



The river flowing through the RSPB's Fairy Glen nature reserve in Scotland – investing in keeping and restoring our natural heritage is prudent.

Peter Cairns (rspb-images.com)

## Financing for biodiversity conservation

### Why finance nature conservation?

Nature has its own intrinsic value that we, as good custodians of the planet, are responsible for protecting. That is reason enough to pay for it, but beyond that conservation contributes enormously to our economic wellbeing and quality of life. Nature conservation not only creates thousands of jobs across Europe, providing income, it also helps deliver the so-called ecosystem services that all human life is dependent on including food, freshwater, climate regulation, recreation, and protection from natural hazards.

Failure to fund nature conservation adequately has huge economic consequences. An EU study on the global economic benefit of biological diversity named *The Economics of Ecosystems & Biodiversity* (TEEB), recently estimated that each year we are losing ecosystem services with a value equivalent to around €50 billion from land-based ecosystems alone. While we all lose out, it is the poor, who directly depend on natural resources for their survival, who suffer the most.

All the core activities of nature conservation, be it safeguarding the most precious sites, helping species threatened with extinction recover, or enforcing controls on hunting, involve financial costs that can be considerable. Because so many of the benefits of conservation are public goods, it needs investment from both governments and the private sector to maximise the delivery of benefits for society-at-large.

The continued depletion of our natural capital means development today is not sustainable. Investing in keeping and restoring our natural heritage is a prudent investment in our natural capital that will pay dividends to us and to future generations. Seen from this perspective, the amounts needed are very small and easily justifiable.

### Who should be paying for nature?

The benefits of nature conservation range from public goods, like carbon sequestration, to private benefits such as tourism. Benefits range in scale from European-wide ones to very localised ones. This means all tiers of government, from the Union to Local Authorities and private sector enterprises who benefit from nature, should make a contribution to its conservation. Most of the funding for this should come from national governments' budgets, reflecting the importance of nature and ecosystems to society.

### What do the Nature Directives say about financing?

The EU Birds and Habitats Directives only highlight the need to finance Natura 2000 protected areas. Member States are responsible for assessing the financing needs of maintaining or restoring the key species and habitats to a favourable status on Natura 2000 sites and should highlight any finances that should come from EU sources. The EU then needs to evaluate such needs and draw up a prioritised action framework on how such financing could be allocated to the Member State in question.

### What are the financial needs of nature protection in the EU?

According to a 2004 review co-ordinated by the Commission, the annual costs of establishing and maintaining the Natura 2000 network in the EU-25 (not including

**Nature conservation in the EU needs investment from Government and the private sector. EU flags flying in front of the European Commission's headquarters in Brussels.**



TPCOM



Marco Lambertini, BirdLife

**An oil palm plantation in Sumatra, Indonesia. The destruction of habitats is often driven by the insatiable appetite of developed nations for natural resources.**

important factor is the conversion of natural habitats due to pressure from increasing human populations and the prioritisation by governments of economic growth over long-term sustainability. The loss of the richest wildlife habitats such as tropical rainforests or coral reefs, which are often found in developing countries, regularly makes headlines. Much less publicised is the fact that the destruction of these habitats is often driven by the insatiable appetite of developed nations for natural resources. Apart from making changes in our way of living, we also have the moral obligation to help finance conservation efforts in developing countries. Top priorities include setting up and properly enforcing protected areas, saving threatened species from extinction and preventing further loss of natural forests, especially in the tropics. EU external assistance and development aid to developing countries is an obvious tool to provide funding for these activities.

Tropical forests could also benefit from a proposed mechanism to compensate developing countries that avoid carbon dioxide emissions by protecting their forests from being destroyed or degraded.

Bulgaria and Romania) is about €6.1 billion. BirdLife International's own investigations show that this is likely to be a significant underestimate of the real costs.

No similar estimates exist for the requirements of financing nature conservation activities in the wider countryside, but it is likely to be considerable. Helping wildlife to adapt to the shifting climate alone, maintaining and restoring essential ecosystem processes at the landscape level, and helping the EU's most vulnerable and threatened animals and plants to recover, all needs investment outside protected areas.

**What are the potential sources of funding for biodiversity protection in the EU?**

The main EU funds, if used wisely, could go a long way to fulfil the financial needs of protecting nature both within and outside protected areas. Following its 2004 review, the EC proposed the integration of the financial needs of Natura 2000 in the major EU financial instruments (LIFE+, rural development fund, structural funds and the European fisheries fund). As a result, each of these financial instruments include, as one of their objectives, the financing of nature conservation and Natura 2000. It is largely the responsibility of the Member States to allocate sufficient sums of money available to them from the EU funds to this end.

However, available data suggest that most Member States are only willing to spend a very small proportion of these funds for nature conservation. LIFE+ is an exception and is a very important source of funding for nature conservation projects for civil society and governments alike. Unfortunately, its total budget is barely 1% of the total EU budget.

The private sector is an important potential source of funding for nature where some exciting new developments are taking place, such as payment schemes for ecosystem services. A recent idea is to make businesses pay for damages caused by their activities through a scheme called biodiversity offsets. Another promising avenue is to provide financial incentives, such as loans with favourable conditions, for small and medium-sized enterprises that depend on the biodiversity in Natura 2000 sites for their core business, in order to encourage them to support and contribute to biodiversity conservation. However, private financing should always complement, not replace, governments' fundamental obligation to protect nature as a basic public good.

**What are the global challenges of biodiversity financing?**

The global loss in animal and plant species, natural habitats and ecosystems is increasing at an alarming rate. The most

**What can the European Parliament do?**

- Urge the European Commission to research and estimate the appropriate level of funding needed to establish and maintain an effective Natura 2000 network and to meet its commitments to halt biodiversity loss by 2010.
- Call for the Commission to review the way EU funds are used by national governments to finance nature conservation.
- Push for comprehensive financing for nature conservation as part of the EU budget reform.
- Lobby for an ambitious financing mechanism that encourages developing countries to halt the loss of their natural forests.

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