

Unlocking funds for nature: How the next EU budget must deliver for biodiversity

The new EU budget as a biodiversity financing opportunity

The coming months represent a key opportunity to address financing for biodiversity conservation and restoration measures across the European Union (EU). By 1 July 2025, the European Commission¹ will release its proposal for the next Multiannual Financial Framework (MFF), officially kickstarting the period of negotiations between Member States and the European Parliament.

Effective and well targeted financing is crucial for achieving EU biodiversity objectives, but significant funding gaps represent a serious impediment to successfully addressing biodiversity loss. The current financing needs from 2021 to 2030 were estimated at EUR 20 billion a year and changed to EUR 48.15 billion per year based on more recent calculations.²

With the recent adoption of the Nature Restoration Law, it is crucial to support Member States in effectively implementing and enforcing its provisions. However, stricter financial regulations and efforts to reduce public debt raise the potential for intense debates regarding the allocation of resources within the EU, particularly concerning expenditures related to biodiversity.

Though focused on the post-2027 MFF, this paper also takes a broader perspective on biodiversity financing and considers the longer term need to re-evaluate current approaches. The proposals are therefore designed to put biodiversity on a path to recovery beyond the next funding period to build a safer, healthier future for people and nature.

In short, this paper offers three policy proposals to improve EU biodiversity financing:

- 1. A dedicated biodiversity conservation and restoration fund in the next MFF**
- 2. Strengthening biodiversity mainstreaming through all EU funding programmes**
- 3. Preventing EU funds from financing investments that damage biodiversity**

¹ The College of European Commissioners will be decided based on the results of EU Parliament elections and EU Council negotiations.

² Nesbit, M., et al., [Biodiversity financing and tracking: final report](#), IEEP, May 2022.

Lessons learned from current and previous periods: improving biodiversity mainstreaming across EU funds and programmes

Addressing the biodiversity crisis depends not only on the EU's capacity to allocate sufficient and well-targeted financial resources to protect and restore nature, but also on a commitment to stop financing projects that harm the environment.

As the current MFF spending period reaches its midpoint and discussions commence for the next one (2028–2035), several lessons can be drawn from current spending. Addressing biodiversity loss and its direct impacts on human life can yield substantial health and socio-economic benefits, including the creation of up to 500,000 jobs by 2050. The EU Natura 2000 network of protected areas alone generates benefits valued between EUR 200 billion and EUR 300 billion annually. Moreover, every EUR 1 billion invested in the management of Natura 2000 sites creates 30,000 jobs,³ both directly and indirectly. Increasing the amount and efficiency of biodiversity spending will therefore be immensely beneficial.

The EU's current strategy predominantly focuses on integrating biodiversity financing into broader funding streams and sectors, a practice known as mainstreaming. However, this approach often results in biodiversity having to compete for resources with other sectors, many of which enjoy stronger political backing from national governments. Consequently, biodiversity projects, which often yield socio-economic benefits only in the medium to long term, are overshadowed by large-scale, expensive infrastructure projects that promise more immediate outcomes. Despite the availability of funds, mainstreaming has not succeeded in ensuring sufficient biodiversity investments, as evidenced by the declining absorption rate of Cohesion Policy funds for biodiversity compared to the 2007–2013 and 2014–2020 periods.⁴ In other words, even when funding is available, it's often inefficiently spent and fails to align with priority needs for nature conservation and restoration.

Exploring policy proposals for the next EU budget

The following three policy proposals are designed to work in parallel and complement each other, whereby all three can be included together in the next MFF.

Part 1: A dedicated biodiversity conservation and restoration fund⁵ in the next MFF (2027-2033)

Considering the shortcomings and bottlenecks of the current approach to EU biodiversity financing,⁶ establishing a dedicated fund for conservation and restoration measures with its own budget line is needed in the next MFF.

³ Konar Mutafoglu, et al., [Natura 2000 and Jobs: Scoping Study](#), IEEP, April 2017.

⁴ European Parliament, [Absorption rates of Cohesion Policy funds](#), Figure 13, *European Parliament*, May 2024.

⁵ This fund may also be referred to as a 'nature restoration fund'.

⁶ EuroNatur, CEE Bankwatch Network, [Biodiversity on the brink: What's holding back financing for nature in the EU?](#), CEE Bankwatch Network, 7 February 2023.

Establishing such a nature fund would enhance the effectiveness of biodiversity financing and ensure a more targeted approach. This would enable EU funds to support activities that are most effective at addressing biodiversity loss, while also reducing greenwashing and facilitating accurate accounting of expenditures.⁷ The nature fund should encompass a range of activities that contribute directly to the goals of the 2030 Biodiversity Strategy, the Nature Restoration Law and the Nature Directives. These include the establishment, management and long term financing of protected areas; control and management of invasive species; habitat restoration; biodiversity monitoring and citizens' science projects.

Essentially, this fund would support continuous and large-scale conservation and restoration measures that complement the innovative projects financed under the LIFE programme, thus providing funding linked to the objectives agreed to by Member States in the form of the 2030 Biodiversity Strategy.

Part 2: Strengthening biodiversity mainstreaming through all EU funding programmes

Alongside a dedicated fund, the current mainstreaming approach should be strengthened through all EU programmes. While the mainstreaming approach has led to some progress, it has not allowed the EU to fully meet their own objectives. For example, though the Commission's statement of estimates for 2024 suggests that the target of having 7.5 per cent of the EU budget be allocated for biodiversity by 2024 will be achieved (coming in at 7.9 per cent), the expectation is that they will fall short of the 2026 target of 10 per cent (reaching only 8.4 per cent).⁸

Establishing clear and legally binding biodiversity spending objectives

Despite the ambitious objectives of the current MFF, the lack of specific biodiversity targets for each budget line and funding programme has led to unmet goals and would inevitably lead to the same result for the next MFF. It is essential that each funding programme is tied to a clear and achievable target for biodiversity in the form of a percentage. This target must be independent and not conflated with climate or general environmental objectives.

Experience shows that when biodiversity is one of several objectives – such as in the Recovery and Resilience Facility⁹ where it is linked to climate and circular economy goals – it is often deprioritised.¹⁰ Climate and circular economy goals tend to be more attractive to decision makers and businesses due to their short-term benefits. To address this issue, distinct and clearly defined biodiversity objectives must be established and enforced.

⁷ CEE Bankwatch Network, [Recommendations for how to determine the contribution of EU funds for biodiversity](#), CEE Bankwatch Network, 2024.

⁸ European Commission, [Statement of Estimates of the European Commission. Preparation of the 2024 draft budget](#), European Commission, June 2023.

⁹ European Parliament, [REGULATION \(EU\) 2021/241 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 12 February 2021 establishing the Recovery and Resilience Facility](#), EUR-lex, 12 February 2021.

¹⁰ EuroNatur, CEE Bankwatch Network, [Behind the 'green recovery': How the EU recovery fund is failing to protect nature and what can still be saved](#), CEE Bankwatch Network, June 2022.

Recommendation 1: Each EU funding stream should require a precise and legally binding percentage to be spent on conservation and restoration projects.

Closing the gap for small conservation and restoration projects

To effectively use more available funding for biodiversity and increase the absorption rate for each fund, it is essential to close the gap between project implementers' needs and European institutions. This gap is caused by the stringent and inflexible requirements to access funding which don't take into account the diverse nature of projects across the EU that need financial support (different sizes, different objectives, etc.).

Most actors in the nature conservation sector, along with stakeholders and public authorities, struggle to apply successfully for EU funds or to align their projects with the frameworks of EU funding programmes. Many face difficulties meeting high pre-financing or co-financing requirements. This misalignment between Brussels' requirements and on-the-ground needs, particularly for smaller projects, results in very low absorption rates for biodiversity projects outside of the LIFE fund. In particular, the large size a project needs to reach in order to get financing results in a mismatch between the reality of many smaller, but effective, conservation and restoration projects and the attributes demanded by the EU doesn't reflect the needs on the ground. This is compounded by a lack of administrative capacity, which could otherwise ensure better project bundling.

Recommendation 2: Remove excessive administrative requirements imposed by the issuers of public funds (EU authorities). A proportionate approach is needed; small projects should not be burdened with the same administrative demands as larger projects. Requirements should be proportionate to the amount of funding on offer so as not to make applications impossible. This should be complemented by a reduction in requirements for pre-financing and co-financing to increase access to already available financing.

Recommendation 3: To address this issue of scale, providing funding to small-scale projects can be achieved through project bundling approaches. Decentralising and giving a piloting role to a greater variety of stakeholders (e.g regions, non-governmental organisations) could allow small projects to fit into a bigger scheme making them more attractive in size and scale for financing. This allows the risk to be reduced for each of these projects and provides them with access to funding streams.¹¹

Recommendation 4: Increase capacity building for stakeholders in regional environmental governance in order to support project development and application.

¹¹ The European Parliament pilot project BESTBelt has reached a 100 per cent absorption rate and allowed small scale projects (Grants up to EUR 40 000 for a period between 12 and 24 months) to access external public funding: [European Green Belt](#), accessed 1 July 2024.

Develop a thorough and accurate tracking methodology

The EU's current biodiversity tracking methodology has been widely criticised due to its unreliable approach to accounting for biodiversity expenditures. The methodology only applies very general percentage scores (0, 40 or 100 per cent) to account for spending, meaning there is no way to know how much money is actually being spent and where it ends up.¹² This also leads to financing not being channelled into the right priority areas and cases of greenwashing. Funds in different funding streams are not tracked uniformly, creating an unnecessarily complicated mosaic of standards even though they should all contribute to the same EU spending target.

Recommendation 5: A revised methodology should be developed which more accurately tracks biodiversity spending. This should focus only on dedicated biodiversity conservation and restoration projects rather than assuming benefits from projects in other sectors. It should also focus on the outcomes of expenditure, i.e., whether the funds have produced a positive result for biodiversity, rather than simply the monetary value. The tracking methodology should prioritise on-site monitoring visits because the impacts of biodiversity funding can often only be assessed using this approach.

Build on the LIFE programme experience

The LIFE programme is widely recognised within the conservation sector as having delivered significant benefits for biodiversity across Europe. The programme functions via direct management, ensuring a high standard in the selection of projects, as well as detailed monitoring and reporting. Additionally, the programme promotes best practices while effectively engaging local communities, which enhances the sustainability and reach of its initiatives.

The governance and strategic focus of the LIFE programme offer valuable insights into practices that could be extended to other funding programmes. By promoting best practices and providing extensive information on partially replicable projects, LIFE sets a precedent for enhancing biodiversity conservation and environmental policy implementation across Europe.¹³

Recommendation 6: The LIFE programme should not only be maintained but its envelope should be expanded. Due to the quality of the projects LIFE has financed, mainstreaming in other programmes should primarily be based on the best practices from this programme.

¹² CEE Bankwatch Network, [Recommendations for how to determine the contribution of EU funds for biodiversity](#).

¹³ EuroNatur, CEE Bankwatch Network, [Led by nature: Projects to protect and restore biodiversity in Europe](#), CEE Bankwatch Network, March 2024.

Part 3: Preventing EU funds from financing investments that damage biodiversity

EU funds continue to finance projects that damage biodiversity, particularly in the agriculture, transport and energy sectors.^{14,15} When public money is scarce, additional funding can be found if damaging projects are stopped and funding is redirected towards beneficial ones. Compliance with and enforcement of EU environmental legislation must improve. Such legislation is a crucial safeguard, yet significant implementation gaps remain.

Strengthen environmental enforcement at the EU level

Prompt reactions by the Commission to failures of implementation and breaches of EU environmental legislation help to prevent ill-advised projects in advance and stimulate Member States to better protect and manage their Natura 2000 sites and other protected areas.

Recommendation 7: Increase DG Environment's capacity to enforce environmental law

Strengthening tools to safeguard the environment

The recent introduction of new environmental screening tools, including the 'do no significant harm' principle (DNSH), has the potential to complement the enforcement of EU legislation. However, the tools' effectiveness have been limited and they have failed to adequately filter out projects beyond the most obviously damaging ones. Currently, tools such as the DNSH principle are often treated as a one-time, 'tick-the-box' requirement during the programming phase, rather than serving as a guide for proper application and monitoring during implementation. Additionally, there are considerable knowledge gaps among national authorities who frequently misinterpret the principle as merely a compliance check with EU legislation, a process that must occur regardless of the assessment. To ensure meaningful impact, substantial enhancements to this tool are essential to add real value.¹⁶

Recommendation 8: Increased training and support are needed at national levels to ensure those applying the DNSH assessment to programmes and projects have the necessary level of knowledge and expertise to do so in a meaningful way. Without this, the tool is largely ineffective at preventing environmental harm. A strong methodology should also be defined to ensure this consistency gap can be reduced in the future.

¹⁴ EuroNatur, CEE Bankwatch Network, [Behind the 'green recovery': How the EU recovery fund is failing to protect nature and what can still be saved](#).

¹⁵ Birdlife, [CAP national strategic plans will fail to deliver on EU Green Deal environmental and climate objectives](#), Birdlife, 2022.

¹⁶ CEE Bankwatch Network, [Lessons from the ground: application of the 'do no significant harm' principle under the Recovery and Resilience Facility](#), CEE Bankwatch Network, 2024.

Adopt a strong and mandatory methodology against harmful subsidies

According to new research,¹⁷ Member States spend between EUR 34 billion and EUR 48 billion per year of EU subsidies on activities that harm nature. These are mainly in the sectors of agriculture (60 per cent of the EU's CAP), fisheries (between EUR 59 – 138 million), transport infrastructure (EUR 1.7 – 14.1 million) and water infrastructure (EUR 1.3 – 2 billion).

In the context of limited public resources, each euro must be spent to serve the common good as much as possible rather than jeopardising our common future in a healthy environment. It is much more cost-effective to protect existing biodiversity than restore it after it has already been degraded. Currently, the Commission only plans to have a voluntary Environmental Harmful Subsidies (EHS) methodology and voluntary reporting, which is insufficient to reach the goals of the 8th Environmental Action Plan. A voluntary methodology and the 'do no significant harm' principle won't resolve this issue without a mandatory tool and strict control over how money is being spent.

Recommendation 9: To effectively address biodiversity financing, the EU must implement a legally binding methodology to define environmentally harmful subsidies in the EU, so all MS qualify the same subsidies as harmful. These subsidies must be reallocated to support activities that actively contribute to halting biodiversity loss. In addition, the methodology must be accompanied by a legal obligation for Member States to report on EHS, as well as on how these EHS will be phased out. Such a reporting system could be aligned with the EU reporting obligations that Member States already have to comply with for energy subsidies under their National Energy and Climate Plans.

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¹⁷ WWF EPO, [Member States use billions of EU subsidies to fund nature harming activities - new WWF study](#), WWF EPO, 13 May 24.