

- Ladies and Gentlemen
- I would like to thank partners of 3WATER project for organising this conference and for inviting me to speak on some recent developments and Commission's proposals that relate to Natura 2000 management and also involvement private landowners in this.
- On the project "3WATER" which is at the origin of today's event, I wish to congratulate ELO and all its project partners for the successful implementation of this LIFE+ project. The successful implementation of Natura 2000 remains the main pillar of the EU Biodiversity strategy and this has been very well taken into account in the project objectives and actions.
- But this is not all that the 3WATER has to say. The project is in a way a pilot one, on one hand in terms of putting the involvement of private landowners at the heart of this project and on the other hand, in terms of integrating their economic interests as private landowners with public interests for the conservation of biodiversity.

- Given the large share of private land in the Natura 2000 network, private landowners are important players in the management of Natura 2000. Many of them are making the major – often voluntary - contribution to nature conservation in Europe. Many Natura 2000 sites would not have the necessary quality if they would not have been sustainably managed by generations of dedicated and responsible land owners.
- But let me go back to the commitments related to biodiversity and Natura 2000 made earlier this year. The Commission adopted the EU biodiversity strategy to 2020 on 3 May 2011, and the Council adopted conclusions on this strategy on 21 June. The strategy sets out a programme of action to achieve the target of halting and reversing the loss of biodiversity and ecosystem services by 2020. Central to achieving this target will be the effective conservation and sustainable use of the areas of biodiversity value in the EU. The Natura 2000 network, which consists of Special Protection Areas (SPAs) established under the EU Birds Directive and Special Areas of Conservation (SACs)

established under the EU Habitats Directive, provides a common EU framework to safeguard these natural assets.

- The establishment phase for Natura 2000 is moving towards completion and the critical focus in the upcoming period will be on making the network fully operational. The designation of the sites under the Habitats Directive is a formal start of putting in place the necessary conservation measures. This will require a significant step up in investment and support for active management of the sites.
- The financing needs for Natura 2000 relate to a broad range of measures, necessary for the effective management of the sites. These include
 - (1) "one-off investments" such as land acquisition, restoration of damaged habitats and infrastructure investments and
 - (2) recurring expenditure which primarily relate to habitat management, such as regular mowing of vegetation, maintenance of other land features and monitoring, critical to make the network fully operational.

Approximately one third of the total investments needed for managing the network relate to one-off investments; and the remainder two thirds are related to recurring management of the sites. The balance of non-recurring and recurring expenditure varies from one region to another and between sites, depending on their conservation requirements. Costs tend to be greatest in areas which require the highest levels of intervention and management and which face greater pressure from development and disturbance.

- The farmers, foresters, fishermen and many other owners, users and managers of Natura 2000 areas provide an essential public good with a high socio-economic value for its users. And it will be important to create adequate incentives for ensuring continued delivery of these public goods.
- What is the framework for these incentives? One element are the EU's own policies and funding instruments that underpin their implementation. For Natura 2000 establishment and management, besides environmental

policy and related financial possibilities under LIFE financing instrument, two such policies are relevant: the Common Agricultural Policy and Cohesion Policy.

- The Commission has, on its side, last October presented legislative packages for the next programming period 2014-2020 on both policies.
- The proposal for a new Common Agriculture policy represents a step change in the philosophy of the CAP: it acknowledges that both pillars of the CAP need to contribute to environmental public goods, including biodiversity; it ensures that every farmer receiving 1st pillar direct payments is contributing something to the environment, including biodiversity; and it acknowledges that, at a fundamental level, one of the justifications for CAP payments is that they should respond to societal needs for farm and forest land to be managed in ways favourable to the environment.
- In terms of concrete commitments for Natura 2000 financing, the 30% greening provision in the 1st pillar will contribute also to the achievement of the conservation

objectives of Natura 2000. Under the second pillar the rural development programmes will in future have to address the specific needs of Natura 2000 areas and demonstrate that a pertinent approach is integrated into the programme. Moreover, agri-environment and forest-environment payments will continue to be used in support of Natura 2000 as well as other non-productive investments support as it applies today.

- But while in the new proposal for rural development more flexibility has been given to the Member States for allocating funds, important safeguards have nevertheless been maintained to ensure an allocation of at least 25% to the land management measures, which contain most of the measures significant for Natura 2000, thereby allowing to keep the environmentally ambitious Member States on the right track.
- If we look on the other hand at Cohesion Policy, the new package of proposals will allow for support to investments in biodiversity and ecosystem services. The Cohesion Fund, the European Regional Development Fund and the regulations on territorial co-operation contain priorities

which focus in one or another way on protection and restoration of biodiversity, investments in green infrastructures and the Nature 2000 network. All regions can benefit from actions of these types, be it most developed, transition or less developed regions, as well as cross-border or other co-operative projects.

- These two packages will be now discussed in the Council and the European Parliament, with a view to adoption by the end of 2012. But after new rules are agreed, it will be up to the Member States and regions to draft such Programmes but it will be also important that all partners involved cooperate as early as possible in preparatory work.
- The success of these proposals, in particular of the CAP proposal, will rely very much on the future implementing regulations; therefore I could not but encourage you to get actively involved in the debate.
- But incentives don't lie only in the EUs own financing instruments such as LIFE, European rural development fund or European regional development fund. We should avail ourselves of the various resources for supporting

Natura 2000, and beyond pure public financing. We should be looking more also at development and use of innovative financing mechanisms, including market based instruments.

- The Commission will, together with the European Investment Bank and possible other intermediaries, explore the use of innovative financing instruments to support biodiversity needs in Natura 2000 network. Although not all such instruments might be suitable for financing Natura 2000, we see some scope for diversifying financing sources for Natura 2000 sites and increase investments from the private sector.
- Furthermore, Member States may introduce instruments such as micro-financing of pro-biodiversity businesses, trust funds and endowments and private equity. There is also further scope for capturing some of the benefits visitors gain from Natura 2000 sites through entry fees and tourist levies. Other schemes may be applicable for specific connected activities offering financial yields. Here one can think of examples such as provision of water and other commodities, and labelling and marketing initiatives.

- Nevertheless, new innovative funding instruments are likely to account for only a small proportion of the overall financing of the Natura 2000 network in the nearer future, and core public funding will continue to be needed also because of the public benefits that the network delivers. While the majority of public funding is likely to continue to be delivered through traditional means, there is scope for innovative approaches to public funding, which may help to catalyse contributions from the private sector.
- Some of these issues will be covered in the upcoming Commission paper on Financing Natura 2000, planned to be published until the end of the year, and I invite you to look into this document for further details.
- To conclude, more integrated approach among different will be needed for Natura 2000 financing; more awareness about the socio-economic benefits of Natura 2000 management will have to be present; and, other forms of funding, including innovative financing, will have to be thought through and including also public private partnerships.

- The ongoing process in developing management plans of Natura 2000 can be an excellent tool to bring the different land use interests together and develop win-win solutions for both, socio-economic development and the need to preserve our valuable natural heritage; and the LIFE+ 3Water project could therefore not be more timely example of such best practice.
- Thank you.