Special Report

Is the ERDF effective in funding projects that directly promote biodiversity under the EU biodiversity strategy to 2020?



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Special Report

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(pursuant to Article 287(4), second subparagraph, TFEU)

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Reply of the Commission

Glossary 04

Beneficiary: Public or private legal person receiving EU support for projects directly promoting biodiversity.

Ecosystem services: Vital goods and services provided by intact biodiversity such as food, water supply and air purification.

European Regional Development Fund (ERDF): Financial instrument designed to promote economic and social cohesion between the regions of the EU. The ERDF's contributions are mainly implemented through operational programmes involving a large number of projects. The ERDF is one of the Structural Funds.

Managing authority: A national, regional or local public authority or a public or private body designated by the Member State to manage an operational programme.

Natura 2000: The largest ecological network of special protected conservation areas in the world, comprising nearly 26 000 sites and covering almost 18 % of the total EU terrestrial environment as well as substantial marine areas. Natura 2000 is a key element of the EU strategy to halt the loss of biodiversity and ecosystem services by 2020.

Operational programme: A Commission-approved programme of investments by a Member State receiving Structural Funds, which takes the form of a coherent set of multiannual priorities and measures involving a large number of projects.

Programming period: The multiannual framework within which the Structural Funds expenditure is planned and implemented.

Shared management: Framework within which the budget for the Structural Funds is implemented jointly by the Member States and the Commission. While implementation tasks are delegated to the Member States, the Commission retains overall responsibility for implementing the budget.

Structural Funds: EU funds composed of the European Regional Development Fund (ERDF) and the European Social Fund (ESF). Together with the Cohesion Fund, their activities for the 2007–13 programming period is worth 308 billion euro (in 2004 prices) to support regional growth and stimulate job creation.

Executive summary

Biodiversity, i.e. variability among living organisms and their ecological complexes, is valued as the world's natural capital. The loss of biodiversity has substantial economic and health effects, e.g. in terms of polluted water and air, floods, erosion or the spread of disease.

Ш

Protecting biodiversity is a key environmental priority for the EU. Following the failure to halt biodiversity loss in Europe by 2010, the Council endorsed the 'EU biodiversity strategy to 2020' in June 2011. The time horizon for the main goal of halting biodiversity loss in the EU was moved from 2010 until 2020.

Ш

Several EU instruments provide funding for biodiversity conservation, which has also been applied to the Natura 2000 network, the cornerstone of biodiversity conservation in the EU.

IV

The Court's audit focused on the European Regional Development Fund's (ERDF's) effectiveness in funding projects directly promoting biodiversity. The Court first examined the extent to which Member States took advantage of the available ERDF funding and then assessed the performance of 32 sampled projects.

V

The Court concluded that available ERDF financing opportunities have not been exploited to their full potential by the Member States. Although ERDF co-funded projects in the field of biodiversity match Member State and EU priorities for halting biodiversity loss, efforts must be made to monitor their actual contribution and ensure that their effects will last. Many activities concerned the preparation of protection and management plans, which now need to be implemented in order to achieve tangible results.

V

In view of strengthening the use of the ERDF for biodiversity, the Court recommends that the Commission should:

- (a) support Member States in setting biodiversity restoration priorities in operational programmes;
- (b) assess the complementarity of the actions to promote biodiversity identified by the Member States in the operational programmes with projects financed by other EU funds; and
- (c) monitor the actual implementation of operational programmes in view of an early and proactive identification of difficulties.

The Member States should collaborate with the Commission in achieving this.

VII

The Commission should also:

- (a) support Member States in following up preparatory projects with a view to an active protection policy, especially regarding the effective implementation of specific protection and management plans for habitats and species;
- (b) require provision in operational programmes for procedures to evaluate the environmental changes in habitats and species following the interventions;
- (c) advise Member States in applying ERDF rules in interaction with other EU funds.

VIII

In addition, the Commission should make sure that an accurate record of direct and indirect EU spending on biodiversity (including Natura 2000) is maintained, and the Member States should facilitate this by providing the necessary data.

Introduction 06

General significance of biodiversity

01

The Convention on Biological Diversity (CBD)¹ defines biodiversity as variability among living organisms from all sources including terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part. The CBD recognises several major threats to biodiversity such as loss and fragmentation of habitat², overexploitation of forests, oceans, rivers, lakes and soils, pollution, climate change and incoming species that compete with native flora and fauna.

02

Biodiversity is valued as the world's natural capital, which provides vital goods and services, such as food, water and air purification that underpin economic prosperity, social well-being and quality of life³. A loss of biodiversity gives rise to substantial economic and welfare losses, e.g. in terms of polluted water and air, floods, erosion and the spread of disease⁴.

The EU strategy for halting biodiversity loss

03

Protecting biodiversity is a key environmental priority for the EU, which is expressed through an EU strategy for biodiversity and a variety of relevant EU policies and legislation. Between 2001 and 2010, the EU tried to achieve the objective of halting biodiversity loss and restoring habitats and natural ecosystems.

In 2010, the Commission concluded that this objective had not been achieved. The reasons for failing to achieve the EU 2010 target are multiple and complex ⁵. Conservation assessments of habitats and species showed that the overall situation had continued to deteriorate ⁶.

04

In June 2011, the Council endorsed the 'EU biodiversity strategy to 2020', presented by the Commission⁷. It also encouraged Member States to integrate the new strategy into their national plans, programmes and/or strategies. The European Parliament welcomed and supported this strategy⁸.

05

The EU biodiversity strategy to 2020 sets six overall targets⁹, comprising 20 actions (see *Figure 1* and *Annex I*).

- Worldwide, nearly 200 parties are committed to the CBD which was promoted by the United Nations Environment Programme and entered into force in 1993.
- 2 Habitat refers to the areas in which organisms live. Habitats are usually classified as terrestrial, freshwater or marine. Studies reveal that urbanisation, deforestation and agricultural expansion have dramatically accelerated habitat loss.
- See European Commission, Monitoring the impact of EU biodiversity policy, September 2010, p. 2.
- 4 See European Commission, Ecosystem goods and services, September 2009, p. 2.
- 5 The Commission indicates among the most significant reasons: insufficient integration across other sectoral policies; incomplete implementation of existing legislation and policy gaps; funding shortcomings; inadequate framework and governance structure; and limited awareness about biodiversity (see SEC(2011) 540 final of 3 May 2011).
- 6 See, for example, EU 2010 biodiversity baseline, European Environment Agency, 2010 (http://www.eea.europa.eu/ publications/ eu-2010-biodiversity-baseline).
- 7 COM(2011) 244 final of 3 May 2011 'Our life insurance, our natural capital: an EU biodiversity strategy to 2020'.
- 8 European Parliament Resolution of 20 April 2012 on our life insurance, our natural capital: an EU biodiversity strategy to 2020.
- 9 The indicative targets are set at EU level and are not supposed to be translated into explicit and differentiated national targets (see title 5.8 of SEC(2011) 540 final, accompanying the document under footnote 7).

Targets of the EU biodiversity strategy to 2020

EU biodiversity strategy

A 2050 vision

European Union biodiversity and the ecosystem services it provides — its natural capital — are protected, valued and appropriately restored

A 2020 headline target

Halt the loss of biodiversity and ecosystem services in the EU and restore them insofar as feasible, and step up the EU's contribution to averting global biodiversity loss

SIX TARGETS



Source: European Commission.

Introduction 08

EU policy and legislation

06

Biodiversity is a cross-cutting, interdisciplinary issue, connected to numerous policies which have their own EU funding sources: the European Agricultural Guarantee Fund (EAGF), the European Agricultural Fund for Rural Development (EAFRD), the European Fisheries Fund (EFF), the European Regional Development Fund (ERDF), the Cohesion Fund (CF), the Financial Instrument for the Environment (LIFE) and the research framework programmes. The term 'integrated funding' refers to the parallel nature of these various sources of financing.

07

The legislation relevant to biodiversity has many components in different layers:

- (a) several international environmental agreements related to biodiversity to which the EU and/or its Member States are contracting parties, e.g. the CBD which entered into force on 29 December 1993 and is the first international agreement to address all aspects of biodiversity (see paragraph 1);
- (b) a number of EU directives (e.g. the birds and habitats directives¹⁰; the water framework directive¹¹; the marine strategy framework directive¹²; specific directives covering the issue of environmental assessment¹³; and specific regulations related to the various EU funds;
- (c) various national laws.

08

Figure 2 gives an overview of EU policy and legislation which have an impact on biodiversity.

ERDF co-financing of projects promoting biodiversity

09

According to the Commission's data, Member States allocated 2,8 billion euro in the 2007–13 programming period to the direct promotion of biodiversity and nature protection under the ERDF, including Natura 2000¹⁴ (see **Annex II**).

10

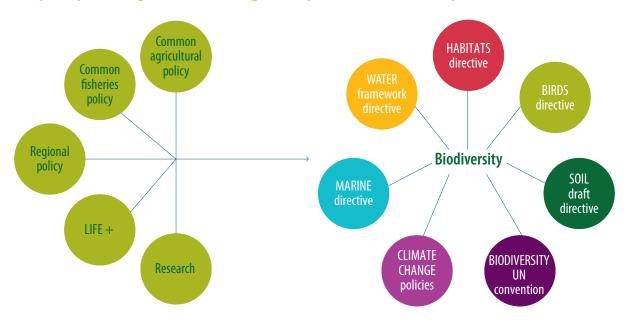
Despite not being directly targeted at the promotion of biodiversity, other ERDF projects may also support biodiversity, e.g. projects in the area of tourism¹⁵, complementary measures included in infrastructure projects as compensation for damage caused to the environment and projects dedicated to wastewater treatment¹⁶.

- 10 Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds (codified version) (OJ L 20, 26.1.2010, p. 7) and Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L 206, 22.7.1992, p. 7).
- Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy (OJ L 327, 22.12.2000, p. 1).
- 12 Directive 2008/56/EC of the European Parliament and of the Council of 17 June 2008 establishing a framework for Community action in the field of marine environmental policy (OJ L 164, 25.6.2008, p. 19).
- 13 Council Directive 85/337/EEC of 27 June 1985 on the assessment of the effects of certain public and private projects on the environment (OJ L 175, 5.7.1985, p. 40) and Directive 2001/42/EC of the European Parliament and of the Council of 27 June 2001 on the assessment of the effects of certain plans and programmes on the environment (OJ L 197, 21.7.2001, p. 30).
- 14 This figure is based on a breakdown of Structural Funds financial allocation (as at 31.12.2012) made according to a list of 86 categories provided in Annex II of Commission Regulation (EC) No 1828/2006 of 8 December 2006 setting rules for the implementation of Council Regulation (EC) No 1083/2006 (OJ L 371) 27.12.2006, p. 1). Article 11 provides that Member States have to establish an indicative breakdown by category of the planned use of the funds.
- 15 Actions in the area of tourism include the promotion of natural assets and the protection and development of the natural heritage. See the Court's Special Report No 6/2011 'Were ERDF co-financed tourism projects effective?' (http://eca.europa.eu).

Introduction 09

Figure 2

EU policy and legislation having an impact on biodiversity



Source: European Commission.

11

The Commission bears overall responsibility for implementing the budget. Co-financed biodiversity projects are part of operational programmes, implemented by the Member States under shared management arrangements. In particular:

- (a) the Commission negotiates and approves operational programmes proposed by Member States, and allocates EU funding;
- (b) the Member States manage the operational programmes, implementing them by selecting projects, and then overseeing and assessing these projects;
- (c) the Commission assesses national management and control systems, monitors the implementation of programmes, commits the EU financial contributions and pays them on the basis of approved expenditure.

12

The Commission is also required to provide strategic direction by identifying factors contributing towards the success or failure of the implementation of operational programmes and by identifying good practice¹⁷.

- 16 See the Court's Special Report No 3/2009 'The effectiveness of structural measures spending on waste water treatment for the 1994– 99 and 2000–06 programme periods' (http://eca.europa.eu).
- 17 See Article 49 of Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999 (OJ L 210, 31.7.2006, p. 25).

Audit scope and objectives

13

The main objective of the audit was to assess whether the ERDF has been effective in funding projects directly promoting biodiversity as part of the EU biodiversity strategy to 2020. The Court assessed whether:

- (a) Member States took advantage of the available ERDF funding for directly promoting biodiversity;
- (b) ERDF co-financed projects directly promoting biodiversity were effective in halting biodiversity loss.

14

The initial phase of the audit was based on a review of documents and interviews at the Commission. Two directorates-general were visited:

- (a) DG Regional and Urban Policy, which is responsible for the part of the EU budget which co-finances biodiversity projects under the regional development policy. As part of its programme appraisal process, it consults other DGs, in particular DG Environment;
- (b) DG Environment, which is responsible for EU environmental policy.

15

A survey of Member States that made little or no use of the ERDF for funding projects directly promoting biodiversity was also carried out. Twenty operational programmes were selected in 10 Member States and questionnaires were sent to the managing authorities concerned. Seventeen replies were received.

16

The second phase of the audit was carried out in five selected Member States: the Czech Republic, Spain, France, Poland and Romania. These Member States accounted for 68 % of total ERDF allocations for the direct promotion of biodiversity during the 2007–13 programming period.

17

Thirty-two projects (a mixture of completed and ongoing projects) were selected from the financially most significant operational programmes in the Member States concerned, taking account of the projects' stage of completion and also of the low rate of implementation of allocated funding for biodiversity in some operational programmes (see list of projects in *Annex III*).

Have Member States taken advantage of the available ERDF funding for directly promoting biodiversity?

18

The Court examined the level of allocation and use by Member States of ERDF funding to projects directly promoting biodiversity.

ERDF funding opportunities have not been exploited to their full potential

19

The Commission analysed the ERDF and other EU funds in view of their potential for supporting the targets of the EU biodiversity strategy within the 2007–13 multiannual financial framework (see *Annex IV*). In early 2013, the Commission drew up new criteria for better tracking biodiversity-related expenditure under all relevant EU instruments, including the ERDF¹⁸.

20

The ERDF mainly offers funding possibilities for Target 1 (fully implement the legislation for nature (birds and habitats directives)) and Target 2 (maintain and restore ecosystems and their services) of the strategy. Nearly all other EU funds may contribute to these targets as well. This is mainly explained by the cross-cutting nature of these two targets, affecting EU agriculture, cohesion, environment and research policies (see Annex IV). In an attempt to introduce greater clarity for beneficiaries, national project selection bodies sometimes distinguished between the ERDF and other EU instruments19.

21

While adhering to the EU strategic guidelines on cohesion, it is up to the Member States to set financing priorities according to their own needs. Many Member States allocated little or no direct ERDF funding to biodiversity during the 2007–13 programming period: 12 Member States allocated less than 0,2 % of their cohesion resources to measures directly dedicated to biodiversity (see *Table 1* and *Annex II*).

- 18 For 2014, the first year of the current multiannual financial framework, the Commission extrapolated from historical data that an amount of 11 billion euro (of which 1,7 billion from the ERDF) could be committed to financing biodiversity (see Statement of estimates of the European Commission for the financial year 2014 (preparation of the 2014 draft budget), political presentation, SEC(2013) 370, June 2013). This amount includes in addition to direct funds for biodiversity (see paragraph 9) all other funds which could have an indirect link to biodiversity.
- 19 For example by introducing a financial threshold as a criterion for determining which EU fund should finance which biodiversity projects (e.g. bigger projects under the ERDF and smaller projects under the EAFRD), or by limiting the access to the ERDF to public bodies.

Allocation of ERDF funds to projects directly promoting biodiversity, by Member State (2007–13 programming period)

Percentage of total ERDF resources dedicated to direct promotion of biodiversity	Number of Member States	Percentage (%) of Member States
More than 2 %	2	7
Between 1 % and 2 %	4	15
Between 0,2 % and 1 %	9	33
Less than 0,2 % among which 0 %	12 6	45 22
Total	27	100

Observations 12

22

Following the failure to halt biodiversity loss by 2010, the Commission and the Member States were urged by the European Parliament to increase efforts in this field. As a result, in the middle of the 2007–13 programming period, the Commission encouraged managing authorities to realign existing operational programmes to invest more in biodiversity and other sustainable growth objectives²⁰.

23

However, adjustments to established operational programmes were very limited. Only one Member State markedly increased the ERDF allocation for biodiversity, and this was the result of a good response to calls for proposals for projects specifically to promote biodiversity. Two other Member States, out of the 21 that had allocated funds for biodiversity, saw only limited increases and 11 maintained their original ERDF allocations. In seven Member States, ERDF biodiversity funds were even reduced (see **Annex II**). National authorities explained these reductions by reference to various implementation problems, e.g. low responsiveness to calls for projects, a lack of preparation for Natura 2000 tasks, difficulties in finding an adequate demarcation line in relation to other funds.

24

Not only did many Member States allocate little or no ERDF funding directly to biodiversity, but for those which did allocate funding, the financial uptake was below the average for all cohesion policy funding. Since the beginning of the 2007–13 programming period, the financial uptake for biodiversity projects remained slow, despite the fact that, in 2011, the Commission called for the situation to be rectified (see *Table 2*). Regarding Natura 2000, the Commission has given a variety of reasons for this unsatisfactory situation²¹, which are outlined in *Box 1*.

25

In 60 % of the replies to the survey carried out by the Court to ascertain why the ERDF was little used as a source of financing for directly promoting biodiversity (see paragraph 15) the reason given was that the coverage of needs by other EU and/or national funding sources was sufficient. In 30 % of the replies, doubts were expressed as to whether the ERDF was an adequate instrument for funding biodiversity (because of a lack of compatibility with regional objectives or limited effects with regard to regional objectives).

- 20 COM(2011) 17 final of 26 January 2011 'Regional policy contributing to Sustainable Growth in Europe 2020'.
- 21 European Commission, Investing in Natura 2000: For nature and people, 2011, p. 21.

Specific reasons for unsatisfactory use of EU funds in connection with Natura 2000, as identified by the Commission

- 1. Competition between different policy goals: Member State administrations often fail to include investments for Natura 2000 among priorities, probably due to a lack of understanding of how this can contribute to overall regional development objectives.
- 2. Insufficient consultation: the authorities responsible for Natura 2000 are often not sufficiently consulted or involved when it comes to drawing up operational programmes and deciding on the allocation of money under different sectoral funds.
- 3. Slow development of Natura 2000 management plans: slow progress in site designation has significantly delayed the establishment and adoption of management plans for Natura 2000 which are necessary in order to facilitate investment in Natura 2000.
- 4. Lack of capacity and know-how for accessing EU funds: although knowledge about EU funds is growing, conservation organisations and authorities still find it difficult to get the necessary support for developing stand-alone conservation projects.
- 5. High administrative burden: the administrative capacity needed to develop projects and obtain funds can be significant, particularly where no pre-financing arrangements exist.

Fable 2

Financial uptake for biodiversity projects compared to the average for all cohesion funding

	Financial uptake for biodiversity projects (%)	Average for all cohesion policy funding (%)
End of 2010	18	27
End of 2011	56	71
End of 2012	75	85

NB: Financial uptake is calculated as the amount actually committed in a Member State to biodiversity projects at a given time as a percentage of the budget initially allocated. The Commission does not have payment data for individual categories of expenditure.

Are ERDF co-financed projects that directly promote biodiversity effective in halting biodiversity loss?

26

The Court audited the sampled projects' effectiveness in halting biodiversity loss by assessing whether they:

- (a) were aligned with biodiversity priorities at Member State and EU level:
- (b) had brought tangible results and met their targets;
- (c) were likely to have sustainable effects, i.e. the benefits were likely to continue after EU support had ended.

The projects are in line with biodiversity priorities at national and EU level but ERDF expenditure for biodiversity is not well defined

27

The projects audited were in line with national and EU biodiversity priorities. They were selected by the national authorities on the basis of the priorities of the operational programmes concerned. Apart from preparation and awareness actions, projects mainly concerned habitat and fauna protection (see example in **Box 2**).

Example of projects in line with national and EU biodiversity priorities



Picture 1 — River bank restoration in Seville

In Andalusia (Spain), three projects concerned the ecological restoration of river banks (ERDF: 15,0 million euro). These projects were consistent with the description set out in the Andalusia operational programme under the corresponding priority. Restoring degraded ecosystems is a key element in the EU biodiversity strategy. The projects included the recovery of pre-existing vegetation, reforestation with indigenous species, the rehabilitation of water areas through pools and weirs and the construction of footpaths with several footbridges.

Box 2

Observations 15

28

In the same way that some ERDF projects may have support for biodiversity as a secondary rather than primary objective (see paragraph 10), about half of the projects audited had a secondary objective relating to other issues, such as anti-flooding actions, recreation and limiting visitor access. This shows the difficulty for the Member States to attribute ERDF expenditure to the correct priority themes and for the Commission to clearly identify ERDF expenditure on biodiversity. In one case, biodiversity was not the main component of the project, which should have been co-financed under another priority theme of the operational programme (see **Box 3**).

Project which should have been co-financed under a priority theme other than biodiversity

In Andalusia (Spain), one project concerned the restoration of a castle (ERDF: 3,1 million euro). Only minor elements (about 10 % of total cost) involved the promotion of biodiversity (e.g. removal of alien invasive plant species in the surrounding area). Due to its predominant cultural heritage component, the project would fit better under the programme's 'Protection and preservation of the cultural heritage' priority theme.



Picture 2 — Restoration of a castle

Box 3

Observations 16

One third of the projects audited focused on the preparation of protection measures ...

29

Box 4

Eleven of the 32 projects audited (34,4 % in number and 39,6 % in value) were mainly devoted to different sorts of preparatory work, meaning that it will still take some time before actions are launched according to these protection plans and tangible effects are felt in terms of halting biodiversity loss.

On average, about one third of the total allocation for biodiversity in the operational programmes selected was dedicated to preparatory measures such as:

- (a) building information systems, carrying out inventory surveys, mapping, establishing a baseline situation for the biodiversity for the areas in question and drafting specific protection plans (see example in **Box 4**);
- (b) awareness campaigns, information and educational measures.

Cartographic tools for the Danube Delta

The purpose of two projects (Romania) carried out by the University of Bucharest (ERDF: 5,8 million euro) and the Danube Delta National Institute for Research and Development (ERDF: 0,8 million euro) was to make inventories of underwater or terrestrial habitats and species, and to create digital maps to assist the Danube Delta's management in taking appropriate action.

Equipment was bought, software produced, the sea floor and the terrestrial area were scanned and digital cartographic mapping and practical management applications were produced (e.g. models for the reconstruction of habitats or for the flooding regime).

However, the new integrated management plan for the Danube Delta Biosphere Reserve had yet not been drafted. The lack of a proper land register makes overall planning for land protection measures difficult. The ERDF supports this activity through a new project running from June 2013 up to the end of 2015.





Pictures 3 and 4 — Sonar instruments used for marine cartography

Jniversity of Bucharest.

30

While various protection plans had been defined, their preparation had proved difficult, and several had still not been adopted by the national authorities at the time of the audit (see examples in **Box 5**).

Examples of protection plans facing production and implementation difficulties

The 'Implementation of Natura 2000 sites' project (Czech Republic) (ERDF: 4,3 million euro), to be completed in January 2015, has strategic importance: it mainly entails carrying out inventory and geodetic surveys needed to prepare protection plans for 303 out of 1075 Natura 2000 sites and set up a monitoring framework for these sites. The setting-up and start of the project were difficult and lengthy due to continuous uncertainties regarding the project's scope and detailed targets (list of sites covered and types of work needed). Two and a half years passed between the project application in November 2008 and the grant decision in April 2011. The grant decision was amended twice, in November 2011 and December 2012, and a third change was planned for late 2013.

The 'National programme for the protection of Capercaillie' project (Poland) (ERDF: 0,2 million euro) concerned the monitoring, between July 2009 and December 2011, of the national capercaillie²² population and its habitats, and the production of a national protection programme. More than 1 year later, in March 2013, the General Directorate for Environmental Protection (GDEP) refused to accept the draft programme, criticising it as inadequate, and concluded that the protection programme needed to be completely redesigned.

In Poland, problems were noted not only for the capercaillie protection programme, but also for programmes covering other species. By May 2013, 10 other EU-supported species protection programmes had been submitted to the GDEP for acceptance (e.g. wolf, bear, otter), but none of them have yet been approved.



Picture 5 — Capercaillie (Tetrao urogallus)

²² The capercaille (*Tetrao urogallus*) is listed in Annex I of Council Directive 79/409/EEC. It requires undertaking special habitat conservation measures in order to ensure the species' survival. The total population of capercaille in Poland was estimated in 2012 at 500–600 individuals.

31

Three of the eleven projects were dedicated to awareness, information and educational measures (see example in Box 6). Nearly half of all projects audited included such measures. When drawing up the EU biodiversity strategy to 2020, the Commission concluded that awareness of diversity was low in the EU. However, the effect of such measures on the understanding and knowledge of biodiversity among the target population was not assessed at national level.

Example of an awareness and information project

The 'Improvement of biodiversity in the maritime sector through awareness and information' project in the Danube Delta (Romania) (ERDF: 2,8 million euro) includes the construction of a visitor centre, the creation of four tourist trails with information boards, seminars, information sessions, guides to species and birds, brochures, an album, press conferences and the creation of a website.

At the time of the audit, the construction of the visitor centre was behind schedule due to contested tendering procedures. All of the four planned educational tourist trails were finished and open to the public.

However, next to the project site, on the Sulina beach, tourist facilities have been set up on a Natura 2000 site protected under the EU birds and habitats directives. A permit was issued to develop these tourism facilities even though an appropriate assessment of the implications for the site had not been carried out beforehand²³. This assessment is a key conditional requirement of Natura 2000 to ensure that activities will not adversely affect the integrity of the site.





Pictures 6 and 7 — Information boards along an educational aquatic tourist trail

Observations 19

... and benefits for biodiversity from investments were not assessed

32

Box

Of the 32 audited projects, 21 entailed investments dedicated to promote biodiversity. The investments had generally been set up as required via supply and works contracts, and were operated for the intended purposes. Investment project objectives mainly concerned habitat protection and recovery (lakes, rivers, coast, forest, bio-corridors, etc.) (see **Box 7** and **Box 8**) or animal protection.

33

In almost all cases, only physical output²⁴ indicators were used by the responsible authorities to monitor project success, e.g. the number and type of plantations set in a restored area, hectares of reforestation, length of the coastal stretch where there had been an intervention and the number of species protected. The effectiveness of the projects was not analysed further by Member State authorities; the grant decisions established neither result²⁵ indicators nor monitoring provisions to assess the development of habitats and species. The absence of such analysis undermines any assessment of the effectiveness of these projects and, therefore, the possibility to demonstrate tangible results in terms of the conservation of biodiversity.

- 24 'Output' refers to what is produced or accomplished with the resources allocated to an intervention.
- 25 'Results' relate to changes in relation to objectives.

Example of a project targeted at habitat protection and restoration



Picture 8 — Protection measures at the 'Cap Blanc Nez'

In the Nord/Pas-de-Calais region (France), the 'Opération Grand Site des Deux Caps' was co-financed by two ERDF projects (ERDF: 2,8 and 0,6 million euro) during the 2007–13 programming period. The operation began in 2000 with a number of studies. The aim was to obtain a 'Grand Site de France' label by restoring and preserving the natural quality of the site for the long term, alongside a 23-km stretch of Channel coast, providing solutions and facilities for channelling the flow of tourists (access, car parks, and special protection), establishing a structure-based maintenance and management policy and promoting the development of local towns and villages.

26 The 'Grand Site de France' label is awarded to recognised sites with remarkable natural features and a large number of visitors. It is issued subject to the implementation of a site preservation and management project based on the principles of sustainable development.

Example of a project targeted at animal protection



Picture 9 — 'Close to natural' fish crossing used mainly by slower species

One co-financed project (Czech Republic) involved the construction of two fish crossings on the right bank of the Elbe River at the Lovosice weir (ERDF: 0,9 million euro). The goal of the project was to remove a barrier to fish passage caused by the old weir built in 1919.

One of the fish crossings is a 'close to natural' riparian channel with a boulder finish and the other is an artificial fish crossing located in the dividing pillar.



Picture 10 — Artificial fish crossing used mainly by faster fish species

34

In Spain, the Ministry of the Environment had published a guideline which regarded monitoring as a key element. However, it was not applied to the co-financed project examined by the Court (see **Box 9**).

35

The absence of result indicators and monitoring also precludes assessing regional and/or local achievements. Furthermore, in the audited projects there was little attempt to assess effectiveness by taking into account the most relevant external factors. Indeed, many factors (e.g. impact of nearby infrastructures and activities) — possibly outside the scope or control of an individual project — may cause changes in the overall situation of regional habitats and fauna.

A guideline for evaluation existed, but it was not applied

In Spain, according to a Ministry of Environment guideline on the environmental recovery of dunes, the following elements should be monitored in the years after project completion: general development of the system, dune profile, establishment and development of vegetation, appearance of new species, development of invasive species, effectiveness of protective measures.

However, more than 3 years after the completion of the 'Recovery of the dune system and of the beach access of Isla Canela' project (Spain) (ERDF: 0,9 million euro), the effect of the protection measures had not been assessed. There was no attempt to establish, for example, a list of the fauna and flora which resulted from the project.

The project included the restoration of the dune area by placing wicker piles to capture sand, the plantation of indigenous species, the enclosure of the restored area and the construction of raised wooden walkways for crossing the dunes. The stretch of beach recovered is 1 300 metres long.





Pictures 11 and 12 — Recovery of the dune system

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One positive exception was a study carried out in Poland which stressed that protection measures were counterbalanced by external factors (see **Box 10**).

Example of external factors which limit the effectiveness of protection measures

One project (Poland) involved the restoration and preservation of an optimal habitat for the black grouse (ERDF: 0,6 million euro). Similar forerunner projects had also been carried out. A wide range of measures was supported by the project, e.g. removal of bushes and shrubs, cutting rushes, removal of metal mesh fences, culling predators, land purchases and the communication and dissemination of information.

A study carried out in connection with the project showed that the number of male black grouse continued to decrease significantly. The main reasons identified to explain why the decrease in the black grouse population could not be stopped despite active habitat protection measures in the region were:

- adverse climate change: low reproduction rates were linked to rainy springs and summers, especially in June when most black grouse hatch (black grouse chicks' thermoregulation does not work in their first 3 weeks of life);
- increased pressure from predators (e.g. foxes, raccoons and martens), explained by mass vaccinations for rabies and significantly reduced hunting of foxes due to the decline in fur prices.



Picture 13 — Black grouse (males)

Observations 23

Project sustainability is based on local commitment and relies on future public financing

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Project benefits should continue after the period of EU support has ended. For this, projects must fulfil certain criteria: they should mainly be embedded in local structures, thus ensuring high ownership by stakeholders, and in a general climate of financial and economic crisis, necessary financial resources should be available to maintain their results.

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Regarding inventories, protection or management plans which often constituted the outputs delivered by the projects (see paragraph 29), benefits did not materialise after the end of the projects, as these plans were still awaiting acceptance and implementation. Lasting benefits can only be expected in the event of actual implementation. Regarding awareness, information and educational activities, one positive aspect is that several projects had long-standing websites providing relevant information.

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The Court found that project investments such as buildings, machinery, equipment and plantations were generally well maintained even after the projects had ended. One important aspect of this is that sustainability was generally considered right from the outset of the project selection process. Moreover, project contracts have a clause requiring that investments be used and maintained for the agreed purposes for a number of years after the projects have ended, failing which the grant must be paid back. In one case, 2 years after the work had been completed, the question of responsibility for maintenance had still not been resolved.

40

The Court found a high degree of commitment within nature organisations, environmental agencies or park authorities in charge of projects, which were supported by a local policy that aimed to promote a positive image as an ecotourism region. As projects were not revenue-generating and private resources not attracted, continued public financing was generally required. If further funding was not forthcoming, the sustainability of the whole undertaking to stop biodiversity loss would be at risk (see example in **Box 11**).

Example of a project facing risks to sustainability

The main objective of the 'Improvements in the situation of bison in the Vanatori Neamt Natural Park' project (Romania) (ERDF: 0,2 million euro) was to create a viable bison population living wild in the northern Carpathian mountains. With the acquisition of 10 bison, the total number of bison in the park increased to 28. Support infrastructure was built to facilitate the animals' adaptation to the wild. Feeding supplies were provided during the winter season, as was regular veterinary treatment. Observation platforms and information points were constructed under another ERDF project (ERDF: 0,2 million euro).

Project sustainability would be achieved if the bison managed to live and reproduce in the wild. One risk was genetic: all the bison came from a small surviving core group and there was little variety in their genetic make-up. As a result, the bison were susceptible to disease, had a shorter life span, higher juvenile mortality and reproduced less often.

The park's management plan envisages further support for and monitoring of the reintroduction of bison in the wild. However, there is no indication in the plan as to how financial resources are to be provided and allocated. Future financing is also uncertain as the park's management plan has not been approved by the Ministry of Environment.

The bison project also attracted other international donors such as the World Bank. Further fund-raising from other international donors would require coordination with EU support.





Pictures 14 and 15 — Bison in acclimatisation park

Conclusions and recommendations

Overall conclusion

41

Available ERDF financing opportunities have not been exploited to their full potential by the Member States. Although the ERDF co-financed projects that directly promote biodiversity match Member State and EU priorities for halting biodiversity loss, efforts must be made to monitor their actual contribution and ensure that their effects will last. Many activities concerned the preparation of protection and management plans, which need to be implemented in order to achieve tangible results.

Allocation and use of ERDF funding

42

Member States did not always view the ERDF as an adequate instrument for promoting biodiversity, and its potential as a source of financing for Natura 2000 was not sufficiently recognised (paragraphs 19 to 25).

Recommendation 1

The Commission should:

- (a) support Member States in setting biodiversity restoration priorities in operational programmes;
- (b) assess the complementarity of the actions to promote biodiversity identified by the Member States in the operational programmes with projects financed by other EU funds;
- (c) monitor the actual implementation of operational programmes in view of an early and proactive identification of difficulties.

The Member States should collaborate with the Commission in achieving this.

Achievements of ERDF projects in halting biodiversity loss

43

Projects co-financed by the ERDF were generally in line with national and EU biodiversity priorities. However, it is sometimes difficult to clearly identify ERDF expenditure on biodiversity (paragraphs 27 and 28).

44

A third of the audited projects deal with the preparation of future investments and activities with a view to promoting biodiversity (preparatory work and public awareness measures). This means that tangible results would not be immediate. Actual protection measures were carried out in two thirds of the projects audited. Yet, no results indicators or monitoring systems have been put in place by Member State authorities to assess the development of habitats and species. The absence of such analysis undermines any assessment of the effectiveness of these projects and, therefore, the possibility to demonstrate tangible results in terms of the conservation of biodiversity (paragraphs 29 to 36).

45

Physical project outputs were generally well maintained and a high degree of commitment from project promoters was noted. Nevertheless, the sustainability of the projects' effects depend on continued public funding (paragraphs 37 to 40).

Recommendation 2

The Commission should:

- (a) support Member States in following up preparatory projects with a view to an active protection policy, especially regarding the effective implementation of specific protection and management plans for habitats and species;
- (b) require provision in operational programmes for procedures to evaluate the environmental changes in habitats and species following the interventions;
- (c) advise Member States in applying ERDF rules in interaction with other EU funds.

In addition, the Commission should make sure that an accurate record of direct and indirect EU spending on biodiversity (including Natura 2000) is maintained, and the Member States should facilitate this by providing the necessary data.

This Report was adopted by Chamber II, headed by Mr Henri GRETHEN, Member of the Court of Auditors, in Luxembourg at its meeting of 4 June 2014.

For the Court of Auditors

vica.

Vítor Manuel da SILVA CALDEIRA President

Annexes

Targets and actions of the EU biodiversity strategy to 2020

Target 1: Fully implement the birds and habitats directives

Action 1	Complete the establishment of the Natura 2000 network and ensure good management
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- Action 2 Ensure adequate financing of Natura 2000 sites
- Action 3 Increase stakeholder awareness and involvement and improve enforcement
- Action 4 Improve and streamline monitoring and reporting

Target 2: Maintain and restore ecosystems and their services

- Action 5 Improve knowledge of ecosystems and their services in the EU

 Action 6 Set priorities to restore and promote the use of green infrastructure
- Action 7 Ensure no net loss of biodiversity and ecosystem services

Target 3: Increase the contribution by agriculture and forestry to maintaining and enhancing biodiversity

- Action 8 Enhance direct payments for environmental public goods in the EU's common agricultural policy
- Action 9 Improve the targeting of rural development on biodiversity conservation
- Action 10 Conserve the EU's agricultural genetic diversity
- Action 11 Encourage forest holders to protect and enhance forest biodiversity
- Action 12 Integrate biodiversity measures into forest management plans

Target 4: Ensure the sustainable use of fisheries resources

- Action 13 Improve the management of fish stocks
- Action 14 Eliminate adverse impacts on fish stocks, species, habitats and ecosystems

Target 5: Combat invasive alien species

- Action 15 Strengthen EU plant and animal health regimes
- Action 16 Establish a dedicated instrument for invasive alien species

Target 6: Help avert global biodiversity loss

- Action 17 Reduce indirect drivers of biodiversity loss
- Action 18 Mobilise additional resources for global biodiversity conservation
- Action 19 Make EU development cooperation 'biodiversity-proof'
- Action 20 Regulate access to genetic resources and the fair and equitable sharing of benefits arising from their use

Allocation of ERDF funds to promote biodiversity and nature protection (including Natura 2000) (in euro)

	Planned El	RDF funds in OPs at 3	31.12.2010	.12.2010 Planned ERDF funds in OPs at 31.12.2012		
Country	Allocated to biodiversity ('000) (a)	Total cohesion funding (′000) (b)	% (= a/b)	Allocated to biodiversity ('000) (c)	Total cohesion funding ('000) (d)	% (= c/d)
Belgium	1 054	2 063,501	0,05	1054	2 063 501	0,05
Bulgaria	80 787	6 673 628	1,21	80 787	6 673 628	1,21
Czech Republic	605 921	26 302 604	2,30	605 921	26 539 650	2,28
Denmark	0	509 577	0,00	0	509 577	0,00
Germany	50 620	25 488 616	0,20	52 614	25 488 230	0,21
Estonia	21 730	3 403 460	0,64	21 730	3 403 460	0,64
Ireland	0	750 725	0,00	0	750 725	0,00
Greece	179 763	20 210 261	0,89	145 702	20 210 261	0,72
Spain	706 437	34 657 734	2,04	824 574	34 650 749	2,38
France	175 954	13 449 221	1,31	166 084	13 449 221	1,23
Italy	57 133	27 965 315	0,20	43 143	27 955 874	0,15
Cyprus	0	514 624	0,00	0	612 435	0,00
Latvia	26 000	4 530 448	0,57	26 000	4 530 448	0,57
Lithuania	71 850	6 775 493	1,06	71 850	6 775 493	1,06
Luxembourg	0	50 487	0,00	0	50 487	0,00
Hungary	125 800	24 921 149	0,50	125 800	24 921 149	0,50
Malta	1 700	840 123	0,20	100	840 123	0,01
Netherlands	4 195	1 660 003	0,25	4 195	1 660 003	0,25
Austria	0	1 204 479	0,00	0	1 204 479	0,00
Poland	135 078	65 221 853	0,21	113 430	67 185 549	0,17
Portugal	46 973	21 411 561	0,22	55 076	21 411 561	0,26
Romania	171 989	19 213 037	0,90	171 989	19 213 037	0,90
Slovenia	49 555	4 101 049	1,21	49 555	4 101 049	1,21
Slovakia	30 454	11 360 620	0,27	30 454	11 498 331	0,26
Finland	1933	1 595 966	0,12	552	1 595 966	0,03
Sweden	0	1 626 092	0,00	0	1 626 092	0,00
United Kingdom	1570	9 890 937	0,02	70	9 890 937	0,00
Cross-border	168 780	7 829 418	2,16	175 219	7 905 148	2,22
Total	2 715 276	344 221 981	0,79	2 765 899	346 717 163	0,80

 ${\it Source:} \ {\it European Court of Auditors based on Commission statistics.}$

Annexes 29

Reallocation fo		ERDF funds allocated to biodiversity projects selected	Implementation rate
('000) (e = (c – a))	% (f = (c/a)	('000) (g)	% (h = g/c)
0	0	1 141	108,3
0	0	104 121	128,9
0	0	248 286	41,0
0	0	0	0
(+) 1 994	(+) 3,9	49 886	94,8
0	0	18 159	83,6
0	0	0	0
(-) 34 061	(–) 18,9	154 907	106,3
(+) 118 137	(+) 16,7	634 901	77,0
(–) 9 870	(–) 5,6	151 359	91,1
(–) 13 990	(–) 24,5	15 298	35,5
0	0	0	0
0	0	9 296	35,8
0	0	62 159	86,5
0	0	0	0
0	0	94333	75,0
(–) 1 600	(–) 94,1	0	0
0	0	630	15,0
0	0	0	0
(–) 21 648	(–) 16,0	102 506	90,4
(+) 8 103	(+) 17,3	50 739	92,1
0	0	115 903	67,4
0	0	1 250	2,5
0	0	32 519	106,8
(–) 1 381	(–) 71,4	184	33,3
0	0	0	0
(–) 1 500	(–) 95,5	0	0
(+) 6 439	(+) 3,8	216 176	123,4
(+) 50 623	(+) 1,9	2 063 753	74,6

Sample of projects audited

Country/region	Project title	EU contribution (million euro)
	Implementation of Natura 2000 sites managed by the Agency for nature protection and landscape conservation	
	Reconstruction of the Vlasim station for handicapped animals	1,9
Czech Republic	Territorial system of ecological stability of Chotesov municipality	0,5
(OP Environment)	Lake Propast	1,4
	Dolni Brezany Municipal Park	1,2
	Fish crossings Lovosice—Pistany	0,9
	Restoration along the river Guadaira in Seville	9,2
	Restoration along the river Guadalquivir in Seville	5,0
	Restoration of dune system and beach access of Isla Canela	0,9
Spain (OP Andalusia)	Artificial provision of sand for the beach area of Mazagon	1,6
(or rindulusia)	Recovery of the castle of Sancti-Petri	3,1
	Habitats recovery by the naturalisation of pine forests	1,9
	Restoration along the river Guadiana in the province of Huelva	0,8
	A dragon! in my garden? (Two phases)	0,3
	Opération Grand Site des deux Caps (phase 1)	2,8
France	Opération Grand Site des deux Caps (phase 2)	0,6
(OP Nord/Pas-de-Calais)	Restoration and/or implementation of sustainable management systems for threatened natural habitats	0,4
	Landscape protection of coastal heritage and wetlands	1,5
	Landscape protection of the 'Fort Vert' site	1,5

¹ Project types:

A = Awareness-raising and education measures.

B = Building up information and plans.

C = Concrete protection measures.

² In 18 projects, original completion dates were not met. Five projects were delayed by more than 6 months, two because of difficulties in purchasing land and three because of procurement procedure problems (two cases with a delay of more than a year).

Annexes 31

Main measures	Project type A, B or C¹	Completion date ²	Project completed at the time of the audit visit
Determination of protection status of Natura 2000 sites; set up a system of inventory surveys and monitoring framework	В	(Forecast: January 2015)	No
Renovation of station for handicapped animals and construction of additional premises	С	February 2012	Yes
Creation of biodiversity area and two habitat/wildlife, green corridors	С	November 2011	Yes
Renovation of water reservoir, anti-flood measures, new vegetation	С	June 2011	Yes
Creation of a park including landscaping, establishment of lawns, planting of new trees and bushes	С	June 2010	Yes
Construction of two fish crossings	С	September 2010	Yes
Recovery and landscape renewal of right bank of river	С	December 2009	Yes
Recovery and landscape renewal of left bank of river	С	October 2009	Yes
Restoration of dune area along a 1 300-metre stretch of beach	С	May 2009	Yes
Providing sand for a 600-metre stretch of beach to compensate for a lack of sediment	С	June 2009	Yes
Repairs for the conservation of the castle	С	October 2010	Yes
Cutting branches and bushes, thinning of pines, removal of eucalyptus and pruning	С	November 2011	Yes
Treatment of existing vegetation, plantation of indigenous species, creation of wetlands	С	June 2009	Yes
Restoration of habitats, information	С	June 2013 (end of second phase)	No
Ecological relandscaping, restoration of green areas	С	December 2012	Yes
Salaries for staff in charge of restoration works	C	December 2012	Yes
Restoration of landscape, awareness-raising and communication	С	December 2011	Yes
Land purchase	С	May 2012	Yes
Land purchase	С	November 2009	Yes

Country/region	Project title	
	Wildlife conservation in environmentally protected areas by concentrating tourism flows	
	Active protection of black grouse in the Natura 2000 special bird protection area in Knyszynska Primeval Forest	0,6
Poland (OP Infrastructure and	National programme for the protection of capercaillie	0,2
Environment)	Preparation of protection action plans for Natura 2000 areas in Poland	5,8
	Ecointerventions — increase of public involvement in the protection of Natura 2000 areas	0,1
	Closer to nature — identification and training of local environmental officers	0,2
	Digital cartographic support used for management plan and strategy preparation	0,8
	Improvement of biodiversity in maritime sector through awareness and information	2,8
Romania	Integrated information system — support for improving ecosystem preservation	3,6
(OP Environment)	Management measures for marine SCI ROSSCI0066	5,8
	Measures for management of Species of Community Interests within Vanatori Neamt Natural Park	0,2
	Improvement of bison status in Vanatori Neamt Natural Park	0,2
	Project RO-NT3 'Common approach to biodiversity in Secu Natural Reservation and Vanatori Neamt Natural Park (Project RO-NT3)'	0,2

¹ Project types:

A = Awareness-raising and education measures.

B = Building up information and plans.

C = Concrete protection measures.

² In 18 projects, original completion dates were not met. Five projects were delayed by more than 6 months, two because of difficulties in purchasing land and three because of procurement procedure problems (two cases with a delay of more than a year).

Annexes 33

Main measures	Project type A, B or C¹	Completion date ²	Project completed at the time of the audit visit
Works for land use (e.g. levelling of land, demolition of existing buildings) and construction of tourism infrastructure	С	May 2012	Yes
Preservation of optimal habitat for black grouse	С	December 2011	Yes
Preparation of the national programme (Monitoring of the quality of biotope in the habitats of caper- caillie and their national population	В	December 2011	Yes
Preparation of protection plans for 406 Natura 2000 sites	В	(Forecast: April 2014)	No
Preparation of educational materials, website, training, study visits	А	February 2011	Yes
Publication of educational and information materials, website	А	March 2012	Yes
Production of high-resolution digital map of the Danube Delta Biosphere Reserve	В	October 2012	Yes
Construction of visitor centre, tourist trails, information points	А	(Forecast: December 2015)	No
Implementation of integrated information system for Administration of Danube Delta Biosphere Reserve	В	November 2011	Yes
Inventory of underwater habitats and species and mapping of marine site	В	October 2013	No
Inventory of species, visitor centre, information points, education trail	В	May 2011	Yes
Infrastructure for bison and dissemination activities	С	May 2013	No
Inventory of animals and creation of a database	В	May 2013	No

Opportunities for biodiversity strategy offered by various EU funds within the 2007–13 financial framework as indicated by the Commission

EU Policy	Main measures for biodiversity (direct and indirect)	Budget 2007–13 (million euro)	Main relevant target of biodiversity strategy	Main beneficiaries
Common agricultural policy	Biodiversity protection, management and restoration measures in agricultural and forest habitats Natura 2000 payments; agri-environmental and forest environmental payments Support for training, advisory services, conservation and upgrading of rural heritage	42 700	Target 3: Agriculture and Forestry Target 1: Nature conservation Target 2: Restoration	Regular, conditional payments to farmers and forest owners Other beneficiaries of specific objectives in rural areas (e.g. diversification of the rural economy)
Common fisheries policy	Aqua-environmental actions Protection of aquatic fauna and flora Protection of coastal environment	No data	Target 4: Fisheries	Eligible for funding: coastal communi- ties, producer organisations and other beneficiaries in marine areas
Cohesion policy	Promotion of biodiversity and nature protection Promotion of natural assets Protection and development of natural heritage Help the labour force and companies to adapt to new environmental challenges and promote nature conservation in private-sector management	5 232	Target 1: Nature conservation Target 2: Restoration	All kinds of beneficiaries Financial focus on regions lagging behind and other regions with a view to increasing regional competitiveness and employment Co-financing of one-off investments/ infrastructure
Environment policy (LIFE+)	Innovative, best practice, demonstra- tion projects and measures	120	Target 1: Nature conservation Target 2: Restoration Target 5: Invasive alien species	Eligible for funding: a wide range of public and private bodies and individuals Programme management by the Commission No routine environmental spending
Research policy	Conservation and sustainable management of natural and man-made resources and biodiversity Management of marine environments Forecasting methods and assessment tools for sustainable development	110	Target 1: Nature conservation Target 2: Restoration	Eligible for funding: public organisa- tions and private companies carrying out research activities
External policy	Support for meeting the obligations of the international Convention on Biological Biodiversity (CBD)	114	Target 6: Global biodiversity	Eligible for funding: developing countries and partner organisations, as well as international organisations and EU agencies

Source: European Commission Staff Working Paper SEC(2011) 540 final of 3.5.2011.

Reply of the Commission

Executive summary

IV

The Commission is grateful for the Court's assessment which provides insights which will be very useful during the implementation of the next generation of programmes.

The Commission recalls that the objective of the ERDF is the reduction of economic, social and territorial disparities. While the fund may support biodiversity objectives, amongst other objectives, it is not designed as a dedicated tool for the promotion of biodiversity.

V

The Commission expects that the introduction of specific objectives and result indicators for operational programmes in the new programming period (2014–20), covering biodiversity where relevant, will improve the monitoring and reporting capacity.

Preparatory work, including that financed by the ERDF, is a prerequisite to good project implementation. It provides the foundation for future interventions (and the delivery of the biodiversity benefits). It is to be expected that these actions will be supported by the ERDF, but other EU funds (such as the EAFRD) and national resources could also be used to implement the projects.

VI (a)

The Commission accepts the recommendation. The Commission has accordingly begun to support Member States in setting their biodiversity restoration priorities in relevant operational programmes. In the framework of the shared management of the Structural Funds, the Member States propose objectives and select investment priorities according to their specific needs which are the subject of negotiation with the Commission. They are linked to result and output indicators. On the adoption of the programme they select and implement projects.

While, in the 2014–20 programming period, biodiversity is not a priority under the thematic concentration set out in the ERDF regulation (Article 4), the Commission has published a specific guidance document for the managing authorities ('The guide to multi-benefit cohesion policy investments in nature and green infrastructure') in order to support the authorities in this work.

In the context of the EU biodiversity strategy to 2020, Action 5 foresees that Member States, with the assistance of the Commission, will map and assess the state of their ecosystems and their ecosystem services by 2014. The Commission services (DG Environment and the Joint Research Centre (JRC)) together with the European Environment Agency produced two reports which the Member States can use in carrying out this work.

Action 6(a) of the same strategy also foresees that, by 2014, the Member States — with the assistance of the Commission — will develop a strategic framework for the prioritisation of restoration activities at the EU, national and sub-national levels. The Commission has published two consultancy reports on this matter, including one estimating the costs of reaching the target of restoring 15 % of degraded ecosystems by 2020, and has provided recommendations to the Member States.

The Commission intends to publish guidelines on biodiversity proofing which will support Member States in identifying opportunities within the ERDF amongst other possibilities.

VI (b)

The Commission accepts the recommendation. The partnership agreements negotiated between the Commission and each Member State provide an important instrument for ensuring complementarity across the different EU funds. The ERDF and rural development programmes will be screened during internal interservice consultations with a view to maximise the complementarity between the ERDF and the EAFRD. For all the aspects related to Natura 2000, this screening is based upon the prioritised action frameworks (PAFs).

VI(c)

Member States are primarily responsible for programme implementation under shared management. Therefore, the Commission considers that this recommendation should be addressed to programme authorities. Under the relevant legal provisions, the programme monitoring committee, in which the Commission participates as an observer, plays the primary role in monitoring progress and addressing implementation difficulties. Through its examination of the annual implementation reports and annual review meetings, the Commission will monitor the performance of programmes and identify any obstacles to effective implementation. The performance framework is an additional tool for this purpose.

Monitoring and evaluation requirements will be clearer in 2014–20 with the annual reporting of project selection and spending by theme, the definition of specific result, common output and specific output indicators and impact evaluations.

Operational programmes will include common indicators and may include programme-specific indicators (such as on biodiversity where relevant), which are used by managing and implementing authorities to monitor the delivery of the programmes and inform the Commission as appropriate. From 2016 the Commission will therefore receive annual data and implementation reports that provide a better insight on progress and performance.

VII (a)

The Commission accepts the recommendation. In response to this recommendation, in the framework of the European Network of Environmental Authorities and Managing Authorities (ENEA-MA), the Commission will highlight the need to properly follow-up the preparatory measures by more specific conservation measures.

VII (b)

The Commission agrees with this recommendation. The regulations for the 2014–20 period, adopted in December 2013, establish an obligation to Member States to evaluate the impact of each priority axis at least once during the programming period. The nature of such evaluations will depend on the specific objectives set in the yet to be adopted programmes.

Where biodiversity objectives are clearly set, specific output and result indicators and evaluation procedures are required.

VII (c)

The Commission accepts the recommendation and has already begun the requested actions. With respect to Article 13 of the common provisions Regulation (EU) No 1303/2013, the Commission will publish guidance for beneficiaries which will include information on how to exploit complementarities of European Structural and Investment Funds (ESI) with other EU instruments. The guide mentioned above also includes a section on complementarities.

The Commission regularly exchanges information and advises Member States on the use of different funds for biodiversity, e.g. through the Coordination Group on Nature and Biodiversity and the European Network of Environmental Authorities Working Group.

VII

The Commission accepts the recommendation and is taking the requested actions. The 2014–20 implementation acts define the revised categorisation system to provide information on investments made in the framework of cohesion policy. Within the limits of this information system, the Commission has set up an internal 'biodiversity tracking' mechanism which will allow for a record of direct and indirect spending on biodiversity under the ERDF and Cohesion Fund. The reliability of the data will depend on the quality of the data provided by the Member States.

In line with the EU commitments on mainstreaming biodiversity and international commitments under the Convention on Biological Diversity, the Commission is working on more effective tracking of biodiversity expenditure. A dedicated section on biodiversity tracking will be incorporated in the 2015 programme statements and the Commission is currently improving the methodology for biodiversity tracking in the EU budget.

Introduction

06

'Integrated funding' refers to mainstreaming investments in nature and biodiversity into major EU funding instruments (as opposed to the creation of a dedicated fund). As a consequence, funding for nature and biodiversity has to be in line with the overall objectives of these instruments (e.g. regional development, jobs and growth, development of rural areas, etc.). Only LIFE provides dedicated financing for nature and biodiversity.

09

For 2007–13, the Commission considers that a further 0,8 billion euro under the heading 'tourism' (promotion of natural assets) also contributes to biodiversity objectives¹.

10

Overall, the Commission estimates that the indirect ERDF contribution to biodiversity objectives amounts to EUR 13.2 billion (allocated decided amounts for the 2007–13 programming period), taking into account the following categories of expenditure: 44 (management of household and industrial waste), 46 (water treatment (waste water)), 48 (integrated prevention and pollution control), 49 (mitigation and adaption to climate change), 50 (rehabilitation of industrial sites and contaminated land), 53 (risk prevention), 54 (other measures to preserve the environment and prevent risks), 56 (protection and development of natural heritage), using a 40 % discount factor for all these categories. Further details on the methodology are available in the EU report to the Convention on Biological Diversity².

12

In early 2011 the Commission adopted a communication on 'Regional policy contributing to sustainable growth in Europe 2020' which includes strategic direction, advice and good practices on ecosystem services and biodiversity. As a follow-up, two guidance which were fully or partially linked with biodiversity ('The guide to multi-benefit cohesion policy investments in nature and green infrastructure' and 'Guide on connecting smart and sustainable growth through smart specialisation', respectively) were published in 2012 and 2013.

Furthermore, the common provisions Regulation (EU) No 1303/2013 allows the Commission to offer Member States assistance for project preparation and appraisal for the 2014–20 period (see Article 58 on technical assistance at the initiative of the Commission).

Observations

19

The Commission developed during 2012 and early 2013 initial guidelines to track biodiversity-related expenditure under all relevant instruments, including the ERDF.

20

The ERDF also offers funding possibilities for Target 5 (invasive alien species).

Common reply to observations 22 to 24

The Commission encouraged Member States to further consider the support to ecosystems and biodiversity also in view of the then future programmes to be prepared for 2014–20.

In order to support Member States and their authorities in the uptake of the funding, the Commission set up a specific working group on biodiversity within the European Network of Environmental Authorities and Managing Authorities (ENEA-MA) and also published the guide mentioned above. Several events ensured dedicated work with Member States in this area (Council working groups).

¹ http://www.cbd.int/financial/oda/European%20commission-preliminary-reporting-framework-2014-en.xlsx

² http://www.cbd.int/financial/oda/European%20commission-preliminary-reporting-framework-2014-en.xlsx

38

Box 1

- The Commission has been persuading the Member States to include nature and biodiversity among their investment priorities. The Commission has published a number of guides on this subject (e.g. 'The economic benefits of the Natura 2000 network', 'Handbook on financing Natura 2000'). The Commission has also promoted good practice and organised a series of seminars in the Member States on financing Natura 2000.
- 2. The Commission has promoted the inclusive and transparent preparation of operational programmes. The Natura 2000 financing seminars in the Member States aimed, among others, at increasing the stakeholders' engagement in the preparation of relevant operational programmes.
- 3. Progress on the adoption of management plans and other management measures has not been as fast as initially expected, although recently some Member States have shown considerable progress in this area (e.g. France, Hungary and Poland).
- 4. Member States can make use of their technical assistance in order to build capacities among their socioeconomic and civil society partners. In this respect, the inclusion of these partners in the 2014–20 programmes has been reinforced, not least with the adoption of a code of conduct.
- 5. In the context of the legislative challenge to renew and improve the performance of EU spending programmes, cross-cutting all European policies and engaging work from all the European institutions and the Member States, the Commission has sought to ease access to EU funding for its citizens and businesses. However, administrative measures are necessary to make sure that projects are carried out in line with an operational programme's priorities and eligibility rules. Technical assistance is available to improve the administrative capacity of potential beneficiaries.

25

The Commission takes the view that investments in biodiversity and nature are intrinsically in line with ERDF priorities such as creating growth and jobs, tackling climate change and reducing social exclusion. The Commission published in June 2013 guidelines on how investments in biodiversity can deliver multiple socioeconomic benefits and facilitate integrated regional development, e.g. 'The guide to multi-benefit cohesion policy investments in nature and green infrastructure'.

28

The Commission has launched a contract to improve the initial methodology for tracking biodiversity-related expenses. A workshop is foreseen to inform Member States and stakeholders on the Commission's tracking methodology and share good practices.

The categorisation system is an information system tool and does not determine eligibility. Article 37.d) of Council Regulation (EC) No 1083/2006 on common provisions for the ERDF, Cohesion Fund and ESF (period 2007–13) established the system and made clear that the categorisation was indicative. Integrated projects are a particular challenge to capture accurately in such an information system.

29

Preparatory measures are often a necessary precondition for on-site conservation, green infrastructure and restoration measures. In the 2014–20 operational programmes, the Member States should prioritise on-site conservation, green infrastructure and restoration work based on previous preparatory studies.

Box 4 — Third paragraph

The absence of a proper land register in the country is a serious obstacle to territorial planning and development in many sectors, including environment. The Commission and the Romanian authorities agreed to consider it as one of the main funding priorities for the 2014–20 programming period.

39

Box 5 — First paragraph

Under shared management a Member State is responsible for the preparation, selection and implementation of projects below EUR 50 million.

The Commission will take into account the Court's observations during the negotiation of the 2014–2020 Environment OP for the Czech Republic, in order to encourage measures to address this issue (avoiding delays in the approval process and frequent modifications of the scope of projects).

Box 5 — Second paragraph

Preparation of documentation for the 'National programme for the protection of Capercaillie' was only one element of the project. The others were: monitoring of the capercaillie population in Poland, monitoring the conservation status of its habitat in 39 sites and 20 expert workshops. All these components of the project were delivered. The project has therefore contributed to improving the knowledge base about the capercaillie conservation status in Poland. The documentation prepared for the purpose of adoption of the national programme is under review by the beneficiary in the light of GDEP's comments.

Box 5 — Third paragraph

The preparation and adoption of national species action programmes is a long process (it requires consultations with different authorities and stakeholders at national, regional and local levels). Documentation prepared within the ERDF projects is a key component for the future programmes. It also improves the knowledge base about the species, which can be used when planning on-site conservation measures (even in the absence of national programmes). With the participation of all stakeholders, GDEP recently set up a procedure for the approval of particular species protection programmes, thus ensuring a proper sustainability of the biodiversity projects.

31

The Commission agrees that programme impact evaluations of programme activities should take place. Evaluating project impacts could also be considered good practice, though the costs of project-level evaluation may be disproportionately high. Hence, the regulations for the period 2014–20 establish an obligation to Member States to evaluate the impact of each priority axis at least once during the programming period.

Box 6 — Third paragraph

The Commission has identified a breach of EU legislation with regard to national developments on the Sulina beach and has opened an infringement procedure (Case 2010/4024, letter of formal notice sent to Romania on 7.5.2010).

33

Effective monitoring of the impact of investment in biodiversity requires appropriate indicators and statistics. Such indicators should be agreed at the stage of project design. In many projects designed to promote biodiversity, it is to be expected that there will be a time lag between the measures being taken and evidence of a positive response in terms of biodiversity. The right physical and hydrological conditions can be created but the establishment of healthy ecosystems and rich biodiversity takes time. Project-specific indicators of success should be developed and agreed at the project design stage. In many cases, measurable positive impacts on biodiversity may not be seen until several years after the formal end of the project.

Consequently, producing result indicators for monitoring and assessing impacts on biodiversity is a challenging task. It requires comprehensive data collection and broadening of our knowledge base. Support for actions — such as mapping and assessing the ecosystem and their service under the EU 2020 biodiversity strategy — will lead to a better understanding of the current state of biodiversity, setting constructive conservation/restoration targets, and good monitoring and evaluation.

Common reply to paragraph 34 and Box 9

The analysis on the monitoring of the ERDF operational programmes should take into account the EU rules. In this respect, the monitoring of the Spanish programmes (with their corresponding indicators) has been correctly done through the annual implementation reports. The latter include monitoring at programme level (and not at project level) and values for indicators such as: 'Actions developed in Natura 2000 areas', 'Rehabilitated area', 'Actions foreseen for the recovery and regeneration of the environment', 'Number of environmental projects', 'Length of coast affected' and 'Actions for the restoration of the habitats and species in the network Natura'.

35

The Commission agrees with the Court that the absence of monitoring precludes the assessment of achievements. However, for the period 2014–20, Member States are obliged to have procedures in place to ensure that all operations financed by the programme adopt an effective system of indicators.

37

In the framework of shared management, the Member States and their authorities implement the projects and have to ensure their sustainability, including potential maintenance and financial support through local, regional or national funds.

Furthermore, the commitment of the local community or an environmental non-governmental organisation (NGO) to maintain a site after the improvements is also key in delivering a sustainable outcome. This requires that the level of investment (human and material in addition to financial) is documented before the start of the project and that the community/NGO accepts to provide these investments at the end of the project implementation.

40

Member States and their authorities select and implement the co-funded projects. In this framework, they are in charge of ensuring the financial sustainability of the supported projects, including the needed links with local, regional and national financial means over the medium and long terms. For 2014–20, the possibilities to deploy financial instruments through cohesion policy have been reinforced and Member States could also use these new possibilities in the area of nature and biodiversity protection.

Box 11 — Second paragraph

Genetic variety and viability of the population were issues addressed by project promoters in the choice of bisons to be released in the park. Since the end of the project, five additional bisons were introduced with own funds and three three new cubs were born in the wild.

Box 11 — Third paragraph

At the time of the audit, the park's management plan was under approval by the Ministry of Environment according to the national legislation rules.

Box 11 — Fourth paragraph

Coordination is ensured by the managing authority for the Environment OP 2007–13, established under the responsibility of the Ministry of Environment and Climate Change.

Conclusions and recommendations

41

The Commission expects that the introduction of specific objectives and result indicators for operational programmes in the new programming period (2014–20), covering biodiversity where relevant, will improve the Commission's monitoring and reporting capacity.

41

Preparatory work, including that financed by the ERDF, is a prerequisite to good project implementation. It provides the foundation for future interventions (and the delivery of the biodiversity benefits). It is to be expected that these actions will be supported by the ERDF, but other EU funds (such as the EAFRD) and national resources could also be used to implement the projects.

42

The Member States select their priorities for the use of the ERDF in accordance with their specific characteristics, needs and situations. In this framework, the Commission has provided further support to Member States as regards the potential use of the ERDF for biodiversity in 2014–20 ('The guide to multi-benefit cohesion policy investments in nature and green infrastructure', 'Handbook for financing Natura', seminars in the Member States on financing Natura 2000) and will continue doing so, e.g. through forthcoming guidance on biodiversity proofing.

Recommendation 1 (a)

The Commission accepts the recommendation. The Commission has accordingly begun to support Member States in setting their biodiversity restoration priorities in relevant operational programmes. In the framework of the shared management of the Structural Funds, the Member States propose objectives and select investment priorities according to their specific needs which are subject of negotiation with the Commission. They are linked to result and output indicators. On the adoption of the programme they select and implement projects. While, in the 2014–20 programming period, biodiversity is not a priority under the thematic concentration set out in the ERDF regulation (Article 4), the Commission has published a specific guidance document for the managing authorities ('The guide to multi-benefit cohesion policy investments in nature and green infrastructure') in order to support the authorities in this work.

In the context of the EU biodiversity strategy to 2020, Action 5 foresees that Member States with the assistance of the Commission will map and assess the state of their ecosystems and their ecosystem services by 2014. The Commission services (DG Environment and the Joint Research Centre (JRC)) together with the European Environment Agency produced two reports which the Member States can use in carrying out this work.

Action 6(a) of the same strategy also foresees that, by 2014, the Member States — with the assistance of the Commission — will develop a strategic framework for the prioritisation of restoration activities at the EU, national and sub-national levels. The Commission has published two consultancy reports on this matter, including one estimating costs of reaching the target of restoring 15 % of degraded ecosystems by 2020, and has provided recommendations to the Member States.

The Commission is intending to publish guidelines on biodiversity proofing which will support Member States in identifying opportunities within the ERDF amongst other possibilities.

Recommendation 1 (b)

The Commission accepts the recommendation. The partnership agreements negotiated between the Commission and each Member State provide an important instrument for ensuring complementarity across the different EU funds. The operational and rural development programmes will be screened during internal interservice consultations with a view to maximise the complementarity between the ERDF and the EAFRD. For all the aspects related to Natura 2000, this screening is based upon the prioritised action frameworks (PAFs).

Recommendation 1 (c)

Member States are primarily responsible for programme implementation under shared management. Therefore, the Commission considers that this recommendation should be addressed to programme authorities. Under the relevant legal provisions, the programme monitoring committee, in which the Commission participates as an observer, plays the primary role in monitoring progress and addressing implementation difficulties. The Commission will, through its examination of the annual implementation reports and annual review meetings, monitor the performance of programmes and identify any obstacles to effective implementation. The performance framework is an additional tool for this purpose.

Monitoring and evaluation requirements will be clearer in 2014–20 with the annual reporting of project selection and spending by theme, the definition of specific result, common output and specific output indicators and impact evaluations.

Operational programmes will include common indicators and may include programme-specific indicators (such as on biodiversity where relevant), which are used by managing and implementing authorities to monitor the delivery of the programmes and inform the Commission as appropriate. From 2016 the Commission will therefore receive annual data and implementation reports that provide a better insight on progress and performance.

43

In 2007–13, categories of expenditure contained a category on biodiversity and Natura 2000. For the 2014–20 period, these two will be split into different categories. However, in many cases biodiversity is a secondary objective of an intervention (primary being risk prevention, pollution reduction, etc.) and it is normal that these interventions are categorised according to their primary objectives. Very often, projects supported by the ERDF can contribute to multiple objectives.

44

The principle of following through on investments made at a preparatory stage is understood. However, the investments necessary to carry out the actions that will deliver the biodiversity benefits will not come exclusively from the ERDF.

During the preparation of the 2014–20 OPs, the Commission has recommended in some cases that Member States use the ERDF in investments rather than studies; in terms of biodiversity this should accelerate and make more effective the implementation of protection and management plans.

45

Financial inputs are not the only way to guarantee long-term sustainability. Local communities or NGOs may be prepared to provide the necessary inputs (human and material resources) as long as the dimensions of these inputs are clarified in advance.

Recommendation 2 (a)

The Commission accepts the recommendation. In response to this recommendation, in the framework of the European Network of Environmental Authorities and Managing Authorities (ENEA-MA), the Commission will highlight the need to properly follow-up the preparatory measures by more specific conservation measures.

Recommendation 2 (b)

The Commission agrees with this recommendation. The regulations for the 2014–20 period adopted in December 2013 establish an obligation to Member States to evaluate the impact of each priority axis at least once during the programming period. The nature of such evaluations will depend on the specific objectives set in the yet to be adopted programmes. Where biodiversity objectives are clearly set, output and result indicators and evaluation procedures are required.

Recommendation 2 (c)

The Commission accepts the recommendation and has already begun the requested actions. With respect to Article 13 of the common provisions Regulation (EU) No 1303/2013, the Commission will publish guidance for beneficiaries which will include information on how to exploit complementarities of ESI funds with other EU instruments. The guide mentioned above also includes a section on complementarities.

The Commission regularly exchanges information and advises Member States on the use of different funds for biodiversity, e.g. through the Coordination Group on Nature and Biodiversity and the European Network of Environmental Authorities Working Group.

The Commission accepts the recommendation and is taking the requested actions. The 2014–20 implementation acts define the revised categorisation system to provide information on investments made in the framework of cohesion policy. Within the limits of this information system, the Commission has set up an internal 'biodiversity tracking' mechanism which will allow for a record of direct and indirect spending on biodiversity under the ERDF and Cohesion Fund. The reliability of the data will depend on the quality of the data provided by the Member States.

In line with the EU commitments on mainstreaming biodiversity and international commitments under the Convention on Biological Diversity, the Commission is working on more effective tracking of biodiversity expenditure. A dedicated section on biodiversity tracking will be incorporated in the 2015 programme statements and the Commission is currently improving the methodology for biodiversity tracking in the EU budget.

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