* (EUR 15 billion) and *Food and Natural Resources* (EUR 10 billion). These two clusters seem to be the most suitable for financing nature projects, but additional opportunities might be available under other policy clusters.

Biodiversity investments managed by LRAs are eligible for support from Horizon Europe within specific calls for proposals and actions announced in subsequent Work Programmes on the relevant website⁴². Horizon 2020 may offer project development assistance (PDA) for LRAs in the run-up to the 2021-2027 MFF⁴³.

The European Commission implements an R&I agenda for NBS and re-naturing cities, supported primarily through Horizon 2020. Its main goals are to enhance stakeholder awareness and engagement, enhance supply and demand of such measures, and develop an EU-wide knowledge base⁴⁴. The CoR has welcomed the efforts of the Horizon 2020 programme to intensify R&I activities exploring the potential of NBS and GI in regenerating urban areas⁴⁵. Some examples of projects implemented in Italy and co-financed from Horizon 2020 are listed in Annex 4 (see

⁴¹ [Proposal for a Regulation establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination, COM\(2018\) 435.](#)

⁴² [Horizon 2020](#) website is available for the current financing period.

⁴³ PDA is available for regions, cities, municipalities and groupings on the topic of sustainable energy. As NBS can be included as one of the elements of sustainable energy projects, such assistance may be relevant. More information is available at the [EASME website](#).

⁴⁴ [A Research and Innovation Policy Agenda for Nature Based Solutions.](#)

⁴⁵ [CoR Opinion, ‘The contribution of EU cities and regions to the CBD COP14 and the post 2020 EU Biodiversity Strategy’](#), ENVE-VI/031.

Table 4).

1.3.4 Financial instruments and other financing opportunities at EU and national level

In addition to grants, financial instruments such as loans, guarantees and equity are gaining importance in implementation of the MFF. The InvestEU Programme will combine the current European Fund for Strategic Investments (EFSI) and other financial instruments, and provide guarantees of EUR 38 billion in order to mobilise public and private financing in the form of loans, equity and other market-based instruments. The Commission has estimated that these guarantees would mobilise EUR 650 billion for strategic investments that might otherwise be under-financed by the market, including sustainable infrastructure⁴⁶.

As part of the Investment Plan that includes the EFSI, the European Commission has launched the European Investment Advisory Hub (EIAH). The Hub is managed by the EIB and is intended to support project promoters during the project development process through dedicated advice and expert technical assistance⁴⁷.

The EIB has also developed a Sustainable Ocean Programme⁴⁸, an initiative aimed at tackling ocean pollution and protection of marine ecosystems. In addition to its blending facilities developed with the EU, the bank provides direct loans or loans via financial intermediaries, guarantees, and equity investments, all of which can apply to biodiversity projects developed by LRAs in all Member States. Such loans can cover up to 50% of overall project costs.

Public lottery funds devote a substantial part of their profit to financing charity, social or environmental objectives (e.g. in the UK, the Netherlands and Spain) and may constitute a source of biodiversity financing for LRAs. Environmental NGOs, supported by membership fees and donations, can also provide funding for biodiversity conservation⁴⁹. Biodiversity no net loss regulation and offsetting can be used to finance nature restoration projects and prevent further loss of biodiversity. In some countries (e.g. Germany), such instruments are implemented in national and/or regional regulations⁵⁰.

⁴⁶ [Annexes to COM\(2018\) 321.](#)

⁴⁷ [European Investment Advisory Hub.](#)

⁴⁸ <https://www.eib.org/en/about/initiatives/preserving-our-oceans/index.htm>

⁴⁹ Examples include international NGOs such as [The Nature Conservancy](#), [Greenpeace](#), and [WWF](#), and at national level, [Natuurmonumenten](#) in the Netherlands, [BUND](#) and [NABU](#) in Germany.

⁵⁰ Biodiversity offsets are measures designed to compensate for adverse biodiversity impacts arising from project development. More information about biodiversity offsetting can be found in an [OECD report](#).

Since 2007-2008, green bonds⁵¹ have increasingly become an important source of finance for biodiversity projects. At the end of 2017, some 4% of bond proceeds globally had been directed towards conservation, and 2% towards sustainable land use⁵².

⁵¹ OECD defines green bonds as ‘*debt instruments used to finance green projects that deliver environmental benefits. A green bond is differentiated from a regular bond by its commitment to use the funds raised to finance or re-finance “green” projects, assets or business activities. Green bonds can be issued by either public or private actors upfront to raise capital for projects or re-financing purposes, freeing up capital and leading to increased lending*’. For further information, see the [report of the G20 Green Finance Study Group](#).

⁵² <https://www.cbd.int/financial/greenbonds.shtml>

Lastly, funding for biodiversity can be combined with funding for other objectives, such as climate adaptation and energy efficiency. Although outside Europe, Melbourne’s urban forest strategy⁵³ is a good example of a multi-benefit project involving various stakeholders including LRAs. For those LRAs interested in NBS, the Urban Nature Atlas developed within the Naturvation project provides NBS across 100 European cities, including an indication of financing sources⁵⁴.

1.4 Financing opportunities at international level

LRAs in the EU can access international financing resources with coverage beyond EU borders. The EBRD provides loans and bank guarantees for a range of countries in transition, including several EU Member States⁵⁵. In 2015, the EBRD adopted its Green Economy Transition approach to help its partners to transition towards more sustainable and environmentally friendly economies.

The EBRD also acts as an agency for the Global Environment Facility (GEF). Through several trust funds, this partnership was developed to support investments aimed at tackling global environmental issues in developing countries and countries in transition (thus including several EU Member States). In its new investment cycle, GEF-7 (2018-2022), USD 1.29 billion was allocated to feed the GEF’s biodiversity strategy, supporting the implementation of the CBD⁵⁶. LRAs that wish to benefit from such funds should engage with the Operational Focal Points within their countries.

LRAs in the EU are eligible for loans from the Council of Europe Development Bank (CEB). The CEB grants loans in favour of environmentally friendly projects, including energy efficiency, waste treatment, clean transport and biodiversity protection. For instance, the city of Barcelona benefitted from a loan from the CEB’s Public Sector Finance Facility (PSFF) to support its Citizen Commitment to Sustainability 2012–2022, which contributed to building the ‘new green lung of the city, Las Glorias park’⁵⁷.

⁵³ [Living Melbourne: our metropolitan urban forest.](#)

⁵⁴ [Urban Nature Atlas.](#)

⁵⁵ For country coverage, check [EBRD – Where we are.](#)

⁵⁶ It is noted however that these figures are broad estimates which does not distinguish between European beneficiaries and the rest of the world. More specific estimates focusing on the European level could not be retrieved. Global Environmental Facility (GEF), Biodiversity: https://www.thegef.org/sites/default/files/publications/gef_biodiversity_bifold_august_2019_0.pdf

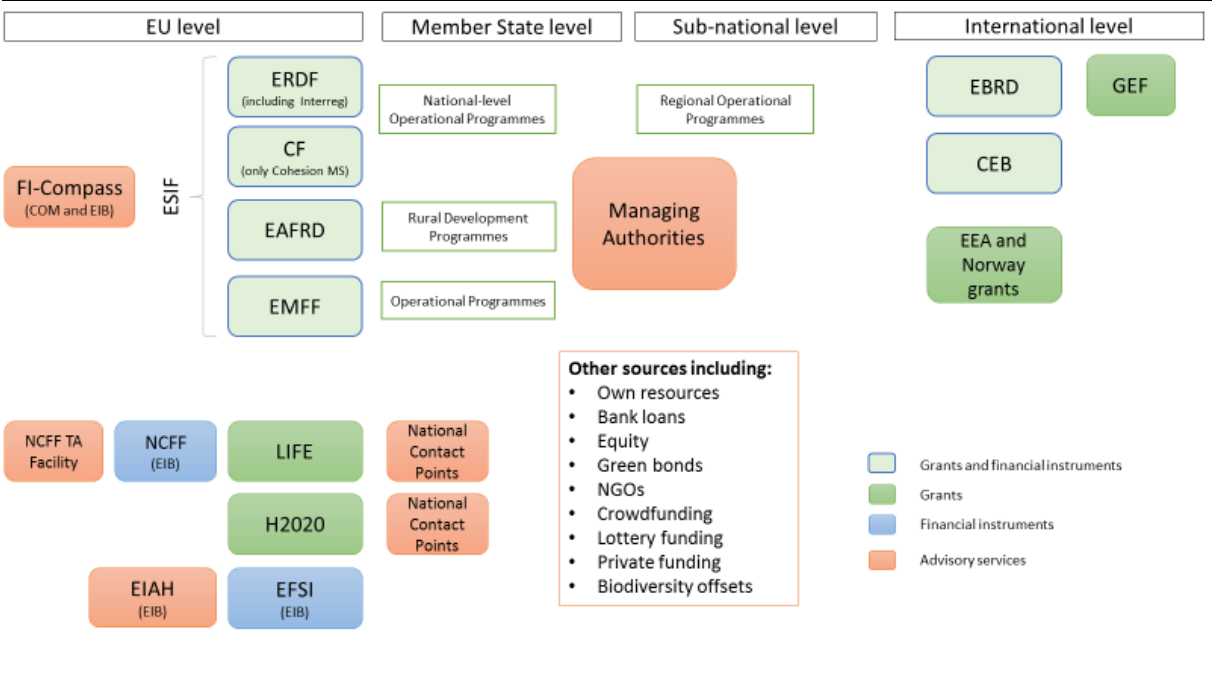
⁵⁷ Council of Europe Development Bank (CEB), Barcelona for future generations: <https://coebank.org/en/news-and-publications/projects-focus/barcelona-future-generations/>

Some international grants may also be available to LRAs in Europe to help to fund biodiversity projects⁵⁸. The EEA and Norway Grants - funded by Iceland, Liechtenstein and Norway - target 15 beneficiary countries in Europe⁵⁹ and provide funding for a wide range of topics, including the environment and ecosystems, depending on national priorities⁶⁰.

1.5 Summary of biodiversity financing opportunities

Figure 2 presents an overview of the EU funding instruments available to LRAs to finance biodiversity action.

Figure 2: Overview of EU funding available to LRAs for biodiversity action at EU and international level



Financing opportunities are depicted at EU, Member State, sub-national and international level. The shared management of ESIF (implemented at national and regional level) means that OPs and MAs feature in both Member State and sub-national levels. Many other sources also have both national and sub-national dimensions and are thus included between national and sub-national categories.

⁵⁸ [Terra Viva Grants](#) provides news and guidance on grant funding opportunities in the environmental sector. It provides a list of around 800 grant sources across the globe, organised into five different topics, including 'Biodiversity, conservation and wildlife'.

⁵⁹ See [here](#) for the list of eligible countries.

⁶⁰ Safeguarding biodiversity is one of the areas of support prioritised by Czechia, for example.

1.6 Biodiversity financing instruments at national level: examples

EU and international funding needs to be mirrored by adequate support at national level if LRAs are to participate effectively. Five countries were selected to provide more information about financing biodiversity action at national level: France, Italy, Poland, Luxembourg, Finland. These five represent diverse geographical regions. Interviews with national, regional, and local stakeholders allowed a better understanding of the barriers faced by LRAs and assisted in formulating recommendations. The following sections provide information related to each of these Member States. More detail on funding opportunities is provided in Annex 2.

1.6.1 France

EU funding

European funds constitute a wide-ranging source of funding for LRAs in France, and have the potential to contribute substantially to the implementation of biodiversity projects. Most of the projects funded relate to the management of Marine Protected Areas (MPAs, especially through the Natura 2000 network) and sustainable land-use planning (e.g. development of green and blue corridors)⁶¹.

The most relevant funds for France are those included in ESIF⁶² (except for the Cohesion Fund). The ERDF, EAFRD and EMFF are most frequently used to support environmental issues⁶³. Several interviewees⁶⁴ noted that LIFE also represents an essential resource for biodiversity action, especially the development of the Natura 2000 network across the territory. The total investment for LIFE projects amounts to EUR 230 million, of which EUR 121.5 million came from EU contributions⁶⁵. With an overall budget of EUR 4.9 million spread over five years, the LIFE Programme Sallina was carried out by the community municipality of the Noirmoutier Island, to restore salt meadows and lagoons in the Atlantic⁶⁶.

⁶¹ [L'Europe s'engage en France, Objectif thématique Environnement](#)

⁶² Welcomeurope, 2011, Financez vos projets grâce à l'Europe. Des fonds européens pour votre territoire guide pratique de l' élu, pp1-26. Available at: https://www.eurelien.fr/sites/default/files/media/amf_8434_brochure_nationale_fonds_structurels.pdf

⁶³ [L'Europe s'engage en France, Objectif thématique Environnement](#)

⁶⁴ Interviews with stakeholders from the *Office Français de la Biodiversité* and *DREAL* (Regional Office for the Environment).

⁶⁵ European Commission/EASME, France. Overview: https://ec.europa.eu/easme/sites/easme-site/files/life_co_france_en_nov19.pdf

⁶⁶ [Cap Atlantique L'agglo, Life Salina](#)

National and regional funds

The national public sector financial institution *Caisse des dépôts* is the investment instrument of the government, and can provide loans for sustainable and nature-friendly projects developed by LRAs⁶⁷. At a lower level, regions and counties (*départements*) are an essential source of funding for municipalities, mainly through grants or the conclusion of contracts on targeted missions. This is specific to each region⁶⁸. Regional water agencies (*Agences de l'eau*) play a similar role for marine ecosystems, and represent one of the main sources of funding for LRAs in respect of climate mitigation and the restoration of the aquatic environment⁶⁹.

The French Office for Biodiversity ([*Office Français de la Biodiversité*](#), formerly known as *Agence Française pour la Biodiversité*) has undergone some transformation recently. While the national office mainly provides advisory and technical assistance for project leaders and LRAs, some of the regional agencies currently under development (*Agences Régionales pour la Biodiversité*) have already begun discussions with the relevant regional authorities about the development of platforms to coordinate and articulate the funding available for biodiversity⁷⁰.

Alternative sources

Additional funding opportunities available to LRAs include crowdfunding, which is increasingly popular among municipalities⁷¹, and green bonds. France was a forerunner in the use of green bonds, with the Ile-de-France region issuing a EUR 350 million bond as far back as 2012, followed by another EUR 600 million in 2014⁷².

Challenges

European funds appear to be frequently under-utilised and LRAs struggle to absorb such investment. For instance, as of 31 December 2018, just 28% of the

⁶⁷ [Banque des territoires, Nos prêts de long terme pour les collectivités.](#)

⁶⁸ In Brittany, the 'Contrat Nature' grant allows local authorities to fund projects related to the environment and biodiversity. See: <https://www.bretagne.bzh/aides/fiches/contrat-nature/>

⁶⁹ For instance, the Normandy Water Agency (*Agence Eau Seine Normandie*) plans to invest around EUR 3.84 billion in actions on water quality, biodiversity, climate mitigation, public health or territorial cohesion. See: <https://fr.calameo.com/read/0040019136e302ca36efc>

⁷⁰ The Brittany region held its first financing committee for the sea in October 2019 to discuss the coordination of funding for marine biodiversity. See: <https://www.afbiodiversite.fr/actualites/premier-comite-des-financements-publics-pour-la-biodiversite-marine-en-bretagne>

⁷¹ UICN France, 2018, *Collectivités & Biodiversité: vers des initiatives innovantes*. Available at: <https://uicn.fr/wp-content/uploads/2018/06/cb.initiates-innovantes-uicn.pdf>

⁷² Jun, M., Kaminker, C., Kidney, S., et al., *Green Bonds: Country experiences, barriers and options*, p11. Available at: <https://www.cbd.int/financial/greenbonds/oecd-greenbondscountries2016.pdf>

funds available for EMFF for 2014-2020 had been allocated, and only 17% actually spent⁷³. Overall, European funds are perceived by LRAs as overly complex and resource-consuming. As underlined in a 2019 report on the utilisation of European funds from the French Senate⁷⁴, this is partly due to the administrative burden that resulted from the combination of a complex application process from the EU and a national process of decentralisation (launched in 2014) that saw an incomplete and patchy transfer of responsibilities from the State to the regions. This entanglement of national, regional and local competencies, combined with demanding European procedures and a lack of human resources supports, means that LRAs tend to turn to national sources of funding.

Most of the interviewees highlighted the complexity of procedures and lack of awareness of funding opportunities as the main barriers to biodiversity financing for LRAs. Recent developments suggest that national authorities are making efforts to improve access to funding. The national biodiversity plan (*Plan Biodiversité*) released in July 2018 aims to place biodiversity at the centre of public action. Through six overarching goals, 24 objectives and 90 measures, the French government has committed to help to finance actions contributing to nature conservation, innovation and transition⁷⁵.

1.6.2 Italy

EU funding

EU funding is one of the primary sources of financing for investments related to environmental protection, including biodiversity conservation, in Italy. The principal sources of ESIF funding are the 21 regional OPs (19 regions and 2 autonomous communities) and the Interreg OPs.

The Regional Development Plans (RDPs) prepared within the framework of the CAP can potentially be used to fund biodiversity action, i.e. projects aimed at safeguarding, restoring and improving biodiversity, including in Natura 2000 areas and in areas subject to natural or other specific constraints. However, a recent study⁷⁶ highlighted that the measures directly linked to these objectives remain unattractive for potential beneficiaries, who consider the relationship between the financial compensation and the commitment required to be

⁷³ Mélot, C., n°745 (2018-2019), Rapport d'information du Senat au nom de la mission d'information sur la sous-utilisation chronique des fonds européens en France, p68. Available at: <https://www.senat.fr/rap/r18-745/r18-7451.pdf>

⁷⁴ N°745 (2018-2019)

⁷⁵ Ministère de la Transition Ecologique et Solidaire, Plan Biodiversité : <https://www.actu-environnement.com/media/pdf/news-31626-plan-biodiversite.pdf>

⁷⁶ [Servadei, L., et al., 2018.](#)

unfavourable, both in terms of field work and administrative burden. This finding was confirmed in the interviews with Italian stakeholders.

Direct EU funding - in particular LIFE - is another important source of funding for biodiversity action. In 2017, Italy obtained financing for 32 projects, which will receive EUR 47.6 million of EU contributions, against a total investment of EUR 80.7 million^{77,78}.

National funding

In November 2019, approval of the Climate Decree saw EUR 30 million allocated for 2020 and 2021 for the planting and replanting of trees, forestry, the creation of urban and peri-urban forests in metropolitan cities⁷⁹. The Decree acknowledges the important role of trees in tackling climate change by storing CO₂. Multi-benefits offered by reforestation projects in urban areas include improving the relationship between the built and the natural environment, reducing the problems created by urban heat islands, improving hydrogeological stability, improving the quality of the landscape, and citizens' use and access to the landscape features.

The Ministry of the Environment website has a section dedicated to 'economic resources for biodiversity', which explains that the National Biodiversity Strategy⁸⁰ and its Intermediate Review⁸¹ of 2016 dedicate specific budget lines for the mobilisation of resources to integrate funding objectives for biodiversity in other sectoral policies.

Regional and local funding

The regions and local entities generally use EU direct and indirect funding for biodiversity projects, sometimes combined with funding from private entities. Part of the regional and municipal budget can sometimes be dedicated to environmental projects, depending on political will in the region. Municipalities can decide to dedicate part of their annual budget to projects related to biodiversity conservation, creation of green spaces and reforestation.

⁷⁷ A list and description of all of the LIFE-financed projects in Italy is available at the Ministry of Environment website: <https://www.minambiente.it/pagina/archivio-progetti-del-mese-0>

⁷⁸ LIFE Gestire2020 is one of the innovative projects implemented in Lombardy and co-financed from the LIFE Programme. *Natura che vale* is a database created within this project, with search functions and instructions for all opportunities for financing the Natura 2000 network in the region.

⁷⁹ <https://www.minambiente.it/comunicati/decreto-clima-un-primo-importante-passo-contrastare-i-cambiamenti-climatici>

⁸⁰ <http://www.minambiente.it/pagina/strategia-nazionale-la-biodiversita>

⁸¹ http://www.minambiente.it/sites/default/files/archivio/allegati/biodiversita/revisione_medio_termine_SNB.pdf

Alternative sources of funding/other funding

Foundations and private companies can contribute to financing biodiversity actions, often in combination with other public funding. The Cariplo Foundation is the most important private funder of the regional Natura 2000 network. The Foundation Action Plan 3 promotes environmental sustainability through support for local projects centred on the conservation and best use of natural resources through conscious and coordinated involvement of the various actors⁸². Since 2011, the Cariplo Foundation has supported - through a dedicated budget - projects submitted by non-profit organisations that apply for the main European environmental programmes (e.g. LIFE and Interreg), together with regional and local bodies. Topics considered include development of ecological connections, identification and enhancement of ecosystem services (SE) and activation of payment schemes for ecosystem services (PES)⁸³.

Private companies wishing to compensate for pollution often join financing partnerships for biodiversity projects (see Annex 2 for two examples). The stakeholders interviewed noted that **a bottom-up approach in the preparation of the projects, with the involvement of civil society, environmental associations and private actors** (enterprises and bank foundations) **is a key success factor in efficient and effective implementation of biodiversity projects**.

Both interviews highlighted the complexity of procedures and lack of awareness of funding opportunities as the main barriers to biodiversity finance for LRAs. The LIFE Programme was considered the most suitable instrument for LRAs because it clearly addresses biodiversity actions and allows co-financing with private entities, which are more comfortable participating in a financing framework at European level. The possibility to finance LRA capacity-building initiatives through LIFE is also seen as success factor. The representative of the Lombardy regional administration explained that it had organised - in the context of the ["Gestire 2020" project](#) - training for local administrators to improve their capacity, resulting in more than EUR 24 million being spent on biodiversity projects in the region in subsequent years.

1.6.3 Poland

EU funding

Poland is set to remain one of the largest beneficiaries of CP funding in the coming years, thus the ERDF and the Cohesion Fund will continue to play an important

⁸² <https://www.fondazionecariplo.it/it/strategia/piani-di-azione/sostenibilita-ambientale-pda-03.html>

⁸³ <https://www.fondazionecariplo.it/it/progetti/ambiente/cofinanziamento-di-progetti-europei.html>

role in supporting environmental investments. CP is implemented through several OPs, including the national Infrastructure and Environment OP that can be used for biodiversity action, and 16 regional OPs, all of which provide opportunities for investing in nature. Biodiversity-related projects falling under the Priority Axis II of the Infrastructure and Environment OP (2014-2020)⁸⁴ are coordinated by a dedicated implementing institution responsible for selection, implementation and monitoring of this type of project⁸⁵.

The RDP (EAFRD) and the OP ‘Fishing and Sea’ (EMFF) can support projects with biodiversity components. Opportunities for LRAs are particularly evident in the community-led local development components of both programmes. The Agency for Restructuring and Modernisation of Agriculture⁸⁶ monitors both programmes.

National and regional level

National and regional funds for environmental protection and water management constitute another important source of funding for LRAs. The funds redistribute income collected from environmental compliance fees and fines, provide grants and loans, and act as coordinating and advisory bodies in the area of environmental investment. The National Fund for Environmental Protection and Water Management (NFEPWM) is the largest Polish financial institution supporting environment and climate. The Fund provides complementary grants and loans for selected environmental projects financed from the Priority Axis II of the OP Infrastructure and Environment.

The NFEPWM also serves as the NCP for LIFE and provides co-financing for projects accepted for financing. Applicants to the LIFE Programme can therefore receive up to 95% reimbursement of total project costs⁸⁷. The uptake of LIFE funding in Poland has been low, partly due to complicated application procedures, especially co-financing of LIFE grants from the Fund. The Fund is working on improvements in this area, with a similar programme of support for LIFE beneficiaries to be launched for the new funding period. This is likely to include complementary funding for technical assistance in preparing a project application⁸⁸.

⁸⁴ Priority Axis II concerns ‘Environmental protection including climate change adaptation’.

⁸⁵ [Centrum Koordynacji Projektów Środowiskowych](#).

⁸⁶ Except for priority IV of the OP ‘Fishing and Sea’, on local fishing, this part of the OP is managed by regional self-governments.

⁸⁷ LIFE can finance up to 60% of eligible project costs (and up to 75% for priority habitats or species). The beneficiary must cover at least 5% of the eligible costs (which can be in a form of own labour). Source: interviews with representatives of EASME and the NFEPWM.

⁸⁸ Interview with a representative of the NFEPWM.

Other sources of biodiversity financing

Neither the literature research nor the stakeholders interviewed indicated any other prominent sources for biodiversity financing in Poland. However, the market for green equity is growing, with green bonds issued in 2016 by the State Treasury and in 2017 by the Ministry of Finance. In the private sector, Santander Bank Polska issued green obligations in 2017, with a value of EUR 137 million. To date, LRAs in Poland seem reluctant to use these new financing instruments to strengthen their efforts to improve the quality of the environment and biodiversity⁸⁹.

Challenges

Stakeholders identified difficulties in finding the matching funding for EU grants and excessive administrative burden as the main barriers for LRAs in Poland in accessing biodiversity financing. Administrative hurdles are particularly evident in the case of CP funding, where MAs tend to set strict requirements for project preparation. In some cases, problems have been encountered with VAT recovery, which discourages LRAs from applying for CP funding⁹⁰. Moreover, thematic concentration of CP funding limits the flexibility in allocation of funds, which can be a challenge especially for more developed regions⁹¹.

While some municipalities are aware of the need to protect nature, others do not see it as a priority. Some LRAs lack incentives for investing in nature, preferring to focus on development activities (housing, industry) with clear tangible profits for the municipal budget. Failure to monitor spending of funding dedicated to nature (or at least featuring as such in statistics) is also an issue, particularly in CP funding allocated to regional OPs. There have been cases in Poland where funding allocated to environment and biodiversity was spent on investments that were, in reality, neutral or even harmful to nature⁹².

⁸⁹ [‘Time for green obligations in cities and municipal companies in Poland’](#) (*Czas na zielone obligacje w miastach i spółkach komunalnych w Polsce*), Dziennik Gazeta Prawna, 20 March 2019 (accessed on 18 February 2020).

⁹⁰ VAT is regarded as a non-eligible cost unless the beneficiary can prove that it cannot be recovered. MAs require special certificates from the Ministry of Finance where VAT cannot be recovered – this imposes additional administrative burden and creates financial risk for the beneficiaries. Source: an interview with an NGO.

⁹¹ According to the thematic concentration rules, in 2014-2020, more developed regions are obliged to devote 80% of their CP allocation to R&I, ICT, competitiveness of SMEs and low-carbon economy, which leaves only 20% of CP funding available for other goals including environment and in particular, biodiversity. In the upcoming financing period, these rules will be changed in favour of the environmental policy objective (for countries with GNI up to 100% average, 30% will have to be devoted to the objective ‘greener, low carbon Europe’, and for countries with GNI above 100% average, minimum 85% will have to be devoted jointly to the objectives ‘smarter /eyrioe’ and ‘greener, low carbon Europe’). Source: interview with regional authorities of Mazovia region, Poland.

⁹² Examples include buying equipment for the fire brigade, a road made of concrete (‘to strengthen ecological corridors’) and regulation of a river (where its natural features were damaged). Source: an interview with an NGO representative.

1.6.4 Luxembourg

EU funding

LIFE constitutes an essential instrument for biodiversity funding at European level, according to the stakeholders interviewed⁹³. Since 1992, the programme co-financed eight projects in Luxembourg, to a total amount of EUR 18 million (EUR 8 million of EU contribution). Most projects related to the conservation of habitats and species, pursuant to the requirements of the Birds and Habitats Directives. The three current projects are jointly led by an intercommunal association (*Syndicat Intercommunal de l'Ouest pour la Conservation de la Nature*) and a local NGO (*Hëllef fir d'Natur*)⁹⁴. The Grassland project, for instance, focuses on the 'conservation and management of species-rich grasslands by local authorities' and was supported by two intercommunal associations (Sicona-Centre and Ouest)⁹⁵.

Luxembourg's RDP 2014-2020 emphasised the preservation and restoration of ecosystems⁹⁶. In this context, LRAs may apply for funding under the EAFRD, with over EUR 126 million allocated to date⁹⁷.

National and regional funds

The 2005 Law on the partnership between intercommunal associations and the State regarding the protection of nature and natural resources enshrines the cooperation between the State and LRAs. Through this legal act, local authorities benefit from the possibility of co-funding to develop biodiversity projects. This represents a strong incentive, as authorities need only fund 50% of their projects, while the State provides the remaining 50%⁹⁸. The efficiency of this shared responsibility mechanism is reinforced by the fact that many municipalities gathered under intercommunal associations can combine their resources. Each of these associations has established biological monitoring stations to evaluate the state of nature in the area. With skilled staff, these stations are familiar with both the technical work and the application procedures for funding, which constitutes an essential asset⁹⁹.

⁹³ From interviews with a member of the Bettembourg Municipal Council and the local NGO, *Natur&Emwelt*.

⁹⁴ The European Commission/EASME, Luxembourg. Introduction: https://ec.europa.eu/easme/sites/easme-site/files/life_luxembourg_fr_dec18.pdf

⁹⁵ LIFE Grassland, The project: <http://www.life-grassland.info/en/the-project/>

⁹⁶ https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/key_policies/documents/rdp-luxembourg-press-summary-03-07-2015_en.pdf

⁹⁷ Luxembourg's Rural Development programme for 2014-2020 approved by the European Commission: <https://cohesiondata.ec.europa.eu/countries/LU#>

⁹⁸ From interviews with a member of the Bettembourg Municipal Council and the local NGO, *Natur&Emwelt*.

⁹⁹ The government aims to cover the entire national territory with such associations.

Luxembourg has developed a specific environmental fund (*Fond pour la protection de l'Environnement*) to implement its national plan for the protection of nature (*Plan National pour la Protection de la Nature*). This fund aims to provide resources for municipalities, conservation organisations or private owners to ensure the preservation of biodiversity. It is managed by the Ministry of the Environment directly¹⁰⁰.

Challenges

Rural development and urbanisation, and the growing pressure from real estate represent the two main threats to biodiversity in Luxembourg. While most of the projects funded focus on nature conservation, pilot projects are needed that include the private sector or NBS¹⁰¹. The favourable economic situation, along with the positive incentive created by the State/commune partnerships, facilitates LRAs' access to biodiversity finance. The main challenge identified during the interviews is the administrative burden that EU funds represent. Application procedures, monitoring and reporting can become quite costly for small municipalities with limited resources (especially if they are not yet part of any intercommunal association). On the other hand, political divisions may play a role in the reluctance of some municipalities to act in favour of biodiversity, with some local governments failing to identify nature protection as a priority for their territory¹⁰².

1.6.5 Finland

EU funding

LIFE is the main instrument available to LRAs for biodiversity action¹⁰³. The LIFE Nature and Biodiversity component co-financed 63 projects in Finland, amounting to a total investment of EUR 150 million, with an EU contribution of EUR 82 million. Species and habitat conservation is one of the main areas of focus, with invasive species being a particularly serious threat¹⁰⁴.

The ESIF also serves as a fundamental source of support. The EAFRD and the EMFF are the main sources utilised for environment protection and resource

¹⁰⁰ Loi du 18 juillet 2018 concernant la protection de la nature et des ressources naturelles. Available at: <http://legilux.public.lu/eli/etat/leg/loi/2018/07/18/a771/jo>

¹⁰¹ Le Gouvernement du Grand-duché de Luxembourg, 2009, Quatrième rapport national de la Convention de la diversité biologique du Grand-Duché de Luxembourg, p49. Available at: <https://www.cbd.int/doc/world/lu/lu-nr-04-fr.pdf>

¹⁰² From interviews with a member of the Bettembourg Municipal Council and the local NGO, *Natur&Emwelt*.

¹⁰³ Interview with a member of the Association of Finnish Local and Regional Authorities.

¹⁰⁴ *Idem*.

efficiency, with EUR 1.9 billion and EUR 73 million, respectively, in Finland's total budget for 2014-2020¹⁰⁵. These figures relate to environmental issues in general, with no insight into biodiversity specifically. Finland's RDP for 2014-2020 put an emphasis on Priority 4 on '*Restoring, preserving and enhancing ecosystems related to agriculture and forestry*'¹⁰⁶. It appears, however, that funding can be accessed more easily by private landowners than LRAs¹⁰⁷. In respect of the EMFF, priorities 1 and 2 on sustainable fisheries and aquaculture represent a budget of around EUR 27.9 million from EU contributions¹⁰⁸.

National and regional funds

Finland's Environmental Implementation Review 2019 highlighted government spending of around EUR 499 million on environmental protection in 2016, of which 14% was dedicated to biodiversity¹⁰⁹. Little funding was allocated to LRAs, however¹¹⁰. The METSO Programme¹¹¹ on forestry and nature conservation (which is based on a voluntary approach and provides support to forest owners and local authorities) is one of the few good examples in this area. The stakeholder interviewed pointed out that the Finnish Parliament had granted an extra EUR 100 million for biodiversity conservation, of which EUR 42 million will be allocated to the preparation of the Helmi programme on nature conservation measures¹¹². LRAs are optimistic that a certain proportion of this funding will benefit their projects¹¹³.

Alternative sources

One specific source of funding available to LRAs in Finland relies on green finance. MuniFin is '*the only financial institution in Finland specialised in the financing of the municipal sector and non-profit housing sector*'¹¹⁴. Committed to

¹⁰⁵ European Commission, European Structural and Investment Funds, Country data for: Finland: <https://cohesiondata.ec.europa.eu/countries/FI>

¹⁰⁶ Factsheet on 2014-2020 Rural Development Programme for Mainland Finland: https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/key_policies/documents/rdp-factsheet-finland-mainland_en.pdf

¹⁰⁷ Herzon, I., Rajala, T., Heinimaa, P. et al., 2014, FAO State of Biodiversity for Food and Agriculture in Finland, p85. Available at: <http://www.fao.org/3/CA3498EN/ca3498en.pdf>

¹⁰⁸ European Commission, European Maritime and Fisheries Fund (EMFF) Finland: https://ec.europa.eu/fisheries/sites/fisheries/files/docs/body/op-finland-fact-sheet_en.pdf p2

¹⁰⁹ European Commission, 2019, Commission Staff Working Document, The EU Environmental Review 2019 Country Report – FINLAND, p29. Available at: https://ec.europa.eu/environment/eir/pdf/report_fi_en.pdf

¹¹⁰ Interview with a member of the Association of Finnish Local and Regional Authorities.

¹¹¹ METSO – The Forest and Biodiversity Programme for Southern Finland: https://www.metsonpolku.fi/en-US/METSO_Programme

¹¹² Ympäristöministerio, Helmi-elin ympäristöohjelma vahvistaa luonnon monimuotoisuutta: <https://www.ym.fi/helmi>

¹¹³ Interview with a member of the Association of Finnish Local and Regional Authorities.

¹¹⁴ MuniFin, Responsibility : <https://www.munifin.fi/responsibility/>

contribute to the UN Sustainable Development Goals (SDGs), the credit institution is publicly owned¹¹⁵ and provides green and social bonds to municipalities. Projects that promote low-carbon transition and climate resilience are privileged. Environmental management (including nature conservation) is one of the seven areas of focus of Munifin's Green Framework.

Challenges

In its 2004 report on the state of Finland's biodiversity for food and agriculture, the Food and Agriculture Organization of the United Nations (FAO) identified several policy and institutional constraints in Finland preventing efficient synergies across sectors. These included competing interests from sectoral policies that may result in harmful impacts for biodiversity¹¹⁶. Another major challenge for LRAs is their limited capacity and knowledge in preparing successful applications for EU funding¹¹⁷. There is a lack of awareness of the kind of language needed for the procedures and LRAs often miss opportunities to link biodiversity actions to broader projects relating to well-being or employment.

Another shortcoming is the limited availability of funding for LRAs for biodiversity action. Most of the existing funding opportunities do not focus on municipalities, which lack an exclusive instrument to pursue biodiversity action. There seems to be a gap in both the funding dedicated to biodiversity and the options available to local authorities in Finland¹¹⁸. The FAO emphasised that *'biodiversity policy is considered science-driven and top-down, rather than addressing Finnish people's problems'¹¹⁹*.

¹¹⁵ It is owned by municipalities, the government of Finland and Keva (a public sector pension fund).

¹¹⁶ Herzon, I., Rajala, T., Heinimaa, P. et al., 2014, p67.

¹¹⁷ Interview with a member of the Association of Finnish Local and Regional Authorities.

¹¹⁸ *Idem*.

¹¹⁹ Herzon, I., Rajala, T., Heinimaa, P. et al., 2014, p99.

2.Part 2: Main barriers to biodiversity finance

The Study revealed a range of barriers and challenges for LRAs in the financing and implementation of biodiversity-related projects¹²⁰:

- **Budgetary constraints and limited funding earmarked for biodiversity.** The fitness check of the Nature Directives, as well as other studies, indicate a significant gap in the financing available for biodiversity at EU and national level¹²¹. Only LIFE is specifically focused on supporting biodiversity and Natura 2000, while other programmes are primarily targeted at other EU goals. Such a structure may weaken the prioritization of funding for biodiversity conservation. Many respondents to the public consultation for the fitness check of the Nature Directives pointed to the need for a dedicated Natura 2000 EU fund¹²². According to the CoR (2019)¹²³, EU funds dedicated to biodiversity (such as LIFE) are insufficient and difficult for LRAs to access¹²⁴.
- **Insufficient knowledge on how to combine available financing opportunities and innovative instruments.** LRAs are usually aware of the existing grant opportunities for biodiversity projects but often face problems in finding the matching amounts from either their own funds or other sources. Knowledge and expertise on the use of financing instruments - including innovative ones such as green bonds – continues to be an issue¹²⁵.
- **Lack of awareness of the multi-benefits of nature.** Nature projects are often perceived as investments without any tangible profit for municipalities. Many LRAs lack knowledge of how NBS can be used in cross-sectoral undertakings that bring multiple benefits^{126,127}.

¹²⁰ Many of the barriers are similar to those identified for LRAs in accessing financing for climate and energy projects – see [Rossi, L. Gancheva, M. and O'Brien, S. \(2017\)](#) and [Gancheva, M., Markowska, A., O'Brien, S. \(2019\)](#).

¹²¹ See, for example, [Milieu, IEEP, and ICF \(2016\)](#), [Kettunen et al. \(2017\)](#).

¹²² [Milieu, IEEP, and ICF \(2016\)](#).

¹²³ CoR, The future of biodiversity in the hands of EU cities and regions: a summary of the 15th meeting of the Technical Platform for Cooperation on the Environment, 9 October 2019 (provided by CoR).

¹²⁴ Several stakeholders appreciated the existence of the LIFE Programme but stated that this funding is difficult to obtain, given the competition for it.

¹²⁵ See examples of innovative financing instruments for biodiversity in [Illes et al. \(2017\)](#) and [Kettunen and Illes \(2017\)](#).

¹²⁶ Interviews with [Naturvation](#) project experts.

¹²⁷ More details on multi-benefits of nature can be found in [IEEP and Milieu, 2013](#).

- **Insufficient links between biodiversity and other related policy.** There is insufficient knowledge across LRAs on the links between biodiversity and other policies, including climate adaptation and mitigation, energy and water management, and health. Know-how is needed on how these elements can be combined in undertakings that connect various stakeholders to obtain multiple benefits and synergies. Stakeholders also noted that, beyond nature policies, other EU and national policies do not provide sufficient incentives for the prevention of biodiversity loss, compensation of biodiversity damage, or use of NBS¹²⁸.
- **Insufficient administrative capacity and expertise.** LRAs often struggle with the administrative burden of preparing applications for funding of biodiversity projects¹²⁹. This is particularly true for the administrative requirements imposed by MAs for shared management funds. Many LRAs lack the expertise needed to prepare quality applications that are competitive and meet the criteria of the financing institutions. The preparation of applications for EU funds or other financing instruments might require hiring new staff or external consultants, which can be very costly for LRAs (especially the smaller ones).
- **Other political priorities.** Nature conservation is not always high on priority lists at various levels of administration, including regional and local level. Some municipalities tend to focus on investments that bring clear short-term profit or address higher-profile local problems, such as unemployment or insufficient housing. There may be a mismatch between local needs and the EU priorities, which can be an obstacle for LRAs in accessing funding¹³⁰. A lack of spatial planning that integrates biodiversity protection is a related obstacle that occurs in some municipalities¹³¹.
- **Barriers to development and upscaling of NBS.** While NBS are gradually gaining in popularity, knowledge of best-fit solutions in various natural, climate and socioeconomic conditions is lacking. Many examples of small local projects exist¹³² but their replication and/or upscaling requires technical expertise that is not often readily available to LRAs. Seven main barriers to NBS were identified in the Naturvation project: 1) competition for increasingly expensive urban space; 2) lack of direct financial returns to investors; 3) lack of hard evidence on effectiveness of NBS, due to their

¹²⁸ Interviews with [Naturvation](#) project experts.

¹²⁹ This opinion was expressed by many of the stakeholders.

¹³⁰ [CEMR, Multiannual Financial Framework post-2020, An EU budget from local and regional governments' perspective, 2018; Milieu, IEEP, and ICF \(2016\).](#)

¹³¹ Interviews with [Naturvation](#) project experts.

¹³² See, for example, <https://naturvation.eu/atlas>

vulnerability to local conditions; 4) NBS typically become cost-effective based on multiple benefits, but coordinating the co-funding of urban NBS is challenging; 5) lack of public funding available for urban NBS; 6) maintenance cost structure different from grey infrastructure - stakeholders consider this risky; 7) insufficient interest from investors, due to lack of scale, return, and transparency¹³³.

¹³³ Toxopeus, H., et al., 'The birds won't pay: unlocking finance for mainstreaming urban NBS'. [Naturvation](#) project, forthcoming.

3.Part 3: Policy recommendations and strategies to upscale biodiversity finance

Several policy recommendations emerged from our research, with stakeholder interviews particularly useful in this regard. The preliminary recommendations are summarised below for EU policy-makers, national policy-makers and LRAs.

3.1 Recommendations for EU policy-makers

Increase ambition of the process of environmental mainstreaming across EU funding

Ongoing integration of the environment and sustainability in all EU policies and their funding instruments ('environmental mainstreaming') needs to be more effective. On the one hand, the outlook is positive: mainstreaming of sustainability is one of the objectives of the European Green Deal, which notes that all EU policies should contribute to preserving and restoring Europe's natural capital and sets out the framework for a Sustainable Investment Plan¹³⁴. At the same time, closer ties between the EU funds and the economic and fiscal policy coordination under the European Semester could lead to pressure to shift funding away from nature conservation and protection issues. In the past, greening EU policies such as the CAP proved less successful than anticipated¹³⁵; lessons learned from past evaluations must be integrated into new policy architecture. For the future, wider range of policies must be considered within the scope of environmental mainstreaming: not only the 'usual suspects' such as the CAP, energy and transport policy, but other policies, such as spatial planning, urban development and education. Some suggestions for improvement are to include 'no net loss' or 'net gain' of biodiversity into the CP/CAP criteria as a requirement, or increasing the chances of success during the application process for those projects that address climate and biodiversity simultaneously, which can also increase its cost-effectiveness¹³⁶.

Increase biodiversity-dedicated funding available at EU level

One of the most effective ways to increase the contribution of the EU budget to biodiversity would be to earmark expenditure for biodiversity priorities under the different EU funds¹³⁷. This could be based on a general target (a certain share of

¹³⁴ European Commission, 'The European Green Deal', COM(2019) 640.

¹³⁵ See, for example, [CAP greening evaluation](#).

¹³⁶ Interview with the experts of the [Naturvation](#) project.

¹³⁷ [Kettunen et al. \(2017\)](#).

EU budget, as currently done for climate), setting targets for individual EU funds, or ‘nesting’ a dedicated amount of funding for biodiversity to be delivered within different individual funds. A number of stakeholders suggested the adoption of a new dedicated EU fund for biodiversity. Such a fund would have the potential to address several of the current shortcomings, including the competition between biodiversity and other sectoral priorities. Such a fund could be linked to the Commission’s new biodiversity strategy planned for 2020.

Increase awareness of the multi-benefits of nature

Continued awareness-raising efforts are needed on the multiple benefits of nature and how financing biodiversity conservation can help to reach socioeconomic objectives¹³⁸. Nature and biodiversity need to be clearly positioned across sectoral policies as an element of interventions that can help to tackle climate change, increase energy efficiency and contribute to circular economy and health objectives. This would broaden the group of stakeholders generating ideas for multi-benefits projects. Knowledge of multiple benefits of NBS is growing but is not equally spread across the EU. Some municipalities lack know-how on harnessing nature to support other objectives, such as energy efficiency or climate adaptation. More information and awareness-raising campaigns that actively reach out to LRAs are needed, as well as exchanging good practices and practical examples of solutions that work well and bring tangible benefits to the citizens in various types of municipalities¹³⁹.

Use less complicated language in communication about biodiversity

Awareness-raising campaigns targeted at LRAs should take care to use clear language and avoid terms that are too technical or sophisticated. Referring to numerous high-level strategies and targets (e.g. Aichi targets) should be avoided, with simple language and practical examples used as much as possible. At the same time, LRAs should be directed to specialists for more technical issues (e.g. developing green roofs so as to bring the highest multiple benefits for a given location).

Lower administrative burden

A consolidated effort is needed to reduce the complexity of project applications and implementation processes across all EU funds. An EU-wide assessment

¹³⁸ See, for example, [The guide to multi-benefit Cohesion Policy investments in nature and green infrastructure](#) (IEEP and Milieu, 2013).

¹³⁹ [Covenant of Mayors](#) action plans and sharing of good practices is a good example of an awareness-raising initiative.

focusing on identifying feasible ways of lowering the administrative burden related to the EU funding application and reporting processes would be helpful here¹⁴⁰. MAs could receive guidelines on how to lower the administrative burden of the application and implementation process on their side.

Enhance advisory services on available EU financing options

Informing LRAs about the EU options available to finance biodiversity projects (not only from funds strictly dedicated to environmental purposes) is crucial. This is most effectively done through National Contact Points (NCPs) or contact points for the specific funding instruments, and by providing information in national languages. EU funding can be used to support such services.

Support capacity-building of LRAs with the available EU funds

Using EU funding to support capacity-building and finance technical assistance at regional and local government level could help LRAs to develop their in-house capacities and expertise in relation to restoration and enhancement of biodiversity. It could also help them to prepare successful applications for different financial instruments.

Simplify the procedures for combining grants with other sources

Grants are an important source of financing biodiversity projects for many LRAs, and the possibility to obtain this form of financing should remain available in the next MFF. The rules for combining grants with different EU and non-EU funding instruments (e.g. guarantees, loans and other types of financing, including crowdfunding and equity financing) should be simplified as much as possible.

Facilitate the use of EU funds and other financing options for multi-benefit projects involving biodiversity-enhancing solutions

To the extent possible, infrastructure projects should be planned so as to deliver multi-benefits and prioritise biodiversity components, such as NBS. Such projects, as well as investments in the green and blue economy, should continue to be promoted at EU financing institutions – biodiversity and/or climate adaptation could be a required benefit for some types of agricultural or CP projects. The advisory services and capacity-building actions mentioned above should stress this aspect and indicate possibilities for co-financing and financial blending instruments. Integrated projects in LIFE can provide useful examples

¹⁴⁰ [Kettunen et al. \(2017\)](#).

and good practices in combining various sectors and providing benefits to a range of stakeholders.

Set legal requirements and/or other clear policy instruments at EU level for land degradation neutrality, no net loss or net gain

The EU should establish a binding policy with respect to compensation of biodiversity loss due to infrastructure development. Land degradation neutrality, which is in place in Germany, could be established as an objective at EU level. The no-net loss or net gain rule¹⁴¹ could be implemented as a requirement for all projects supported by EU funds.

3.2 Recommendations for national policy-makers

Ensure that EU environmental mainstreaming is reflected in national policy

To be effective, environmental mainstreaming at EU level must be reflected in national policy, not only through compliance with EU legislation but through integration of a more sustainable approach (including biodiversity considerations) in all types of policy. Nature conservation and NBS should be integrated into sectoral policies, R&I and education¹⁴².

Improve spatial planning with a view to protecting biodiversity

Spatial planning and urban development should receive special attention when mainstreaming nature in national policy, given its central importance for biodiversity conservation and the fact that integrated land and soil policy does not exist at EU level. Member States should ensure that spatial planning legislation integrates sufficient safeguards for nature protection and that the legislation is effectively implemented and monitored. Setting no-net loss, net gain or similar requirements at state level could make spatial planning more biodiversity-friendly and integrate biodiversity considerations and financing into the planning and investment processes.

Ensure availability of funding dedicated to biodiversity

Member States should ensure that sufficient financial resources are available for biodiversity protection. Co-funding should be available for nature projects supported by EU funding instruments. Public institutions dealing with nature protection at state level should have adequate budgets to carry out their activities

¹⁴¹ 10% increase in biodiversity on or near development sites has been proposed by the UK government. For more information, see Biodiversity in Planning: [Biodiversity Net Gain: What's up for debate?](#)

¹⁴² For more information on mainstreaming biodiversity at subnational level, see Jen and Ballesteros (2018).

effectively, including support and advice for LRAs in applying for EU and national funding for biodiversity, financial engineering, project implementation and monitoring. One idea to improve availability of funding for biodiversity is to establish national commitments as part of the EU 2030 Biodiversity Strategy¹⁴³.

Improve the effectiveness of PAFs

Priority Action Frameworks (PAFs) could be more effective as a coordination tool for national nature protection policies, including its financing. They should be better integrated into national and regional policy, with a view to increasing synergies across different sectors. PAFs could provide more explicit analysis of the problems and challenges related to nature and biodiversity in each Member State, linking this information to foreseen measures and estimated costs, as well as possible funding sources. PAFs could also be used to identify and recommend innovative funding sources that could be used to complement EU funding for nature projects¹⁴⁴.

Provide additional advisory and awareness-raising services

EU-level efforts to inform LRAs of the possibilities to finance climate action and raise awareness of the benefits of NBS could be enhanced by measures taken at national level. Such services could better address specific needs in each country, taking into account its socioeconomic and geographical characteristics. Such advisory services could complement EU-level services, providing information on both EU and national sources of finance, as well as ways to combine various sources of financing, bringing together groups of stakeholders that might find synergies and multi-benefits of their planned investments, sharing knowledge and exchanging good practices. National authorities could play a coordinating and monitoring role in these activities.

Support capacity-building of LRAs

The capacity-building and technical assistance offered to LRAs by EU institutions should be strengthened at national level. This could be particularly relevant for jointly managed ESIF. MAs could dedicate part of the available funding to awareness raising and training for LRAs. In order to support local investments in biodiversity action, LRAs must have sufficient technical assistance available to prepare, manage and monitor projects.

¹⁴³ This idea was discussed by participants in the 15th meeting of the Technical Platform for Cooperation on the Environment (CoR, 'The future of biodiversity in the hands of EU cities and regions, a summary of the 15th meeting of the [Technical Platform for Cooperation on the Environment](#), 9 October 2019', provided by CoR).

¹⁴⁴ [Kettunen et al. \(2017\)](#).

Lower administrative burden

EU-level efforts to lower the administrative burden in applying for biodiversity funding should be mirrored by MAs (in case of ESIF) and by other institutions managing biodiversity-relevant funds at national and regional level. Several stakeholders had observed a positive trend in lowering the administrative burden at EU level while national intermediary institutions had, by contrast, made the application and implementation process overly complicated. National level institutions (e.g. relevant ministries) could issue guidelines for MAs on simplifying procedures to facilitate uptake of EU funding for biodiversity.

Ensure that biodiversity funding is devoted to projects that deliver best results

Member States should make sure that the financial resources available for biodiversity protection (from both EU and national sources) are used effectively and that support is provided to the projects that deliver adequate results on the ground. Institutions charged with project selection and monitoring should have adequate professional expertise to make that determination, without being overly bureaucratic for the applicants.

3.3 Recommendations for LRAs

Integrate biodiversity considerations into regional and local policy

Environmental mainstreaming promoted at EU and national level should be supported with actions at regional and local level. Tools to promote cross-sectoral mainstreaming at sub-national level include integrated landscape management, use of natural capital accounting, biodiversity offsets, green public procurement, introduction of financial incentives for conservation and sustainable use of natural resources, and education/awareness-raising measures¹⁴⁵.

Make use of available financing instruments, guidance and good practices

There is a range of EU and national financing options available to invest in biodiversity protection, accompanied by a number of support tools that provide information and advice on how to access these funds. LRAs should make use of the available funding, guidance, PDA and existing good practices to identify the different options available and select those most suited to their local needs.

¹⁴⁵ Jen and Ballesteros (2018).

FI-Compass for ESIF and LIFE NCPs, as well as the Urban Nature Atlas or Covenant of Mayors, are just some resources available to LRAs¹⁴⁶.

Be creative in making use of available and innovative financing options

Not all of the financing sources described above provide grants. The significance of financing instruments and blending facilities is increasing, and LRAs should take an active role in exploring and using them. Green bonds and crowdfunding¹⁴⁷ are some instruments that could be considered. LRAs are encouraged to develop and test innovative instruments, such as ecological fiscal transfers, natural capital accounting, tax relief, fees and charges¹⁴⁸.

Take a collaborative and multi-stakeholder approach

Nature protection should not be constrained by administrative boundaries. LRAs should seek to collaborate within and between municipalities and stakeholder groups in their efforts to protect biodiversity. Collaborative projects that involve different types of stakeholders, such as private investors and NGOs, will help to reap multi-benefits of NBS and find financing means for implementation of investments. The private sector should be stimulated to invest in nature projects, including the Natural Capital Financing Facility (NCF). Networks of municipalities, regions and cities should be created to achieve synergies and generate cost savings by sharing resources and expertise.

Draw up development strategies and spatial plans with adequate biodiversity consideration

Carefully prepared regional and local development strategies and spatial plans that take due regard of nature conservation will set the stage for land management that respects nature and prevent the development of investments that might be detrimental for biodiversity resources. The CoR has encouraged LRAs to be actively involved in mainstreaming biodiversity in sectoral policies, land-use and urban planning¹⁴⁹. A more holistic approach to policy-making is needed, including biodiversity considerations. Good planning can provide suggestions for financing possibilities and stakeholder cooperation.

¹⁴⁶ For further information please see the [FI-Compass Library](#), [National Contact Points for LIFE Nature & Biodiversity](#), the [NATURVATION Urban Nature Atlas](#) or [the Covenant of Mayors' list of good practices](#).

¹⁴⁷ See one example of a crowdfunding platform for municipal undertakings in the Netherlands: <https://voorbijbuurt.nl/en/>

¹⁴⁸ Jen and Ballesteros (2018).

¹⁴⁹ [The contribution of EU cities and regions to the CBD COP14 and the post-2020 biodiversity strategy](#).

Draft biodiversity action plans at regional level

Drafting biodiversity action plans at regional level is an idea that emerged during the 15th meeting of the CoR [Technical Platform for Cooperation on the Environment](#)¹⁵⁰. Such regional plans could translate national commitments (PAFs) to regional level, with action then taken on the ground at local level.

Ensure that biodiversity funding is devoted to projects that deliver best results

LRAAs should make sure that all types of financial resources available for biodiversity protection are used effectively and that support is provided to the projects that deliver adequate results on the ground. Institutions charged with project selection and monitoring should have adequate professional expertise to make those determinations, without being overly bureaucratic for applicants.

Increase awareness and outreach activities

LRAAs can play an important role in increasing awareness of the importance and benefits of nature protection, as educating younger generations is of central importance. LRAAs should also work more closely with the managers of Natura 2000 sites, increasing acceptance of this network and other biodiversity-related initiatives¹⁵¹.

¹⁵⁰ CoR, ‘The future of biodiversity in the hands of EU cities and regions, a summary of the 15th meeting of the [Technical Platform for Cooperation on the Environment](#), 9 October 2019’, provided by CoR.

¹⁵¹ *Ibid.*

Annex 1: List of EU and international biodiversity financing options

Table 1: Overview of EU and international biodiversity financing options available to LRAs¹⁵²

Fund/ programme	Administrative body	Scope of support	Financing vehicle	Key words	Additional information, including scale, time horizon, targeted benefits, risk-return (if applicable/available)
EU funding					
ERDF	DG REGIO	In 2014-2020, TO 6: 'Preserving and protecting the environment and promoting resource efficiency' is particularly relevant for biodiversity action under the ERDF	Grants and financial instruments	Sustainable development, nature conservation, land rehabilitation, NBS, climate adaptation	Total ERDF funding in 2014-2020: EUR 282.13 billion Total funding for TO 6 under the ERDF: EUR 25.78 billion ¹⁵³ Total proposed ERDF funding in 2021-2027: EUR 226.31 billion ¹⁵⁴
CF	DG REGIO	TO 6: 'Preserving and protecting the environment and promoting resource efficiency' is particularly relevant for biodiversity action under CF	Grants and financial instruments	Environment and transport infrastructure, NBS	Total CF funding in 2014-2020: EUR 74.82 billion Total funding for TO 6 under CF: EUR 20.04 billion ¹⁵⁵ Total CF funding in 2021-2027: EUR 46.69 billion ¹⁵⁶
ESF	DG EMPL DG REGIO	ESF is not specifically targeted at biodiversity action but some TOs	Grants and financial	Social inclusion, education,	Total ESF funding in 2014-2020: EUR 120.72 billion ¹⁵⁷

¹⁵² The first column of the table provides links to the relevant administrative body responsible for each funding instrument.

¹⁵³ <https://cohesiondata.ec.europa.eu/funds/erdf#>

¹⁵⁴ https://ec.europa.eu/commission/sites/beta-political/files/communication-modern-budget-may_2018_en.pdf, p. 31.

¹⁵⁵ <https://cohesiondata.ec.europa.eu/funds/cf#>

¹⁵⁶ https://ec.europa.eu/commission/sites/beta-political/files/communication-modern-budget-may_2018_en.pdf, p. 31.

¹⁵⁷ <https://cohesiondata.ec.europa.eu/funds/esf#>

		can be used to support biodiversity (e.g. TO 10 'Investing in education, training and vocational training for skills and lifelong learning')	instruments	innovation	Total ESF funding in 2021-2027: EUR 100 billion
EAFRD	DG AGRI	EARFD is a funding instrument for the CAP, which includes a long-term objective of 'ensuring sustainable management of natural resources, and climate action' EARFD is distributed across six priorities. Priority 5 especially focuses on ' <i>restoring, preserving and enhancing ecosystems related to agriculture and forestry</i> ¹⁵⁸ ', which is particularly relevant for biodiversity under the EAFRD.	Grants and financial instruments	Rural development, agri-environment, forestry water and soil management	Total EAFRD funding in 2014-2020: EUR 150.34 billion Total funding for TO5 under the EAFRD: EUR 38.34 billion ¹⁵⁹ Total proposed EAFRD funding in 2021-2027: EUR 78.81 billion ¹⁶⁰
EMFF	DG MARE	Union priorities 1 and 2 'promoting environmentally sustainable, resource-efficient, innovative, competitive and knowledge-based fisheries and aquaculture' are particularly relevant for biodiversity under the EMFF	Grants and financial instruments	Marine and coastal ecosystems, sustainable fisheries and aquaculture, blue economy	Total EMFF funding in 2014-2020: EUR 7.93 billion ¹⁶¹ The first two priorities on sustainable fisheries and aquaculture together represent around 48% of EMFF investments ¹⁶² Total EMFF funding in 2021-2027: EUR 6.14 billion ¹⁶³
LIFE	DG ENV and DG CLIMA	The four main objectives of the current LIFE Programme all refer to	Grants	Natura 2000, environment and	Total LIFE funding in 2014-2020: EUR

¹⁵⁸ https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/rural-development_en

¹⁵⁹ <https://cohesiondata.ec.europa.eu/funds/eafrd#>

¹⁶⁰ https://ec.europa.eu/commission/sites/beta-political/files/communication-modern-budget-may_2018_en.pdf, p. 54.

¹⁶¹ <https://cohesiondata.ec.europa.eu/funds/emff#>

¹⁶² https://ec.europa.eu/fisheries/sites/fisheries/files/docs/body/op-overview-fact-sheet_en.pdf

¹⁶³ https://ec.europa.eu/commission/sites/beta-political/files/communication-modern-budget-may_2018_en.pdf, p. 56.

		supporting the implementation of EU environmental policies, especially the 7 th Environmental Action Plan. It is the EU's funding instrument for the environment and climate action, which is divided into two main sub-programmes, one focusing on the environment and the other on climate action		climate action, nature conservation, resource and energy efficiency	3.4 billion ¹⁶⁴ <i>75% allocated to the Environment sub-programme, of which at least 55% dedicated to projects dedicated to the conservation of nature and biodiversity</i> ¹⁶⁵ Total LIFE funding in 2021-2027: EUR 5.45 billion ¹⁶⁶
NCFE	EIB	The NCFE is a financial instrument established by the Commission and the EIB to support projects focusing on biodiversity loss and climate action. Projects funded through the NCFE may include green infrastructure, payments for ecosystem services, biodiversity offsets, innovative and adaptation investments.	Loans and financial instruments	Biodiversity loss, climate adaptation, NBS	Total NCFE funding in 2014-2020: EUR 100-125 million Average NCFE investment ranges from EUR 5 to 15 million ¹⁶⁷
H2020	DG RTD, EU executive agencies (REA, EASME, INEA)	The most relevant for biodiversity action, are the themes under the seven Societal Challenges including: 'Climate action, environment, resource efficiency and raw materials'. Research under other societal challenges such as health or food security and agriculture might have relevance for biodiversity	Grants, PDA	Research and innovation, scientific and technological knowledge, global challenges	Horizon 2020 PDA facility requires a minimum expected leverage factor of 15 (i.e. the triggered investment must be at least 15 times the PDA support received). PDA grants are paid in full only if this minimum leverage factor is met. Otherwise the EU support must be fully or partially reimbursed Total proposed Horizon Europe

¹⁶⁴ <https://ec.europa.eu/easme/en/life>

¹⁶⁵ <https://ec.europa.eu/easme/en/section/life/life-environment-sub-programme>

¹⁶⁶ https://ec.europa.eu/commission/sites/beta-political/files/communication-modern-budget-may_2018_en.pdf, p. 60.

¹⁶⁷ https://ec.europa.eu/environment/archives/life/funding/financial_instruments/ncff.htm

					funding in 2021-2027: EUR 97.60 billion ¹⁶⁸
EFSI	EIB	The EFSI is an initiative developed by the EIB and the European Commission to support the Juncker Investment Plan. It focuses on key sectors for the European Economy, including strategic infrastructure, R&I and environment and resource efficiency, under which some biodiversity projects may fall	Financial instruments (guarantees)	NBS	This tool consists of a EUR 26 billion guarantee from the Commission and the EIB ¹⁶⁹ Although biodiversity projects could possibly be financed by EFSI, the projects have to be economically viable
International funding					
EBRD – Green Economy Transition approach	EBRD	The EBRD developed its Green Economy Transition (GET) approach to help countries to transition towards more sustainable, low-carbon economies. The EBRD's objective for GET was to reach around 40% of its total financing in 2020. Green finance already constituted around 46% of its annual investments in 2019 ¹⁷⁰	Direct and indirect loans, guarantees	Ecosystem degradation, climate mitigation	LRAs can apply for direct EBRD financing (loans and equity) for large projects (between EUR 3 and 250 million)
Global Environment Facility (GEF)	GEF Agencies ¹⁷¹	Concurrent with the 1992 Rio Earth Summit, the GEF was created to help to tackle the world's environmental threats. The fund	Grants	Transitioning economies, CBD, protected areas, biodiversity policy	Available only to EU countries that are considered transition economies. Project promoters should contact the Operational Focal Point in their

¹⁶⁸ https://ec.europa.eu/commission/sites/beta-political/files/communication-modern-budget-may_2018_en.pdf, p. 3.

¹⁶⁹ <https://www.eib.org/en/efsi/what-is-efsi/index.htm>

¹⁷⁰ <https://www.ebrd.com/who-we-are/history-of-the-ebrd.html>

¹⁷¹ There are 18 GEF agencies, of which the following are relevant for EU countries: EBRD, FAO, UNDP, UNEP, WB, Conservation International, International Union for Conservation of Nature. Global Environment Facility, GEF Agencies, 2017. Available at: <https://www.thegef.org/partners/gef-agencies> (accessed on 2 August 2017).

		provides resources to help to implement the CBD			country ¹⁷²
Council of Europe Development Bank (CEB) financing	CEB	The CEB is a multilateral bank that provides financial and technical expertise for projects with strong social potential (e.g. inclusive growth, support to vulnerable groups, environmental sustainability)	Project loans for individual projects, programme loans for multi-projects programmes, public sector financing facility, cross-sectoral loan programme	Solidarity, social integration, sustainability	LRAs in CEB member countries are eligible to access CEB financing. Target countries are: Bulgaria, Croatia, Cyprus, Czechia, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia
EEA and Norway grants		Both grants aim to tackle social and economic disparity. Among the areas of focus, the environment and ecosystems constitute a field under which LRAs may receive funding	Grants	Economic and social equality, sustainable development	EEA Grants are allocated to Bulgaria, Croatia, Czechia, Cyprus, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia, Slovenia

¹⁷² A list of national Operational Focal Points is available at: https://www.thegef.org/focal_points_list

Annex 2: Financing sources at national level

Table 2: List of biodiversity financing sources in France

Funding source	Type of projects	Financing vehicle	Comments	Contact information
LIFE	The LIFE sub-programme on the Environment focuses on three main priorities: the rational utilisation of resources, nature and biodiversity, and governance	Grants		An online guide to the eProposal system was developed by the Ministry of the Environment and is available here
ERDF	The ERDF in France mainly focuses on R&I and aims to support the transition towards a low-carbon economy. Some actions funded may also relate to climate change or risk prevention. Projects funded concern restoration of natural habitats and soil, improvement of knowledge about biodiversity, etc.	Grants and financial instruments	As of 30 June 2019, 59% of the allocated ERDF funds for the period 2014-2020 had been used by France ¹⁷³	Management of the ERDF is decentralised to Regional Councils, who need to be contacted individually. Contacts for each may be found here
EAFRD	The EAFRD may support projects on the preservation of landscapes and the development of an environmentally friendly and sustainable agriculture. Improved management of protected areas and quality of life in general are also important topics	Grants and financial instruments	As of 30 June 2019, 63% of the allocated EAFRD funds for the period 2014-2020 had been used by France ¹⁷⁴	Management of the EAFRD is decentralised to Regional Councils, who need to be contacted individually. However, two programmes are under the direct responsibility of the national government: ' reseau rural national ' and ' <i>gestion des risques et assistance technique</i> '

¹⁷³ <https://www.europe-en-france.gouv.fr/fr/fonds-europeens/fonds-europeen-de-developpement-regional-FEDER>

¹⁷⁴ <https://www.europe-en-france.gouv.fr/fr/fonds-europeens/fonds-europeen-agricole-pour-le-developpement-rural-FEADER>

EMFF	The EMFF aims to promote sustainable fisheries and aquaculture. Among the projects funded, LRAs may be concerned with the pursuit of the National Strategy for the sea, the protection of coastal environment and enhancing the value of marine resources	Grants and financial instruments	As of 30 June 2019, 36% of the allocated EMFF funds for the period 2014-2020 had been used by France ¹⁷⁵	The programme is managed at national level by the <i>Direction des Pêches Maritimes et de l'Aquaculture</i> at the Ministry of Agriculture. Some measures related to the EMFF may also be under the responsibility of coastal Regional Councils. Contacts may be found here
Caisse des depots	The <i>Caisse des depots</i> provides long-term investments in economic development and welfare. All projects financed should pursue missions of general interest. For LRAs, the bank may fund biodiversity actions through several loans aiming to preserve the environment (<i>Prêt au Secteur Public Local, Aqua Prêt</i>)	Loans, green bonds	A non-exhaustive list of the loans offered by the <i>Caisse des Depots</i> is available here	Contact information for the regional offices of the <i>Caisse des Depots (Directions régionales)</i> may be found here
Regions	There is no general rule for this kind of funding. The type of project and procedures will depend on the authority concerned	Grants, calls for proposals	All regional councils have their own website and procedures to apply for funding. It is necessary to regularly check the projects funded and any guidance documents issued by each region	Région Ile de France Région Occitanie Région Provence Alpes Cote d'Azur Région Pays de la Loire Région Auvergne Rhône-Alpes Région Nouvelle-Aquitaine Région Centre Val-de-Loire Région Bourgogne-Franche-Comté Région Hauts-de-France Région Bretagne Région Normandie Région Grand-Est

¹⁷⁵ <https://www.europe-en-france.gouv.fr/fr/fonds-europeens/fonds-europeen-pour-les-affaires-maritimes-et-la-peche-FEAMP>

Water Agencies	Regional Water Agencies may provide grants and loans to LRAs to develop projects to restore aquatic ecosystems and the achievement of Good Ecological Status (GES, pursuant to the Water Framework Directive (WFD)).	Loans, financial instruments	The 10th programme of Water Agencies (2013-2018) amounted to EUR 13.3 billion, addressing water pollution (66% of funding, management of natural environment (10.3%) ¹⁷⁶	Contact information for the Regional Water Agencies may be found here
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Table 3: List of biodiversity financing sources in Poland

Funding source	Type of projects	Financing vehicle	Comments	Contact information
ERDF and CF	Areas of protected nature, including Natura 2000, land rehabilitation, protection of habitats and species, tourism, education	Grants and financial instruments	Poland is one of the largest beneficiaries of CP funding, allocation to TO6 (environment) for 2014-2020 amounts to over EUR 6 billion ¹⁷⁷	OP Infrastructure and Environment Regional OPs
EAFRD	LRAs can receive support for biodiversity action within activity 19.2 of the RDP: support for implementation of operations within community-led local development	Grants and financial instruments	Community-led local development promotes implementation of local development strategies through integration of various sectors and partners	Agency for Restructuring and Modernisation of Agriculture RDP
EMFF	Priority IV of the 'Fishing and Sea' OP supports interventions aimed at the protection of the natural environment in fishing areas and in aquaculture	Grants	Regional self-governments play the role of MAs for Priority 4 of the OP 'Fishing and Sea'	OP 'Fishing and Sea' Priority 4 of the OP 'Fishing and Sea'

¹⁷⁶ <http://www.lesagencesdeleau.fr/les-agences-de-leau/les-leviers-daction-des-agences-de-leau/>

¹⁷⁷ <https://cohesiondata.ec.europa.eu/themes/6>

National Fund for Environmental Protection and Water Management (NFEPWM)	Nature protection, including Natura 2000 sites, areas of protected nature at regional and local level, fighting invasive species, tourism, ecological education, research	Grants and financial instruments	The NFEPWM coordinates a wide range of programmes offering support for various types of environmental investments, including national, EU and international funding	NFEPWM NCP for LIFE
Regional Funds for Environmental Protection and Water Management	Areas of protected nature at regional and local level, tourism, ecological education. Regional funds provide co-financing of interventions supported by regional OPs that guide spending from EU funding	Grants and financial instruments	Regional funds for environmental protection and water management function in each of the 16 Polish regions. Each fund has slightly different priorities, depending on local needs	Regional Funds for Environmental Protection and Water Management

Table 4 List of biodiversity financing sources in Italy

Funding source	Type of projects	Financing vehicle	Comments	Contact information
ERDF – Regional programmes	<p>The ERDF in Italy is used by all regional OPs to finance investments under TO 6, including biodiversity investments. The following types of projects can be financed:</p> <ul style="list-style-type: none"> - Protection and enhancement of biodiversity nature protection and green infrastructure - Protection, restoration and sustainable use of Natura 2000 sites - Development and promotion of the tourism potential of natural areas 	Grants and financial instruments	<p>Abruzzo, Basilicata, Piemonte, Puglia, Sardegna and Sicilia finance activities for the <i>protection and enhancement of biodiversity nature protection and green infrastructure</i> for a total of EUR 49 million; Basilicata, Campania, Puglia, Sardegna and Sicilia finance activities for the <i>protection, restoration and sustainable use of Natura 2000 sites</i> for a total of EUR 80 million; biodiversity conservation can also be financed by activities for the <i>development and promotion of the tourism potential of natural areas</i>, which are planned by most regions for a total of EUR 58 million¹⁷⁸</p>	<p>Management of the ERDF is decentralised to regional administrations. Calls for project proposals are published regularly on their websites. Contacts for each regional OP may be found here</p>

¹⁷⁸ Source: DG REGIO database of expenditure.

ERDF - Interreg	Interreg is another key source of financing for biodiversity project in LRAs	Grants	<p>MED transnational cooperation programme: Axis 3 provided one specific objective related to the maintenance of biodiversity and natural ecosystems, through the enhancement of management and the connection network between protected areas and a greater involvement of protected areas in territorial development strategies.</p> <p>Interreg Alcotra FR-IT included a specific objective to improve the management of protected habitats and species in the cross-border area (e.g. BIODIV'ALP)</p>	Financing opportunities can be found on the websites of the Interreg programmes
EAFRD	The EAFRD in Italy can be used by all regional RDPs to support projects aimed at <i>safeguarding, restoring and improving biodiversity, including in Natura 2000 areas and in areas subject to natural or other specific constraints, in agriculture with a high naturalistic value, as well as the landscape of Europe</i> (focus area 4.A).	Grants and financial instruments	There are several measures that can be financed, including: MEASURE 10 - Agro-climatic-environmental payments; MEASURE 11 - Organic agriculture; MEASURE 12 - Natura 2000 payments; MEASURE 7 - Basic	Management of the EAFRD is decentralised to regional administrations. However, calls for projects can be found on the National Rural Network website

			<p>services and village renewal in rural areas; MEASURE 8 - Investments in the development of forest areas and in the improvement of profitability of forests; MEASURE 6 - Development of farms and businesses; MEASURE 15 - Forest-climate-environmental services and forest conservation; MEASURE 19 - Support for LEADER local development</p>	
EMFF	<p>The EMFF aims to promote sustainable fisheries and aquaculture. The national and regional programmes planned several interventions related to biodiversity:</p> <ul style="list-style-type: none"> - Under Priority 1 – sustainable fishing: Protection and restoration of biodiversity and aquatic ecosystems - Under Priority 2 – aquaculture: Protection and restoration of aquatic biodiversity and the enhancement of ecosystems that host aquatic plants 	Grants and financial instruments	<p>Eligible interventions planned by the Lombardy and Lazio regions include the following¹⁷⁹: 1) collection of waste by fishermen (lost fishing gear, etc.) in inland waters; 2) construction, installation or modernisation of fixed or mobile elements intended to protect and enhance fauna and flora, including their scientific preparation</p>	<p>The national programme is managed by the Department for Competitive Policies, Agri-Food Quality, Horse Racing and Fisheries of the Ministry of Agricultural, Food and Forestry Policies. The regional plans are the responsibility of the regional administrations. Contacts may be found here</p>

¹⁷⁹ http://www.regione.lazio.it/rl_main/?vw=newsdettaglio&id=5175 ; <http://www.finanziamenti-naturachevale.it/tag/feamp/>

			and evaluation; 3) contributions to better management or conservation of biological resources; 4) preparation of studies, development, monitoring and updating of protection and management plans for fisheries related activities in relation to Natura 2000 sites and areas subject to special protection measures; 5) management, restoration and monitoring of Natura 2000 sites; 6) management, restoration and monitoring of protected areas; 7) environmental awareness that involves fishermen in the protection and restoration of biodiversity	
LIFE Programme	The LIFE Programme is an important instrument for financing biodiversity projects. LIFE projects are an opportunity for the creation of the Natura 2000 network established under the Birds and Habitats Directives, and contribute to the goal of halting biodiversity loss	Grants and financial instruments	In 2017, Italy obtained financing for 32 projects, which will receive EUR 47.6 million of EU contributions (against a total investment of EUR 80.7 million)	All information on LIFE funding opportunities can be found (translated) on the Ministry of the Environment website

Horizon 2020	<p>Cities and other LRA bodies can participate in research projects financed under the Horizon 2020 innovation programme. Within the 'Societal challenges' pillar, there are two thematic sections of particular interest for Natura 2000:</p> <ul style="list-style-type: none"> - Food security, sustainable agriculture and forestry, marine and maritime and inland water research and bioeconomy (SC2) - Climate action, resource efficiency and raw materials (SC5) 	Grants	<p>Some Italian municipalities are involved in Horizon 2020 projects on demonstrating innovative NBS in cities:</p> <ul style="list-style-type: none"> - Milan is a partner in the project CLEVER Cities¹⁸⁰ - Mantova is a partner in the project URBAN GREENUP¹⁸¹ and GrowGreen¹⁸² - Bologna is a partner in the project: Connecting Nature¹⁸³ - Genova is a partner in the project: UNaLab¹⁸⁴ - Torino is a partner in the project ProGReg¹⁸⁵ <p>Other projects on new governance, business, financing models and economic assessment</p>	Calls are published annually through the Participant Portal
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¹⁸⁰ The project aims to drive a new kind of nature-based urban transformation for sustainable and socially inclusive cities across Europe.

¹⁸¹ The project targets the development, application and replication of re-naturing urban plans in a number of European and non-European partner cities in order to mitigate the effects of climate change, improve air quality and water management, and increase the sustainability of cities through innovative NBS.

¹⁸² The project aims to create climate and water resilient, healthy and livable cities by investing in NBS.

¹⁸³ The project will develop the policies and practices necessary to scale up urban resilience, innovation and governance using NBS.

¹⁸⁴ The project contributes to the development of smarter, more inclusive, more resilient and more sustainable urban communities through the implementation of NBS.

¹⁸⁵ ProGReg stands for 'productive Green Infrastructure for post-industrial urban regeneration': nature for renewal.

			tools for upscaling nature protection incities are: Nature4Cities ¹⁸⁶ and Naturvation ¹⁸⁷	
Regions	The regions generally use EU direct and indirect funding for biodiversity projects, sometimes combined with funding from private entities. In some cases, part of the regional budget can be dedicated to environmental projects but this depends on political will	Grants, calls for proposals	All regional administrations have their own website, with a section dedicated to biodiversity, which may include information on projects and sources of funding	Regione Piemonte Regione Lombardia (including examples of regional funding for Natura 2000 areas ¹⁸⁸ , compensatory interventions for forest transformation ¹⁸⁹ and Green Areas Fund ¹⁹⁰) Regione Emilia Romagna Regione Toscana Regione Lazio Regione Marche
Cariplo Foundation	The Cariplo Foundation is the most important private funder of the regional Natura 2000 network. The Cariplo Foundation Action Plan 3 promotes environmental sustainability through support for local projects, centered on the conservation and best	Grants, co-financing	Since the tool has been active, several projects supported by the Foundation have received positive feedback from the European Commission ¹⁹²	The Foundation website has detailed guidelines on how to apply for a contribution under the 'Co-financing of European projects' instrument

¹⁸⁶ The Nature4Cities project aims to develop a scientific and technical database and operational tool for the effectiveness of NBS, applied in a holistic framework that integrates multiple stakeholders. It intends to produce knowledge and empower urban project stakeholders (involved in urban planning/design/management intervention) to take decisions. It addresses scientists, urban decision-makers, practitioners and citizens.

¹⁸⁷ The project seeks to develop an understanding of what NBS can achieve in cities, examine how innovation can be fostered in this domain, and contribute to realising the potential of NBS to respond to urban sustainability challenges by working with communities and stakeholders.

¹⁸⁸ <https://www.regione.lombardia.it/wps/portal/istituzionale/HP/DettaglioBando/servizi-e-informazioni/enti-e-operatori/ambiente-ed-energia/parchi-e-aree-protette/biodiversita-e-reti-ecologiche/assegnazione-contributi-regionali-enti-gestori-natura2000-interventi-eradicazione-contenimento-specie-vegetali-aliene-invasive/assegnazione-contributi-regionali-enti-gestori-natura2000-interventi-eradicazione-contenimento-specie-vegetali-aliene-invasive>

¹⁸⁹ <http://www.finanziamenti-naturachevale.it/finanziamenti-integrativi/compensazioni-forestali-art-41-l-r-312008/>

¹⁹⁰ <http://www.finanziamenti-naturachevale.it/finanziamenti-integrativi/fondo-verde/>

¹⁹² <https://www.fondazionecariplo.it/it/progetti/ambiente/cofinanziamento-di-progetti-europei.html>

	<p>use of natural resources, through a conscious and coordinated involvement of the various actors¹⁹¹</p> <p>Since 2011, the Cariplo Foundation has supported - through a dedicated budget - projects submitted by non-profit organisations that apply for the main European environmental programmes, together with regional and local bodies</p>		<p>(e.g. 'LIFE IP Gestire 2020 - Nature Integrated Management to 2020' and 'TICINO BIOSOURCE - Enhancing Biodiversity by Restoring Source Areas for Priority and Other Species of Community Interest in Ticino Park'</p>	
<p>Payments for Environmental Services related to water (PES)</p>	<p>The water payments for ecosystem services (PES) developed in Italy include:</p> <p>1- Romagna Acque: joint-stock company, with fully public tied capital, owner of all drinking water sources for civil use in Romagna, which manages the wholesale production of the resource for the provinces of Forlì-Cesena, Ravenna and Rimini, and which since 1988 allocates a percentage of its turnover (initially: 2%, from 2012: 4%) to the creation of a fund to promote better forest management in the three mountain municipalities that host the water treatment plants collected by the Ridracoli Dam</p> <p>2 - Guardian Farmers in Tuscany: programme launched by the <i>Union of Municipalities Media Valle del Serchio</i>, which manages 115,000 hectares of mountain area and 1,500 km of hydrographic network in the province</p>	<p>Payment for ecosystem services (PES)</p>	<p>PES in the water sector often use European and national public funds to integrate financial resources, particularly in the <i>start-up</i>, experimentation and monitoring phases. This collaborative and participatory method successfully applies Article 14 of the WFD, which requires information, consultation and participation in the implementation of the river basin district management plans</p>	<p>For more information, see: http://www.romagnacque.it/</p>

¹⁹¹ <https://www.fondazionecriplo.it/it/strategia/piani-di-azione/sostenibilita-ambientale-pda-03.html>

	of Lucca. To ensure more effective maintenance of the territory, since 2007 the Union has established formal collaboration agreements with 40 agricultural and forest owners, involving them in monitoring flood risk and in controlling about 500 km of waterways within the mountain basin			
Private companies	<p>Examples: Metrobosco is a project that aimed to create a green belt of 30 thousand continuous hectares of parkland and 3 million new trees in 10 years around the Milano peripheric area¹⁹³</p> <p>ForestaMi is a reforestation project that aims to plant more than 3 million new (and diverse) plants by 2030 in the metropolitan city of Milan. The ForestaMi Fund involves the Municipality, the Metropolitan City and the Region. It will be set up at the <i>Fondazione di Comunità Milano</i> and will amount to around EUR 3 million. The initiative is part of the project launched by the Polytechnic and funded by the Falck Foundation, with the support of the <i>Ferrovie dello Stato</i> group. Enel, Snam and Axa have already joined ¹⁹⁴</p> <p>Green Mosaic is a national campaign promoted by AzeroCO₂ and Legambiente, with the aim of redeveloping the Italian territory</p>			Through support and contributions from private companies, Rete Clima promotes personalised and participatory forestry projects for the redevelopment of urban and extra-urban areas of the national territory

¹⁹³ <https://www.teknoring.com/news/rifiuti/metrobosco-cintura-verde-del-milanese-progettata-da-boeri/>

¹⁹⁴ <https://impact.startupitalia.eu/2019/11/22/milano-pianta-3-milioni-di-alberi-enel-e-snam-a-sostegno-del-fondo-forestami/>

	through forestation projects for new trees and the sustainable management of existing forests involving public bodies and companies			
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Table 5 List of biodiversity financing sources in Luxembourg

Funding source	Type of projects	Financing vehicle	Comments	Contact information
LIFE Programme	Out of the 22 LIFE projects financed in Luxembourg since 1992, 8 were linked to the protection of nature and biodiversity. Biodiversity represents a typical theme for LIFE projects but protection may also fall under more innovative and integrated ones, combining for instance climate and nature ¹⁹⁵ .	Grants	To date, the LIFE Nature and Biodiversity component has co-financed 8 projects in the country. These represent a total investment of EUR18 million, of which EUR 8 million EU contribution.	Contact at the national level may be found here .
EAFRD	The EAFRD aims at improving the competitiveness of the agricultural and forestry sector, the environment and landscapes, and the living conditions in rural areas. The budget envelope for 2014-2020	Grants and financial instruments	The 2014-2020 budget envelope dedicated EUR 33 million to TO 6 regarding the preservation and protection of the environment and the efficient use of resources.	Contact of the managing authority at the national level (Ministry of Agriculture) may be found here .

¹⁹⁵ https://ec.europa.eu/easme/sites/easme-site/files/life_luxembourg_fr_dec18.pdf

	focused on TO3, TO4, TO9 but also TO6.			
Fonds pour la protection de l'environnement	This fund focuses on water sanitation, climate action, waste management, the protection of nature and natural resources and the rehabilitation of landfills. State participation may reach up to 90% (sometimes 100% in some specific cases) of the spending. ¹⁹⁶	State aid	The terms of application are available here .	The 1999 law establishing this fund specifies under its Article 6 that it should be managed by a specific committee (<i>Comité de gestion du fonds pour la protection de l'environnement</i>) under the Ministry of the Environment .
Partnership between the State and the communes	This partnership has been established to restructure the scientific approach toward the protection of natural resources. Actions focus mainly on biological diversity, the protection and restoration of landscapes and public outreach in the local municipalities.	Co-funding	Further details on the conditions to obtain co-financing may be found in the 2005 law on the partnership between intercommunal syndicates and the State .	Intercommunal syndicates can be contacted directly.

¹⁹⁶ <http://extwprlegs1.fao.org/docs/pdf/lux16372.pdf>

Table 6 List of biodiversity financing sources in Finland

Funding source	Type of projects	Financing vehicle	Comments	Contact information
LIFE Programme	LIFE projects, under both sub-programmes on climate and the environment, may cover waste management, resource efficiency, health, air quality. Nature projects should promote the implementation of the Birds and Habitats Directive.	Grants	As of January 2020, 63 LIFE Nature and Biodiversity projects were co-financed in Finland. This amounts to a total investment of €150 million, of which €82 million was contributed by the EU.	Further information and contact to the relevant experts at the Ministry of the Environment may be found here . The Association of Finnish Municipalities may also be able to provide further information.
EMFF	Finland's operational programme focuses on environmentally sustainable, resource-efficient, innovative, knowledge-based fisheries and aquaculture.	Grants and financial instruments	The country's investment package for the EMFF amounted to EUR 140.9 million, including EUR 74.4 million from EU contributions. OP1 and OP2 on fisheries and aquaculture in particular benefit from an EU contribution of EUR 27.9 million ¹⁹⁷ .	N/A
Horizon 2020	In the past, environmental projects and biodiversity action have been funded by Horizon 2020 through the Societal Challenges work programmes specifically but also across all cross-sectoral projects in general.	Grants, PDA	Regarding the Societal Challenges work programmes, 584 participants were granted a maximum amount of EUR 233.8 million for projects	Additional information and contacts for liaison office may be found here .

¹⁹⁷ https://ec.europa.eu/fisheries/sites/fisheries/files/docs/body/op-finland-fact-sheet_en.pdf

			related to environmental issues ¹⁹⁸ .	
EIB	Among all the EIB activities carried out in Finland in 2019, environmental projects amounted to around EUR 270 million. There is however no specific data on biodiversity.	Loans and financial instruments	In 2018, the EIB Group lent Finnish businesses and public institutions more than EUR 1.9 billion, of which EUR 649 million were directly invested in environment related projects ¹⁹⁹ .	Contacts may be found here .
METSO Programme	The 2008-2025 programme aims at halting the biodiversity decline of Finnish forest ecosystems. This is a voluntary-based programme based on agreements between private owners and local authorities.	Partnerships and financial compensations	Funding for the METSO programmes varies between EUR 30 - 40 million.	Contact information may be found here . Contact at the Ministry of Agriculture and Forestry may also be found here .
Munifin	Municipality Finance Pic (MuniFin) is one of the largest credit institutions in the country which offer funding to municipalities, their federations and non-profit housing organisations. MuniFin is committed to support the UN Sustainable Development Goals.	Loans and leasing, advisory services	Most eligible projects are long-term projects, ranging from a period of 5 to 41 years.	Contacts may be found here .

¹⁹⁸ https://ec.europa.eu/environment/eir/pdf/report_fi_en.pdf p28

¹⁹⁹ https://ec.europa.eu/environment/eir/pdf/report_fi_en.pdf p29

Annex 3: List of stakeholders interviewed

Name of stakeholder	Institution represented
Roby Biwer	Member of the European Committee of the Regions (CoR) for Luxembourg and member of Bettembourg Municipal Council, Luxembourg
Harriet Bulkeley	Coordinator of the Naturvation project, Durham University
Raffaele Cattaneo	Regional council member responsible for environment, Lombardy region, Italy
Kinga Kowalewska	Head of the Office for Programming of the ERDF in the Mazovia voivodeship, Poland
Fanny Lefur	<i>Office Français de la Biodiversité</i>
Maja Mikosińska	Nature and Biodiversity unit, EASME
Andrzej Muter	National Fund for Environmental Protection and Water Management, Poland
Maria Chiara Pastore	Researcher at Politecnico of Milano and coordinator of ForestaMI project
Paweł Pawlaczyk	Nature Club, Poland
Miira Riipinen	Manager for Environmental Affairs, Association of Finnish Local and Regional Authorities
Vanessa Rispal	Ocean and Coastal Officer at the Regional Office for the Environment for the Atlantic Coast, France
Helen Toxopeus	Post-doctoral researcher Naturvation & Sustainable Finance Lab
Gilles Weber	<i>Natur&Umwelt</i> , Luxembourg

Annex 4: List of references

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Created in 1994 following the signing of the Maastricht Treaty,
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local representatives from all 27 Member States, representing over 507 million Europeans.

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