



Biodiversity proofing of EU Cohesion Policy funds with a view to sustainable development

Guidance for NGOs

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In collaboration with its members:



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CEEweb for Biodiversity is a network of non-governmental organizations in the Central and Eastern European region. Our mission is the conservation of biodiversity through the promotion of sustainable development.

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Abbreviations

CBA – Cost Benefit Analysis
CEF Connecting Europe Facility
CF – Cohesion Fund
CLLD – Community led local development
CPR – Common Provisions Regulation
EAP - Environmental Action Programme
EARDF – European Agricultural Fund for Rural Development
ECCP – European Code of Conduct on Partnership –
EIA – Environmental Impact Assessment
EMFF – European Maritime and Fisheries Fund
ERDF – European Regional Development Fund
ESF – European Social Fund
ESI – European Structural and Investment funds
GEF – Global Environmental Facility
GI – Green Infrastructure
GMO – Genetically Modified Organism
HAD – Habitats Directive
IAS – Invasive Alien Species
ITI – integrated territorial investment
OP – Operational Programme
RDP – Rural Development Programme
SEA – Strategic Environmental Assessment
SME – Small and Medium Enterprise

1. The policy context

The conservation of biodiversity is a long-standing goal of the EU, which is established in a rather comprehensive biodiversity policy framework with the Habitats and Birds Directives establishing the Natura 2000 network being the most important cornerstones. Biodiversity, ecosystems and ecosystem services are linked to the economic and social processes in various ways. As it is noted by the EU 7th Environmental Action Programme: “The Union's economic prosperity and well-being is underpinned by its natural capital, i.e. its biodiversity, including ecosystems that provide essential goods and services, from fertile soil and multi-functional forests to productive land and seas, from good quality fresh water and clean air to pollination and climate regulation and protection against natural disasters”¹. Acknowledging our dependency on the natural capital, the EU Biodiversity Strategy sets a key headline target of “Halting the loss of biodiversity and the degradation of ecosystem services in the EU by 2020, and restoring them in so far as feasible, while stepping up the EU contribution to averting global biodiversity loss”². The Strategy outlines six targets and 20 actions, among which Action 6b says that “The Commission will develop a Green Infrastructure Strategy by 2012 to promote the deployment of green infrastructure in the EU in urban and rural areas, including through incentives to encourage up-front investments in green infrastructure projects and the maintenance of ecosystem services, for example through better targeted use of EU funding streams and Public Private Partnerships.” In addition, 17c states that “The Commission will work with Member States and key stakeholders to provide the right market signals for biodiversity conservation, including work to reform, phase out and eliminate harmful subsidies at both EU and Member State level, and to provide positive incentives for biodiversity conservation and sustainable use.”

As also stressed by the 7th EAP, the transformation into an inclusive green economy requires the integration of environment issues into other policies, such as energy, transport, agriculture, fisheries, trade, economy and industry, research and innovation, employment, development, foreign affairs, security, education and training, as well as social and tourism policy, so as to create a coherent, joined-up approach. Ecosystem-based approaches to climate change mitigation and adaptation which also benefit biodiversity and the provision of other ecosystem services should be used more extensively as part of the Union's climate change policy.

The 7th EAP also says that the EU and its MSs will need to put in place the right conditions to ensure that environmental externalities are adequately addressed, including by ensuring that the right market signals are sent to the private sector, with due regard to any adverse social impacts. The private sector, in particular SMEs, should also be encouraged to take up opportunities offered under the new Union financial framework to step up its involvement in efforts to achieve environment and climate objectives, especially in relation to eco-innovation activities and the uptake of new technologies. In key policy areas such as agriculture, rural development and cohesion policy, incentives for the provision of environmentally beneficial public goods and services should be enhanced. This should ensure that funds are spent more

¹ [Decision No 1386/2013/EU of the European Parliament and of the Council of 20 November 2013 on a General Union Environment Action Programme to 2020 ‘Living well, within the limits of our planet’](#)

² [Communication on our life insurance, our natural capital: an EU biodiversity strategy to 2020, COM\(2011\) 244 final](#)

effectively and in line with environment and climate objectives. In line with the strategic priorities of the 7th EAP and the targets of the EU Biodiversity Strategy, the relevant regulations on Cohesion Policy in the new Multiannual Financial Framework include several provisions for environmental integration and specifically for biodiversity (see table 1.)

Regulation	Articles
Common Provisions Regulation (CPR) (N° 1303/2013)	<p>Article 8 "Sustainable development"</p> <p>Article 9(6) "preserving and protecting the environment and promoting resource efficiency"</p> <p>Article 96(7) (a) "[Each operational programme [...] shall, [...] include a description of] (a) the specific actions to take into account environmental protection requirements, resource efficiency, climate change mitigation and adaptation, disaster resilience and risk prevention and management, in the selection of operations"</p>
Cohesion Fund (CF Regulation) (N° 1300/2013)	<p>Article 2 1. (a) "[The Cohesion Fund shall support] [...] investment in the environment, including areas related to sustainable development and energy which present environmental benefits"</p> <p>Article 4(c): "[The Cohesion Fund shall support [...] preserving and protecting the environment and promoting resource efficiency by (iii) "protecting and restoring biodiversity and soil and promoting ecosystem services, including through NATURA 2000, and green infrastructure".</p>
European Territorial Cooperation Regulation (ETC Regulation) (N° 1299/2013)	<p>Article 8 – 7 (a) "[Each cooperation programme shall [...] include a description of: (a) the specific actions to take into account environmental protection requirements, resource efficiency, climate change mitigation and adaptation, disaster resilience and risk prevention and risk management in the selection of operations"</p>

Table 1. Relevant provisions in the legislation, Source: Draft thematic guidance fiche for desk officers biodiversity, green infrastructure, Ecosystem Services and Natura 2000, European Commission

2. The need for biodiversity proofing in a holistic approach

The approach of biodiversity conservation has greatly changed in the last decades. From the exclusive protection of some designated sites, the policy approach has evolved to recognising the need for sectorial integration and the conservation of species in the wider landscape. Also there is a notable shift towards targeting the functionality of species and ecosystems by applying the concept of ecosystem services (see target 2 of the EU Biodiversity Strategy: Maintain and restore ecosystems and their services). The functional integrity of ecosystems is not only necessary to deliver ecosystem services, which humans benefit from, but also for their

adaptation to new environmental conditions and their ability to recover from changes. In other words their resilience is underpinned by their functional integrity. This is also crucial in light of the current magnitude of human impacts on the environment, which force species and ecosystems to intensive adaptation. The changes of biodiversity – overall decline, spreading of invasive alien species (IAS) – are all responses to these rapid environmental changes largely induced by human activities. Thus the main orientation of nature conservation and biodiversity proofing of EU Funds shall be the maintenance of the functional integrity of ecosystems and the maintenance and restoration of ecosystem services.

Of course the question is how we can maintain and restore this functional integrity of ecosystems so that the flow of ecosystem services can be ensured. As the EU Biodiversity Strategy also points out, the pressures on Europe's biodiversity include land-use change, over-exploitation of biodiversity and its components, the spread of invasive alien species, pollution and climate change, and these pressures have either remained constant or are increasing.

Recognising the complexity of natural systems, it seems quite clear that it is not possible to conserve biodiversity and restore ecosystem services without tackling these environmental pressures and changing these negative trends. Thus the primary aim of biodiversity proofing of EU Funds shall be the absolute reduction of environmental pressures, which is not only restricted to the direct effects of overexploitation and habitat loss but also means ensuring relatively constant ecological conditions for the ecosystems. This requires using resources within the limits of the carrying capacity on all scales from local to global.

Another implication of realising the stated objectives of the society while reducing environmental pressures is allowing the nature work for us. Nature based solutions can deliver ecosystem services efficiently within a multifunctional dimension. For instance the restoration of a forest from a field can achieve the best results if succession is allowed to work through the adaptation of the species to the different ecological conditions in the various phases. However, long term success can be only achieved, if the ecological conditions are ensured through reducing pressures in the wider environment and not by ensuring human intervention as long as maintenance costs are covered. Wetland restoration with the use of pumps and channels instead of the restoration of the wider environment and providing natural water flow is questionable, even if the latter case requires compromises in land use in adjacent areas. This is also true for the protection of protected species. Targeted actions aiming at increasing their populations can bring measurable results, but these successes can vanish easily, if this support comes to an end without having diminished the human pressures in the wider environment.

Just on the contrary we aim to eradicate IAS from ecosystems, even though in many cases their appearance is a response to an environmental change induced by human activities. In these cases we are struggling against problems that we have created, but we are unable to focus on the cause of the environmental change. The spread of IAS is enabled by global trade, extended infrastructures, the “there is everything everywhere” culture, increased mobility, extended agricultural monocultures, the disturbance of natural ecosystems and the change of the ecological conditions, for example through climate change. However, our efforts are hardly addressing these drivers, but we invest substantial resources in changing the state of environment through eliminating these species.

If a holistic approach is adopted in order to address all environmental pressures through changing their drivers, then EU funded projects directly or indirectly contribute to environmental objectives, and not only to the conservation of biodiversity, but also the mitigation and adaptation to climate change and reducing pollution.

3. The principles for biodiversity proofing in a holistic approach

Biodiversity proofing shall ensure a set of interlinked fundamental principles through the whole policy and implementation process. These principles are summarised below.

1. **Serving public good from public money** – This principle shall ensure the ‘polluter pays principle’ and that no development financed from EU funds generates negative externalities to the society. This principle also implies that support from EU funds shall be only granted if achieving a better performance (of the services delivered by the investment) means a competitive disadvantage for the economic player concerned. This way public money is used to meet financing needs for a transition to a green economy instead of financing the mitigation of problems resulting from negative externalities originating from the status quo. The intensity of the EU support should be aligned to the extra cost of the investment to serve the public good through the project. For instance brown field investments should be supported (at least) to the extent to finance remediation costs and deliver services to the society.
2. **Decreasing environmental pressures in absolute terms** – Considering all environmental pressures (habitat loss, degradation and fragmentation, overexploitation of species, pollution, climate change and spreading of alien genotypes) EU funded projects should contribute to the absolute decrease of their combined impacts. For this aim it shall be also ensured that the funded investments replace the outdated infrastructures, and are not realised in addition. For instance renewable energy investments, even if they exert relatively less pressure on the environment than fossil fuels, will eventually contribute to increasing the overall environmental burden, if the energy consumption is increased as a result. Also the environmental effect of the activities supported by the EU Funds should be examined together and not in a separated way. Considering this principle in the Strategic Environmental Assessment of Operational Programmes and integrated territorial development strategies can thus prevent that even though single projects do not lead to a substantial increase of specific environmental pressures alone, but the combined effects of the environmental pressures generated by a lot of projects significantly degrade biodiversity. Considering the extensive transformation of natural ecosystems that has taken place in Europe, the further net loss of natural ecosystems shall not be allowed with the use of EU funds. Instead the rehabilitation of brown fields shall be supported, which can lead to an improvement of the environmental conditions.
3. **Preventing the shifting of environmental pressures in time or space** – In several cases environmental investments shift the environmental pressure in time or space. For instance nuclear energy might reduce CO₂ emissions in the short term, but the safe treatment of the nuclear waste is prolonging the environmental problem for thousands of years. As another example the use of biomass for energy purposes might deliver a positive environmental outcome on the local level, but the indirect land use changes shift the environmental problems in space. Also the conventional waste water treatment technologies aim to collect and concentrate the pollutants e.g. in the form of sewage mud instead of finding solutions to neutralise them locally. These phenomena

shall be prevented through better planning (e.g. through urban planning for reducing transport needs instead of meeting them in seemingly more environmentally friendly ways) or applying innovative environmentally friendly practices (e.g. using local waste water treatment technologies such as rhizofiltration technologies, composting instead of landfilling or incinerating organic matter).

- 4. Prioritizing prevention over mitigation**– EU Funds shall first of all aim at the prevention of the problems instead of mitigation. In particular the mitigation hierarchy (prevention, mitigation, restoration, compensation) shall be strictly considered when using public money to address economic, environmental and social issues. This principle shall be also considered when determining the intensity of the EU financial support.

- 5. Prioritizing Ecosystem Services** to deliver the stated objectives **and innovative technologies** with low maintenance costs – In numerous cases green infrastructure is able to deliver the same services (or even more through its multifunctional nature) as grey infrastructure, with significantly less environmental pressure created through its whole lifecycle compared to their grey counterparts. It is also essential that in addition to the planning and implementation phase, the maintenance and end phase of the projects are also to be considered with a view to environmental pressures and costs. Innovative technologies (e.g. Sustainable Urban Drainage Systems) should be also prioritised. In particular only passive and autonomous buildings should be built from the EU Funds, which require minimal running costs, demonstrate an example of sustainable lifestyle, and which can be at least partly independent from the conditions of the external world. These considerations contribute to minimising environmental pressure over the whole life cycle of the projects and making the investment financially sustainable through preventing excessive future costs related to the maintenance or negative environmental externalities.

4. Biodiversity proofing tools

In order to support the efforts towards biodiversity proofing, IEEP, GHK and TEPR were commissioned by the European Commission's DG Environment to produce a Common Framework for Biodiversity proofing of the EU budget. The Common Framework provides measures to ensure that:

1. Potential adverse impacts on biodiversity are considered, identified, quantified and communicated, and that appropriate actions are taken to avoid and minimise them, and then, where necessary, to compensate for unavoidable residual impacts in order to achieve no net loss; and
2. Opportunities for activities to benefit biodiversity are identified and taken forward.

These aims are also recognised and further elaborated in the five principles of biodiversity proofing as described above.

The Common Framework and fund specific guidelines are largely based on the Background Study³ by the same authors, which concluded that biodiversity proofing should be based on holistic and integrated processes, with interventions at all appropriate stages of the policy and programme cycles. The Background Study suggests different types of instruments:

- Substantive instruments (e.g. the setting of fund objectives and performance indicators, and fund earmarking) are very important in the first parts of the policy cycle (i.e. setting up the general frameworks of the fund regulations and programming guidelines).
- Procedural instruments (e.g. SEA/EIA, project selection criteria, *ex-ante*, on-going and *ex-post* evaluations) are important for programming and implementation phases but also monitoring/reporting and evaluation phases.
- Institutional instruments (e.g. dedicated administrative units tasked with biodiversity proofing and communication mechanisms, working groups and monitoring committees) are needed to support implementation and evaluation phases.

These various types of instruments can be applied along the various stages of the policy and implementation cycles, where the European Commission, the Member States, project applicants and other stakeholders including NGOs have different roles for biodiversity proofing. Figure 1. shows the key biodiversity proofing tools relevant in different stages of intervention, while Table 2. shows their application in the various EU funds, based on legal requirement or good practice.

³ IEEP, GHK and TEPR (2012) Background Study Towards Biodiversity Proofing of the EU Budget. Report to the European Commission, Institute for European Environmental Policy, London

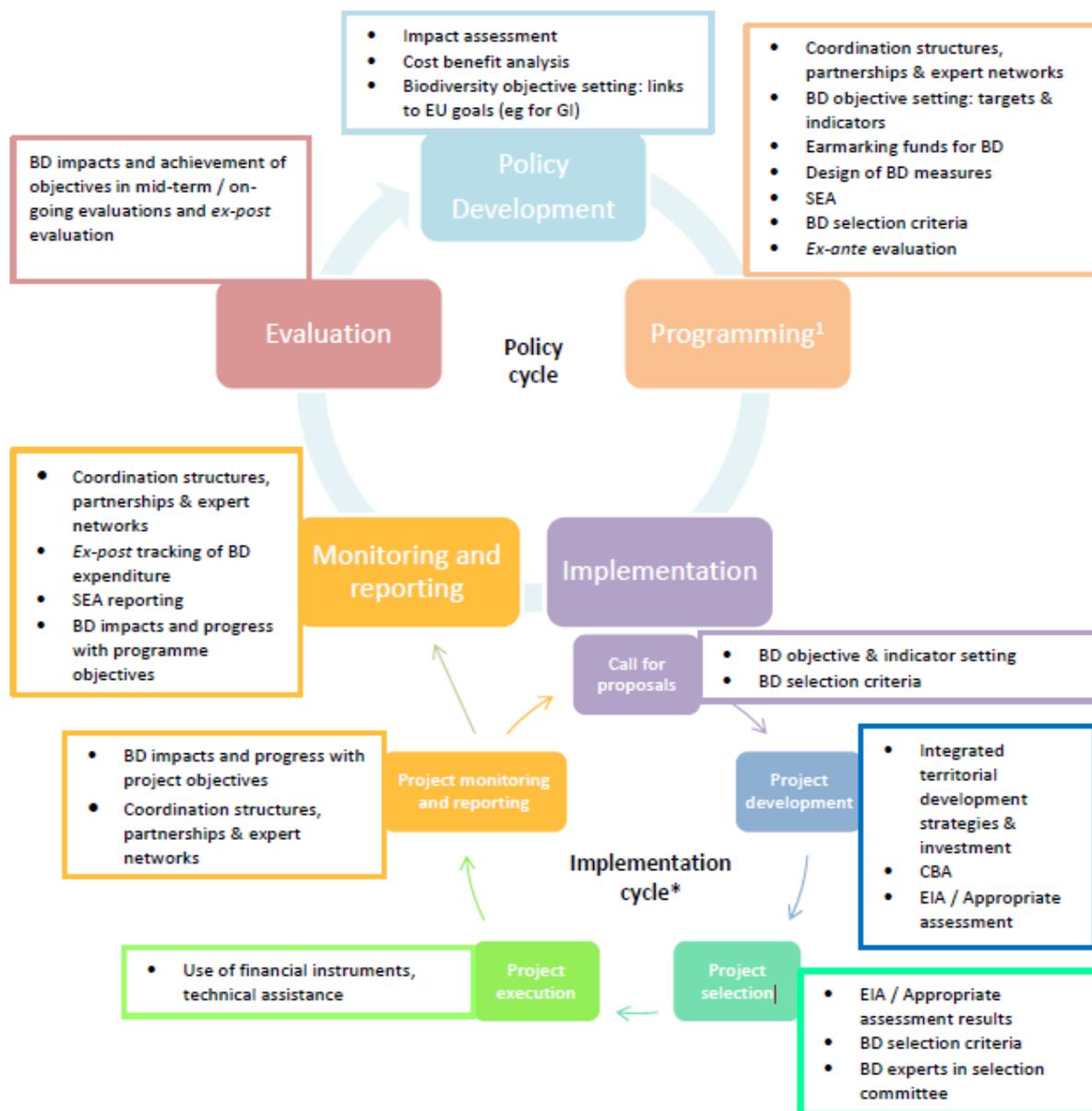


Figure 1. The Common Framework for Biodiversity Proofing with key tools that may be used at each intervention stage 1. For ESI funds, includes the development of Partnership Agreements followed by RDPs for the EARDF, Operational Programmes for the ERDF, ESF and CF, and Fishery Programmes for the EMFF. Only includes Work Programmes for the CEF. * The full project cycle applies to major investments in particular, and is likely to be significantly simplified for small grants.

Source: Medarova-Bergstrom, K, Kettunen, M, Rayment, M, Skinner, I and Tucker, G (2014) Common Framework for Biodiversity-Proofing of the EU Budget: General guidance. Report to the European Commission, Institute for European Environmental Policy, London

Policy / project cycle step	EAFRD	Cohesion Policy funds	CEF	EMFF
POLICY CYCLE				
Policy development				
• Impact assessment	EC	EC	EC	EC
• Cost benefit analysis	EC	EC	EC	EC
• Biodiversity objective setting: links to EU goals (eg for GI)	EC	EC		EC
Programming				
• Coordination structures, partnerships & expert networks	MS	MS	EC	MS
• Biodiversity objective setting: targets & indicators	MS	MS		MS
• Earmarking funds for biodiversity objectives	MS	MS		MS
• Design of biodiversity measures	MS	MS		MS
• SEA	MS	MS	EC/MS ²	MS
• Ex-ante evaluation	MS	MS		MS
• Biodiversity selection criteria	MS	MS		MS
Implementation (see below)				
Monitoring and reporting				
• Coordination structures, partnerships & expert networks	EC	EC	EC	EC
• Ex-post biodiversity tracking of expenditure	EC/MS	EC/MS ¹		EC/MS
• SEA reporting (if an SEA was carried out)	MS	MS	MS	MS
• Biodiversity impacts and progress with objectives	EC/MS	EC/MS ¹		EC/MS
Evaluation				
• Biodiversity impacts in mid-term & ex post evaluations	EC	MS ¹	EC/MS	EC
IMPLEMENTATION CYCLE				
Call for proposals				
• Biodiversity objective & indicator setting	MS	MS		
• Biodiversity selection criteria	MS	MS		MS
Project development				
• Integrated territorial development strategies	MS	MS/App		MS/App
• Cost-benefit analysis	MS/App	MS/App	App	MS/App
• EIA / Appropriate assessment	App	App	App	App
Project selection				
• EIA / Appropriate assessment results considered	MS	MS	EC	MS
• Biodiversity objectives taken into account in scoring	MS	MS		MS
• Biodiversity experts in selection committee	MS	MS	EC	MS
Project execution				
• Use of financial instruments, technical assistance	MS	MS	MS	MS
Monitoring and reporting				
• Biodiversity impacts and progress with objectives	MS	MS		MS
• Coordination structures, partnerships & expert networks	MS	MS	EC/MS	MS

Table 2. Summary of the applicability of key biodiversity proofing tools to each EU fund at each intervention stage

Key: Red shaded cells indicate legal requirements to apply the tool to the fund. Orange cells indicate that there may be a legal requirement to apply the tool to the fund depending on circumstances. Blue cells indicate where use of the tool is good practice. EC = steps to be taken by the European Commission (usually in consultation with Member States). MS = steps to be taken by Members States or regions (typically programme authorities in consultation with stakeholders). App = steps to be taken by the project applicants.

Notes: *1 There is one obligatory “common output indicator” for biodiversity under ERDF (Surface area of habitats supported in order to attain a better conservation status). *2 . Member States have to (for transport) provide the information to the Commission to demonstrate that either an SEA is not needed for a project, or if one has been undertaken, information on the underlying procedure and the implications (e.g. ensuring that findings will be complied with).

Source: Medarova-Bergstrom, K, Kettunen, M, Rayment, M, Skinner, I and Tucker, G (2014) Common Framework for Biodiversity-Proofing of the EU Budget: General guidance. Report to the European Commission, Institute for European Environmental Policy, London

5. Biodiversity proofing of Cohesion Policy funds through a holistic approach in the implementation phase

This scope of this study is restricted to the implementation cycle, considering that the programming period has been largely completed in the MSs. Furthermore it focuses on the implementation of EU Cohesion Policy through the European Regional Development Fund (ERDF), Cohesion Fund (CF) and European Social Fund (ESF), but the presented tools are also relevant for the Connecting Europe Facility. The underlining objectives of the Cohesion Policy funds are to provide financial support for reinforcing economic, social and territorial cohesion across the EU. In addition to growth and jobs, the mitigation of climate change is also considered of high importance, and therefore 12 – 20 % has been allocated from the ERDF in each MS to promoting a low carbon economy. Still, the Cohesion Policy first of all finances ‘traditional’ infrastructure such as for transport and energy and thus biodiversity proofing requires much efforts to diminish adverse biodiversity effects and increase its contribution to nature-based solutions.

It also needs to be recognised though that the Cohesion Policy provides exceptional opportunities to influence the human – environment interface. The Cohesion policy shall be based on the principle to change every old practice or structure to new ones with better environmental performance. This affects the whole structure of the production and consumption, the infrastructure, the settlement patterns and every product.

The five holistic principles of biodiversity proofing need to be integrated in all stages of the implementation phase in a consistent way. Consistency is essential for delivering the desirable results – no matter how well the objectives are defined in the project call, if the project selection criteria do not require that the project meet the objectives, or if no indicators are in place to measure the results and make the project owners accountable. Similarly if the project developers are not required to apply appropriate tools in the project development, such as cost-benefit analysis and EIA, then the project selection process cannot be based on verifiable information reflecting on the required principles and objectives.

5.1 Call for proposals

Objectives as set out in the call for proposals

The call for proposal has to make clear what type of projects will be selected for funding. Consequently the five principles for holistic biodiversity proofing shall be integrated into the objectives of the call for proposal. These principles do not only serve nature conservation objectives, but also other environmental, as well as social objectives.

Based on the five principles there are three types of projects that can be eligible for funding:

1. the project aims to improve the environmental (and maybe also social) performance of existing infrastructure or activity,
2. the project aims to replace a current infrastructure or activity, with a new one with better environmental (and maybe also social) performance,

3. the project aims to introduce innovative technologies that can lead to a significant decrease of environmental pressures (and maybe also social benefits).

Principle 1. Serving public good from public money

The call for proposal shall make clear that funding comes from taxpayers, so funding is only available for those projects that contribute to the common good. (On the contrary, investments serving private interests shall be realised from private capital, if they meet all the legal regulations. Bank loans shall facilitate these investments instead of EU funds.)

The call shall make clear that support from EU funds can be only granted if achieving a better performance (of the direct or indirect services delivered by the investment) means a competitive disadvantage for the applicant. (On the contrary, if the investment means a competitive advantage, bank loans can facilitate the realisation.)

Principle 2. Decreasing environmental pressures in absolute terms

The call shall make clear that EU funds seek projects that contribute to decouple GDP growth and environmental pressures, and support social inclusion and justice through the reduction of negative external costs. It shall be emphasised that current environmental conditions can be improved, and negative external cost can be decreased in absolute terms only, if former capacities/infrastructures are replaced with new capacities/infrastructures with better environmental performance.

Consequently, EU funded projects shall:

- increase (or as a minimum do not decrease) the area of natural habitats,
- increase (or as a minimum do not decrease) the area of semi-natural habitats on the expense of artificial habitats,
- improve (or as a minimum do not deteriorate) habitat connectivity,
- not overexploit species and lead to significant population decline,
- overexploit habitats and lead to the decline of ecological conditions of habitats
- decrease (or as a minimum do not increase) total resource and energy use,
- decrease (or as a minimum do not increase) the spreading of IAS and the distribution of GMOs,
- decrease (or as a minimum do not increase) the emission of green-house gases,
- decrease (or as a minimum do not increase) the emission of pollutants.

Any positive changes from the above conditions would directly or indirectly lead to the recovery of biodiversity and the improvement of ecosystem services on the local, regional or global scale.

Principle 3. Preventing the shifting of environmental pressures in time or space

The call for proposals shall make clear that EU funded projects cannot lead to the shifting of environmental problems in time or space. On one hand, no technology is allowed in the projects, which generates problems for the future, because they cannot be prevented and mitigated today. On the other hand, projects that directly or indirectly lead to environmental problems emerging elsewhere are also not supported.

Principle 4. Prioritizing prevention over mitigation

The call for proposals shall strongly emphasise that when addressing the objectives as described in the Operational Programmes through the call, the prevention of problems is prioritised over their mitigation. In this way the EU funds strongly contribute to the transition to a smart and sustainable economy, where resources are used efficiently to deliver social objectives. (On the contrary, the mitigation of problems can be financed from other sources, such as levies and taxes, and by that the pollution pays principle can be realised.)

Principle 5. Prioritizing Ecosystem Services to deliver the stated objectives and innovative technologies with low maintenance costs

The call for proposal shall prioritise delivering the stated objectives of the OPs through ecosystem services as much as possible, i.e. making use of green infrastructure instead of grey infrastructure. Innovative technologies, which minimise environmental pressure and catalyse transition to a green economy while raise environmental awareness shall be also prioritised. This shall be also linked to lower maintenance costs in the later stages of the project life cycle.

The intensity of EU support

The intensity of the EU support shall be harmonised with the above principles, using different methodologies. The EU shall pay for those costs, which are needed to achieve direct or indirect social and environmental benefits (i.e. generating public good) through the project (directly implementing principle 1.). This is similar to the calculation of the “incremental costs” of the GEF projects, where GEF funds only the additional –or incremental costs–of activities that produce global environmental benefits. All other project costs are considered to be baseline and must be covered from other funding sources.

Major projects shall include a detailed calculation of these additional costs generating public good, for which EU support is asked for, while for smaller projects a simplified methodology could be used. This would also prioritise the application of GI solutions instead of grey infrastructure, as using ecosystem services for delivering the stated objectives of the project generates great environmental (and in many cases also social) benefits as compared to the man made solutions. In these projects a high rate of project costs can be covered form EU funds.

In the case of innovative technologies, the total costs of the project can be funded from EU sources, if the project has a high potential for a major reduction of environmental pressures compared to the conventional technologies, while in many cases it could make a great

contribution to a low carbon economy. This would also contribute to the implementation of principle 5.

Indicator setting

Improving the previous practice of often neglecting monitoring in projects, the call for proposal shall make clear that monitoring is essential to track how much the project contributes to achieving the environmental and biodiversity objectives. While serious monitoring needs good experts, money, time and will, project owners are reluctant to allocate (sufficient) resources for that. The call for proposals, as well as the guidance provided to project promoters for the project development (see more below) shall assist the promoters in including the appropriate indicators and monitoring arrangement in their project.

When designing the monitoring scheme, it is essential that monitoring criteria (see Annex I.) are in full accordance with the selection criteria (Annex II), so that the whole implementation cycle is both coherent and transparent.

The most effective way of project monitoring implies the setting up of monitoring teams. The experts for these teams shall be selected through an open call and can monitor several projects. If the associated costs cannot be included in the project budget, then a separated assistant can fund should finance the independent monitoring. The call for proposal shall clarify, in which cases (e.g. for specific types of projects or above certain scale or impacts) the involvement of independent monitoring teams is necessary.

It is also essential that monitoring results are taken seriously, which can also imply negative consequences to the project owner, e.g. through requiring extra compensation measures, imposing a fine, or suspending the support. The call for proposal shall also outline the possibility of these consequences.

In order to provide feedback to both the programming and implementation cycles, the monitoring results have to be taken into consideration in post-ante evaluation of projects and programs and planning of new programs and plans. The setting up of monitoring teams that follow up several projects can greatly facilitate providing this feedback to the programming cycle.

Cost benefit analysis

Environmental cost benefit analysis (CBA) shall be required for each project in order to deliver verifiable information for the project appraisal. The CBA shall be cover whole lifetime of the project, not only the project implementation. This can ensure that the environmental costs during the maintenance and end phases can be taken into account. The aim of the CBA is to assess when and what type of environmental pressure increase (or reduction) is expected during the whole life cycle. It is important that contrary to the EIA, the CBA provides an efficient and reasonable methodology to assess the environmental pressures, but not the environmental impacts. In this sense, the environmental benefit means a future reduction of the current environmental pressures, which would not take place without the implementation of the project concerned. These environmental pressures can be objectively measured with well

established indicators (see annex on indicators), while EIA assesses their direct or indirect impact on the state of environment. It is important to realise that environmental pressures quantified in the CBA will lead to the recovery or decline of biodiversity (assessed in the EIA) at the end through a diversity of impact mechanisms. In addition, global/regional biodiversity impacts cannot be easily assessed, and are usually not quantified through EIAs due to their complex cause-effect relationships. For instance climate change is a major cause of biodiversity decline, but the relatively minor contribution of a single project to climate change is not taken into account in EIAs for obvious reasons. However, these minor changes add up on global scale and exert major environmental impact on biodiversity. Similarly the splitting up of a habitat through a single project might not lead to a major biodiversity impact, which would be identified in the EIA. However, the CBA will identify this environmental pressure, and account for this in determining the overall environmental benefit/cost of the project.

EIA/ appropriate assessment

The development of EIA is a legal requirement for certain projects. In addition, in case the project may impact a Natura 2000 site, the preparation of an appropriate assessment is a legal requirement under the Habitats Directive. It is clearly essential that EIAs and appropriate assessments are carried out by a group of experts at a high quality, meeting all the legal and professional requirements. The project owners shall be assisted in finding the right of meeting this requirement through the guidance documents and information days.

As already described above, the CBA and EIA are complementary tools to assess the future changes in the environmental pressures in the CBA, and the state of environment exerted indirectly through the environmental pressures in the EIA. While the CBA leads to relatively easily quantifiable results with also global biodiversity relevance, the EIA has the potential to identify potential impacts on vulnerable or endangered biodiversity elements, also with protection status.

Design of application forms

The application forms should include questions (or even tips), which allow project applicants to consider the above criteria early in the development of the project proposal. Questions shall specifically focus on each of the five principles. This will also determine the intensity of EU funding based on the scoring system.

Questions can also address how much the project complies with relevant EU and national biodiversity legislation, strategies and objectives. They shall address positive and negative environmental and biodiversity impacts, based upon which the selection criteria can be assessed.

Question on the biodiversity related monitoring arrangement and the list of indicators shall be also included, along with the potential consequences of the negative impacts of the project implementation to the project owner.

5.2 Project development

Guidance to project promoters on holistic environmental considerations and biodiversity related aspects shall be provided in several ways. For instance the application packs can include background information and methodological support, information points can provide further information sources, information days and workshops can include specific presentations and Q&A sessions. A list of project development criteria (see Annex II.) and an indicative list of “good” projects with direct or indirect biodiversity benefits can be included in the application packs, which can assist the project promoters to meet the project selection criteria.

5.3 Project selection

The participation of biodiversity experts in the selection process helps to ensure the full and professional consideration of the direct and indirect biodiversity criteria in the selection procedure. (See more on this in chapter 6.)

The selection criteria help to make the selection process more or less automatic, as meeting or not meeting a criterion would result in discarding or sending back the project for improvement. However, it needs to be verified if the self-appraisal of the project owner and the evaluation of the members of the project selection committee are correct. For this reason the ex-post evaluation of the selected projects by biodiversity (and if needed, other) experts is necessary. This would ensure that the information included in the application and the decisions made in the selection process are verified, and if needed, the projects can be sent back for improvement and returned to the selection process. The simple selection procedure and the ex post evaluation would make the whole process efficient on one hand, and effective for biodiversity proofing on the other hand.

Selection criteria

Clear selection criteria shall ensure that holistic environmental and biodiversity considerations based on the five principles above are seriously considered in the selection process, and the political will to increase the absorption capacity of EU funds does not override environmental (and social) objectives. It is equally important that selection criteria are consistent instead of serving particular interests. The procedure shall ensure that environmental and biodiversity criteria (see table 3.) can be the basis of refusing projects in all well substantiated cases. Consequently the criteria are not optional, but the proposed project needs to pass through the whole process (i.e. projects need to go through all criteria without being blocked by a “stop” or “improve” sign), and then it can be accepted for funding.

At the same time it is also essential that not the rejection of project proposals, but their improvement is the main goal during the whole procedure. Not meeting a criterion implies a significant negative impact on biodiversity, and the project cannot be selected. However, after project evaluation a chance has to be given to the applicant to improve the proposal in order to meet the failed criteria. The evaluation of the selection criteria clearly shows in what aspect the project needs to be improved, and this process would mean an important learning process for the project developers and the decision makers alike. The selection criteria can be easily

evaluated based on the cost benefit analysis included in the project application, as well as the EIA if relevant, and they ensure meeting the five principles above.

Even though improvement of the environmental performance of the projects can be achieved in the case of pollution and use of resources compared to the status quo (thus environmental benefit can be reached), the use of habitats (green space) can unavoidably lead to environmental pressure increase, where only compensation measures can ensure the no net loss. If something is built (even a bicycle path between two settlements) and soil is sealed, that means increased environmental pressure compared to the previous state (assuming that the road is not demolished as a consequence of building a new bicycle path).

Compensation measures shall ensure that the gain represented by the compensation is at least equivalent to what is going to be lost. On site and “like for like” compensation shall be preferred unless there is convincing evidence that off site and „trading up” approach would provide a better outcome for biodiversity and ecosystem services. Compensation measures can be introduced only in those cases, where the negative impacts on biodiversity are unavoidable. Thus the strict application of the mitigation hierarchy (prevention, mitigation, restoration, compensation) is a precondition of accepting compensation measures and ensuring that projects contribute to the overall decrease of environmental burdens. The compensation measures shall be always accompanied by proper indicators and monitoring arrangements in the project proposal, and followed by clear contractual conditions about the consequences in case of non-compliance. It is also essential that biodiversity loss protected under EU law (Natura 2000 sites and species under strict protection regime) cannot be accepted even with compensation, as there are separate legal procedures for their protection, which need to be followed.

The costs of the compensation shall be born by the project developer, unless the gain is higher than the value lost. In that case only the costs needed for the creation of extra gains can be supported from EU funds.

The logic of the project selection process based on the criteria is the following:

- The accepted project shall reduce at least one of the three types of environmental pressures by improving the status quo (ensured by passing criterion 1 or 2), OR it shall be an innovative pilot project which can result in a significant reduction of environmental pressures, even if it develops additional infrastructure/capacities (passing criteria 3 and 4),
- The accepted project does not decrease the area of natural habitats, which can be also achieved through compensation measures with the strict application of the mitigation hierarchy (passing criteria 5-9),
- the accepted project does not decrease the area of semi-natural habitats while increasing artificial habitats, which can be also achieved through compensation measures with the strict application of the mitigation hierarchy (passing criteria 10-14),
- the accepted project does not deteriorate habitat connectivity (passing criteria 15-16),
- the accepted project does not overexploit species and lead to significant population decline (passing criteria 17-18),
- the accepted project does not impact sites and species under any protection regime negatively (passing criterion 19),

- the project does not overexploit habitats and lead to the decline of ecological conditions of habitats (passing criteria 20-23),
- the accepted project does not increase total resource and energy use (passing criteria 24-26),
- the accepted project does not increase the spreading of IAS and the distribution of GMOs (passing criteria 27-29),
- the accepted project does not increase the emission of green-house gases (passing criteria),
- the accepted project does not increase the emission of pollutants (passing criteria 30)
- the accepted project meets all relevant environmental standards and addresses environmental risks if relevant (passing criteria 31-33).

It can be seen that only those projects can be accepted, which result in the decrease of at least one type of environmental pressure, while the other types of environmental pressures do not increase either (except for innovative pilot projects). If the project cannot pass the selection criteria it is also possible that the project is improved, while in some cases compensation measures need also be integrated into the improved application. Then the project needs to go through the selection process again.

In some cases, for instance if the project fails criteria 1-4, 6 or 11, a conceptual change might be necessary for the project, which is indicated with a “stop” sign, though it is possible that with some major improvements the project can be accepted for funding at a later stage.

Project selection criteria to be assessed by evaluators	yes	no
1. The project improves the environmental performance of an existing activity or infrastructure, and at least one of the three types of environmental pressure (pollution and alien species and genotypes, resource and energy use, habitat use, fragmentation and exploitation) will be reduced.	go to criterion 5.	go to next criterion
2. The project is capacity neutral, does not establish additional infrastructure or activity, but replaces old capacities with new ones with better environmental performance, and at least one of the three types of environmental pressure (pollution and alien species and genotypes, resource and energy use, habitat use, fragmentation and exploitation) will be reduced.	go to criterion 5.	go to next criterion
3. The project introduces a new activity, establishes new, additional capacity.	go to criterion 4.	go to next criterion
4. This is a pilot project introducing innovative technology, which has the potential to result in a major decrease of environmental pressure(s).	go to criterion 5.	stop

5. The project does not decrease the area of natural habitats (e.g. it is realised in brown field).	go to criterion 10.	go to next criterion
6. The project decreases the area of natural habitats, but alternatives are considered and there is evidence that this negative impact is absolutely unavoidable.	go to next criterion	stop
7. The project decreases the area of natural habitats, and the mitigation of negative impacts is fully integrated into the project.	go to next criterion	improve
8. The project decreases the area of natural habitats, and restoration/rehabilitation measures are fully integrated into the project to decrease negative impacts that cannot be mitigated.	go to next criterion	improve
9. The project decreases the area of natural habitats, and compensation measures are fully integrated into the project to compensate for residual negative impacts after mitigation and restoration/rehabilitation.	go to next criterion	improve
10. The project does not decrease the area of semi-natural habitats while increasing artificial habitats.	go to criterion 15.	go to next criterion
11. The project decreases the area of semi-natural habitats while increasing artificial habitats, but alternatives are considered and there is evidence that this negative impact is absolutely unavoidable.	go to next criterion	stop
12. The project decreases the area semi-natural habitats while increasing the artificial habitats, and the mitigation of negative impacts is fully integrated into the project.	go to next criterion	improve
13. The project decreases the area of semi-natural habitats while increasing the artificial habitats, and restoration/rehabilitation measures are fully integrated into the project to decrease negative impacts that cannot be mitigated.	go to next criterion	improve
14. The project decreases the area of semi-natural habitats while increasing the artificial habitats, and compensation measures are fully integrated into the project to compensate for residual negative impacts after mitigation and restoration/rehabilitation.	go to next criterion	improve
15. The project does not deteriorate habitat connectivity.	go to next criterion	improve
16. The project does not harm the ecological corridors significantly.	go to next criterion	improve

17.The project does not result in the decline of genetic and species diversity at the project site. This also includes agro- and soil diversity. (The case of the loss of natural or semi-natural habitats is not included here.)	go to next criterion	improve
18.The project does not result in the decline of genetic or species diversity in the project site's environment. This also includes agro- and soil diversity.	go to next criterion	improve
19.The project does not impact habitats or species under any protection regime negatively.	go to next criterion	improve
20.The project does not deteriorate the soil conditions at the project site (the loss of natural or semi-natural habitats is not included here) or in the project site's environment.	go to next criterion	improve
21. The project does not change the micro climatic conditions at the project site (the loss of natural or semi-natural habitats is not included here) or in the project site's environment.	go to next criterion	improve
22. The project does not change the water household at the project site (the loss of natural or semi-natural habitats is not included here) or in the project site's environment.	go to next criterion	improve
23.The project minimises the environmental disturbance, such as light pollution, noise and vibration.	go to next criterion	improve
24.The project does not increase total primer material use in absolute term.	go to next criterion	improve
25.The project does not increase the fossil energy use in absolute term.	go to next criterion	improve
26.The project does not increase the water use in absolute term.	go to next criterion	improve
27.The project does not introduce new alien species having invasive potential.	go to next criterion	improve
28.The project does not create new pathways for the spread of invasive alien species.	go to next criterion	improve
29.The project does not include the use of GMOs.	go to next criterion	improve

30.The project minimises the emission of environmental pollutants in all phases of the life cycle.	go to next criterion	improve
31.The project meets all relevant environmental standards.	go to next criterion	improve
32.The project does not involve significant environmental risk.	go to next criterion	improve
33.The project involves significant environmental risk, but there is appropriate risk assessment and management plan.	the project is selected for funding	improve

Table 3. Project selection criteria

5.4 Project implementation and monitoring

As discussed above, the call for proposals and the contractual agreement between the project owner and the managing authority shall include provisions on the project implementation and monitoring, also describing the consequences for the case of non-compliance. Enforcing compensation measures through special contractual agreements or other methods is especially important in order to ensure the five principles of biodiversity proofing. The results of the monitoring shall be fed into the next programming cycle in order to improve the biodiversity proofing of the next multiannual financial framework.

6. The role of civil society in biodiversity proofing

Partnership has long been one of the key principles of the European Union funds managed by the EU and Member States together in ‘shared management’. The partnership principle implies close cooperation between public authorities at national, regional and local levels in the Member States and with the private and other sectors.

European regional policy regulations identify environmental NGOs, as partners for enhancement of sustainable development in ESI Funds, thus nature conservation NGOs should be involved in programming and implementation of EU funds. Article 5 of Common Provisions Regulation of European Structural and Investment Funds defines the stakeholders who should be involved by the Member States (see box below).

Common Provisions Regulation (CPR) (N° 1303/2013)

Article 5

Partnership and multi-level governance

1. For the Partnership Agreement and each programme, each Member State shall in accordance with its institutional and legal framework organise a partnership with the competent regional and local authorities. The partnership shall also include the following partners:

- (a) competent urban and other public authorities;
- (b) economic and social partners; and
- (c) **relevant bodies representing civil society, including environmental partners, non-governmental organisations**, and bodies responsible for promoting social inclusion, gender equality and non-discrimination.

2. In accordance with the multi-level governance approach, the partners referred to in paragraph 1 shall be involved by Member States in the preparation of Partnership Agreements and progress reports and throughout the preparation and implementation of programmes, including through participation in the monitoring committees for programmes in accordance with Article 48.

6.1 European Code of Conduct on Partnership

Members States implement the partnership principle of the EU cohesion policy very differently. Several of them only formally involve partners to the processes without providing the opportunity of making a real impact on the decisions. Because of the big differences in the implementation, the European Commission developed a regulation⁴ (European Code of Conduct on Partnership – ECCP) for describing standards of the partnership in programming and implementation processes. The format of the regulation is a delegated act, which is binding in its entirety and directly applicable in all Member States from the date of its publication (07.01.2014).

The first drafts of the ECCP were very ambitious to ensure meaningful partnership processes, but during the consultation process with Members States it has become weaker and the final act provides more space for national interpretation of the principles. Even if the ECCP is weaker than already planned, it is still a good tool for environmental NGOs to get participation possibilities in the planning and implementation of ESI Funds.

⁴ COMMISSION DELEGATED REGULATION (EU) No 240/2014 of 7.1.2014 on the European code of conduct on partnership in the framework of the European Structural and Investment Funds
http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2014.074.01.0001.01.ENG

The Common Provisions Regulation (CPR) regulation defines the areas of the ECCP to be included (see box below).

The Common Provisions Regulation (CPR) (N° 1303/2013)

Article 5

3.[..] The code of conduct, while fully respecting the principles of subsidiarity and proportionality, shall lay down the following elements:

- (a) the main principles concerning transparent procedures to be followed for the identification of the relevant partners including, where appropriate, their umbrella organisations in order to facilitate Member States in designating the most representative relevant partners, in accordance with their institutional and legal framework;
- (b) the main principles and good practices concerning the involvement of the different categories of relevant partners set out in paragraph 1 in the preparation of the Partnership Agreement and programmes, the information to be provided concerning their involvement, and at the various stages of implementation;
- (c) the good practices concerning the formulation of the rules of membership and internal procedures of monitoring committees to be decided, as appropriate, by the Member States or the monitoring committees of programmes in accordance with the relevant provisions of this Regulation and the Fund-specific rules;
- (d) the main objectives and good practices in cases where the managing authority involves the relevant partners in the preparation of calls for proposals and in particular good practices for avoiding potential conflicts of interest in cases where there is a possibility of relevant partners also being potential beneficiaries, and for the involvement of the relevant partners in the preparation of progress reports and in relation to monitoring and evaluation of programmes in accordance with the relevant provisions of this Regulation and the Fund-specific rules;
- (e) the indicative areas, themes and good practices concerning how the competent authorities of the Member States may use the ESI Funds including technical assistance to strengthen the institutional capacity of relevant partners in accordance with the relevant provisions of this Regulation and the Fund-specific rules;
- (f) the main principles and good practices that are apt to facilitate the Member States' assessment of the implementation of partnership and its added value.

The main elements of the ECCP that are the most useful for NGOs working on biodiversity proofing are the following:

Identification of relevant partners for Partnership Agreement and programmes

National and regional authorities should involve environmental NGOs, as bodies of representing civil society working for one of the horizontal principle of the regional policy (sustainable development, CPR Article 8.). Member States shall ensure that the partners are the most representative of the relevant stakeholders and are nominated as duly mandated representatives, taking into consideration their competence, capacity to participate actively and appropriate level of representation. Where civil society have established an organisation regrouping their interests to facilitate their involvement in the partnership (umbrella organisation), they may nominate a single representative to present the views of the umbrella organisation in the partnership. This means that authorities cannot choose by themselves one or more NGOs to be partner and exclude others, the nomination should be based on the representativeness of the organisations.

Consultation of partners in the preparation of the Partnership Agreement and programmes

Regarding the consultation of relevant partners, Member States shall take account of the need for:

- (a) timely disclosure of and easy access to relevant information;
- (b) sufficient time for partners to analyse and comment on key preparatory documents and on the draft Partnership Agreement and draft programmes;
- (c) available channels through which partners may ask questions, may provide contributions and will be informed of the way in which their proposals have been taken into consideration;
- (d) the dissemination of the outcome of the consultation.

The ECCP highlights the importance of the involvement of partners in the integration of horizontal principles, so environmental NGOs should get the possibility to comment draft plans for ensuring sustainable development.

Monitoring committees

Monitoring committees of programmes and the Partnership Agreement should involve partners who have been involved in the programming phase, consequently environmental NGOs should be also involved. The ECCP defines several rules of procedure that ensure the meaningful operation of the monitoring committees, regarding members' voting right, transmission of documents, accessibility of preparatory and working documents, etc.

Involvement of partners in the preparation of calls of proposals and evaluations

The ECCP provides possibilities for Member States to involve partners in the preparation of calls of proposals, taking into account the issue of confidentiality and conflicts of interest. Unfortunately this is only a possibility, not a binding rule, but environmental partners can refer to that point of the ECCP, as guidance for managing authorities to provide participation for environmental NGOs.

Member States should involve partners into the development of the progress report on the implementation of the Partnership Agreement. Partners should be also involved through monitoring committees into the procedures of development of reports about programmes.

Strengthening the institutional capacity of partners

The managing authority shall use the technical assistance of programmes in order to support the strengthening of the institutional capacity of partners. The ECCP lists some examples for the forms of capacity building, like dedicated workshops, training sessions, coordination and networking structures or contributions to the cost of participating in meetings on the preparation, implementation, monitoring and evaluation of a programme. For rural development programmes the support can be provided through the national rural network. For less developed regions managing authorities shall ensure that appropriate ESF resources are allocated to the capacity building activities of social partners and non-governmental organisations that are involved in the programmes. In the case of European territorial cooperation it may also cover support for partners to strengthen their institutional capacity for participating in international cooperation activities.

Because lots of partner, including environmental NGOs, lack resources to cover costs of participation in several procedures, this part of ECCP is very important for them. Environmental NGOs can advocate for using technical assistance and ESF resources for capacity building. The ECCP clarifies that capacity building is wider than trainings, costs of networking activities and other form of participation should be understood as capacity building. For example nature conservation NGOs can use the mentioned resources for ensuring meaningful NGO involvement in biodiversity proofing.

Role of the European Commission in the dissemination of good practices

The ECCP says that the Commission shall set up a cooperation mechanism called the European Community of Practice on Partnership, which is open to interested Member States, managing authorities and organisations representing the partners at Union level. The European Community of Practice on Partnership shall facilitate exchange of experience, capacity building, as well as dissemination of relevant outcomes.

6.2 Ideas for advocacy and participation methods for nature conversation NGOs working on biodiversity proofing

NGOs have several possibilities to participate in procedures of planning and implementation of ESI Funds. This chapter provides some ideas and methods to advocate for biodiversity.

There are two main elements of the process: the programming cycle and project implementation cycle.

The steps of the **programming cycle** are:

- Preparation of EU legislation on Cohesion Policy
- National, regional programming (including SEA)
- Program implementation

- Monitoring
- Evaluation

Preparation of EU legislation on Cohesion Policy

The European Commission and other EU institutions start preparing the legislations for the upcoming financial period of the EU several years before it starts. NGOs should be active to lobby the Commission, the European Parliament and national governments for integrating biodiversity aspects as early as possible. The most effective is if NGOs prepare EU wide analysis of previous programmes and project implementation or at least for the majority of new Members States where the majority of funds are being spent. International co-operation is required in the advocacy work to target the EC and EP, for example through the network of European or regional NGOs, like CEE Bankwatch, European Environmental Bureau, Friends of the Earth or CEEweb. Useful platform for communication to European Commission is the Structured Dialogue expert group for ESI Funds, which is managed by DG Regio.

National and regional programming

For integrating biodiversity aspects in programming, NGO activities should start in early phase. The direct participation in programming committees of ministries or regional authorities is the best way for effective participation. NGOs should advocate for direct participation possibilities, because even if authorities do not initiate NGO participation in their internal programming committees themselves in most cases, they do not refuse NGOs' requests if they are approached. Other way of participation is the commenting of draft documents. NGOs can expect enough time for commenting and also feedback from authorities, as it is described in the ECCP.

Strategic Environmental Assessment (SEA) is an important tool for integration. SEA should be participatory, so NGOs have the possibility to comment SEA documents. It is very effective when national NGOs keep contact directly with European Commission desk officers responsible for their countries. DG Regio and DG Environment desk officers are generally grateful when they can get additional information about programming and their comments have many times synergies with NGO opinions for biodiversity proofing.

Program implementation

See later in details.

Monitoring

As the CPR and the ECCP define, NGO participation is crucial in EU funds monitoring committees. Environmental NGOs have good reasons for participating in all of the monitoring committees, not only for the OPs directly related to the environment. For example ESF funds could support environmental education or capacity building of partners, so the participation of environmental civil society could help the maximum environmental effects of these funds.

Monitoring committees can set up internal working groups for several topics. Working group focusing on horizontal issues, like environmental and biodiversity proofing can be a good tool

for monitoring special aspects of environmental integration and developing suggestions for better institutional framework.

Participation in a monitoring committee is more than sitting in yearly meeting, it can provide living contacts with managing authorities, experts and other partners. The information – coming from these contacts - can help the continuous advocacy work of nature conservation groups.

Evaluation

Environmental NGOs, as partners, should be consulted by managing authorities during evaluation of programmes. The evaluations provide possibilities to present more general ideas about biodiversity proofing, as described in previous chapters of this study, and also concrete examples of bad and good use of EU funds, which can improve environmental integration in the future implementation.

The main steps of **program implementation** are:

- Developing program supplementary documents,
- Call for proposals (incl. selection criteria),
- Project development (including EIA),
- Project selection,
- Project implementation and monitoring.

Program supplementary documents

After European Commission approves OPs, managing authorities develop several types of program supplementary documents. In special cases it includes local, territorial programming steps. Like in community led local development (CLLD) local governments, businesses and NGOs form local action groups for developing local programs. CLLD is a town sister of the LEADER, the planning method is very similar, but used for 10.000+ cities not for rural areas. Also in integrated territorial investment (ITI) schemes local planning is lead by local, regional authorities. It is important that environmental NGOs participate in the local planning, because lots of decisions are made by local stakeholders, which can have significant impacts in biodiversity and natural resources.

Managing authorities develop program supplementary documents also for other national OPs, which do not include local development schemes. These documents identify timeline and conditions for call for proposals and include important decisions on allocation, targets and beneficiaries.

Call for proposals

Maybe the most important phase in program implementation is developing call for proposals regarding environmental impacts of the implementation. Many times negative biodiversity impacts can be reduced and positives ones can be increased if good biodiversity experts are involved in this task. Environmental NGOs should try to participate in committees on development of call for proposals, or at least comment draft if managing authorities publish it for comments.

One of the most effective tools for biodiversity proofing can be a horizontal expert committee in managing authority, which can co-operate with desk officers responsible for call for proposals development. NGOs, as partners should try to advocate for a special committee and if it exists, try to participate in it.

Project selection criteria should be approved by monitoring committees. This procedure provides participation possibility for environmental NGOs. SEA document of the OP can be used as a source of suggestions for developing project selection criteria in the specific call for proposals.

Project development

Local stakeholders, like businesses, local governments, NGOs and sometimes national ministries initiate projects for EU funds. The NGO participation in initial phase can abolish strange ideas, project proposals for very negative developments. The Aarhus Convention provides public participation for public, including NGOs in EIA procedures. Local expert work, mobilisation of local population can help abolish negative plans. It is also important to help local project developers. NGOs can provide expertise for them to maximize positive impacts on biodiversity.

Project selection

Other key point for biodiversity proofing is the project appraisal and selection procedure. It is not enough to have good selection criteria, but trained appraisal experts are needed who can understand the biodiversity proofing aspects. The policy commitment of selection committee members are required to treat biodiversity criteria seriously. The ECCP provides NGO participation possibilities for project selection, but it does not suggest it as a binding method. Please see the following example for NGO participation in project appraisal, as a good practice.

NGO involvement in project appraisal in Hungary

In spring 2004, the Managing Authority of the Regional Operational Programme asked the National Society of Conservationists to co-operate in the project selection process under the Programme. Although national regulations do not require such co-operation, the request was perhaps recognition of the Society's expertise and of the good relationship between the Managing Authority and ministerial officials on one side and the Society on the other. The participation of NGO experts was realised through a contract. The Society co-ordinated quality control for environmental sustainability and set up a group of 10 NGO experts from its members.

In Hungary, the project selection process is decentralised, and regional development agencies evaluate projects. However, the quality control for eligibility, economic issues, equal opportunity and environmental sustainability is at national level. The experts do not know the scores that projects have received in the respective regions, so they are not influenced during the quality control. The project selection committee make the final decision and refuses projects if the experts recommend it, provided their recommendation is based on relevant arguments. Thus taking part in project appraisal is a vital way for environmental NGOs to block projects that could harm the environment.

The most significant results of the NGO involvement have been:

- regional development agencies changed the pre-selection and scoring practice by giving more respect to environmental aspects;
- the managing authority involved in this appraisal process developed new guidance on environmental sustainability for applicants, based on the experiences of the Society's team;
- other Hungarian managing authorities were considering introducing minimum environmental criteria as part of the eligibility criteria.

Project implementation and monitoring

Local NGOs can monitor project implementation at the site. If the beneficiary does not implement the project in the planned way and NGOs identify negative impact on biodiversity, they can present the case to environmental authorities or the managing authorities. Major projects are also monitored by the European Commission, so they can act directly if NGOs identify problems. EC services, like DG Environment or DG Regio can be also approached with cases of smaller projects if European legislation is violated.

Annex I. Possible indicators

<p>Does the project lead to a direct or indirect increase or decrease in the area of natural habitats?</p> <p>Does the project lead to a direct or indirect increase of semi-natural habitats on the expense of artificial habitats or to a direct or indirect decrease in the area of semi-natural habitats?</p> <p>Does the project lead to an increase or decrease in the area of other GI elements (e.g. green roofs, green walls, sustainable drainage systems, other green spaces)?</p> <p>Please provide brief information about the type (natural habitat, semi natural habitat and type of GI elements), legal protection and size of the habitats concerned building on the results of the EIA/appropriate assessment.</p>	
<p><u>Examples for responses (responses vary depending on the type of project concerned)</u></p>	<p><u>Examples of possible indicators</u></p>
<p>The project does not take new field into use, but it is realised on an area already in use</p>	
<p>The project is carried out on greenfield covered by 3 ha natural habitats not under any kind of protection</p>	<p>Area taken into use (hectare)</p>
<p>The project is partly carried out on greenfield covered by 0.5 ha natural habitats under local protection</p>	<p>Area taken into use (hectare)</p>
<p>The project rehabilitates 250 ha fluvial ecosystems to deliver flood protection</p>	<p>Area increase of natural habitats (hectare)</p>
<p>The project is carried out on greenfield covered by 2 ha semi-natural habitats (a recreation site near nature tracks) not under any kind of protection</p>	<p>Area taken into use (hectare)</p>
<p>The project is carried out on brownfield (field with existing built infrastructure) and led to the rehabilitation of 24 ha semi-natural habitats</p>	<p>Area of semi-natural habitats rehabilitated (hectare)</p>
<p>The project created 0.86 ha green roofs and 0.25 ha green walls</p>	<p>Area (hectare or square meter)</p>
<p>The project created 0.8 km hedgerows along linear infrastructure</p>	<p>Area or length of hedgerows (m)</p>

Does the project directly or indirectly affect the intensity of the use of natural habitats or semi-natural habitats?	
Please provide brief information about the type and intensity of use building on the results of the EIA/appropriate assessment. Impacts on the project site, as well as on the surrounding areas shall be both included.	
<u>Examples for responses (responses vary depending on the type of project concerned)</u>	<u>Examples of possible indicators</u>
The project indirectly increases the use of natural habitats in the National Park through generating tourism in the nearby villages.	Number of tourists arriving to the National Park
The project increases land use intensity through the establishment of a wind turbine park.	Number of wind turbines constructed in the area
The project increases land use intensity through creating tree plantation for energy purposes	Removal of biomass (ton per year)
The project decreases land use intensity through the rehabilitation of floodplain habitats from intensively used arable land	Biodiversity indicators
Cannot answer due to the lack of monitoring and data	

Does the project improve or deteriorate habitat connectivity?	
Please provide brief information about the changes in habitat connectivity building on the results of the EIA/appropriate assessment.	
<u>Examples for responses (responses vary depending on the type of project concerned)</u>	<u>Examples of possible indicators</u>
The project does not affect the connectivity of habitats as it does not take additional land or increases land use intensity	
The project increases habitat connectivity through creating a semi-natural habitat functioning as a stepping stone.	Fragmentation indicator Area of stepping stone
The project decreases habitat connectivity through the creation of new road infrastructure	Fragmentation indicator

Cannot answer due to the lack of monitoring and data	
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Does the project result in increased or decreased energy use? Please provide information on the total energy use (both from renewable and non-renewable sources) at national/ regional/ local scale and changes in energy efficiency in your answer.	
Examples for responses (responses vary depending on the type of project concerned)	Examples of possible indicators
Increased total energy use because new and additional road is constructed, requiring direct maintenance, and indirectly generating transport	Energy demand of construction and maintenance (GJ/km) Energy demand of total transport (GJ per capita per year)
National energy consumption increased by an estimated 100 MW due to the new power plant compared to the previous state	Produced MW per year
Total energy use decreased because the construction of the new building is based on passive house technology, which takes over the function of an existing building with low energy efficiency	Primary energy demand (kWh per year)
Even though total energy consumption increased due to the increased capacity of the developed waste water treatment facility, efficiency indicators improved, e.g. primary power demand of waste water treatment is reduced from 0.013 kW /inhabitant to 0.003 kW/inhabitant due to technological improvements, meaning a 77% reduction	Primary power demand of waste water treatment (kW /inhabitant for treatment)
Total intra-urban transport-related energy consumption per capita is expected to decrease from 35 GJ per capita per year to 25-30 GJ per capita per year through the structuring effect of the developed transport infrastructure, meaning a 21% reduction	Total intra-urban transport-related energy consumption per capita (GJ per capita per year)

Total per capita energy consumption increased from 3880 kWh per capita to 3882 kWh per capita due to installed new capacities, meaning a 0.05% increase	Total per capita energy consumption (kWh per capita)
Cannot answer due to the lack of monitoring and data	

Does the project use/create renewable energy (biomass, solar, wind, geothermal, etc.) generating capacity?

Please provide information on the type of renewable energy, the ratio of renewable energy used, the capacity of newly created power plants/generators, as well as the technology applied as appropriate.

Examples for responses (responses vary depending on the type of project concerned)

Examples of possible indicators

It uses electricity generated from wind energy by the electric power company

Energy from renewable sources (kWh)
Energy from renewable sources/energy from non-renewable sources

It includes the construction of solar panels on roofs to provide hot water for heating

Energy from renewable sources (kWh)
Energy from renewable sources/energy from non-renewable sources

It includes the construction of a biomass power plant using solid biomass from tree plantations. The capacity of the power plant is 35 MW per year.

Produced renewable energy per year (MW per year)

It does not use renewable energy at all

Does the project result in increased or decreased material use?

Please provide information on the total material use and changes in material resource efficiency in your answer. Include material resources except for energy resource materials (biomass for energy, fossil fuels).

<u>Examples for responses (responses vary depending on the type of project concerned)</u>	<u>Examples of possible indicators</u>
Increased total material use because new and additional road infrastructure is constructed, also requiring direct maintenance	Material demand of construction and maintenance (ton per km and ton per km per year)
The project leads to resource efficiency increase through disruptive change, namely the replacement of conventional currencies with virtual currency in a certified market	Improvement of resource efficiency (e.g. the number of purchases per the tons of materials used for maintaining the currency system)
The total material use is decreased because of the increased reuse/ recycling rate realised in the project	Improvement in resource efficiency (e.g. change in kg of material/product or service)
The total material use is decreased through structural changes in the project (e.g. by developing a retail chain that only sells by measure in reusable containers owned by the buyer)	Improvement in resource efficiency (e.g. ton of product sold per ton of packaging material)
The project includes the replacement of the existing paper based system of tax declaration with electronic system and leads to a 60% decrease in paper use in providing the service	Improvement in resource efficiency (e.g. change in number of clients served per each ton of paper used)
Cannot answer due to the lack of monitoring and data	

Does the project result in increased or decreased water use or change the water balance?

Please provide brief information including indicators about

<u>Examples for responses (responses vary depending on the type of project concerned)</u>	<u>Examples of possible indicators</u>
The project creates new production capacities, along with new demands for water use	Amount of water used per product

	Amount of water used per year
The project introduces new technology, such as rain water use and water recycling, which increases efficiency	Improvement in water use efficiency (e.g. change in cubic meter of water per product /service or per year)
The project negatively affects the water balance by its increased water demand for the production compared to the previous state	Change in the water used from the watershed per water returned to the watershed
The project decreases the negative impact on the water balance by the decreased water demand for the production through addressing water loss, water recycling and rain water use compared to the previous state.	Change in the water used from the watershed per water returned to the watershed
Cannot answer due to the lack of monitoring and data	

Does the project result in increased or decreased spreading of alien genotypes?	
Please provide brief information including indicators about	
Examples for responses (responses vary depending on the type of project concerned)	Examples of possible indicators
The project increases the spreading of alien genotypes through using <i>Miscanthus sinensis</i> in the newly established energy plantation	Area covered by alien genotypes
The project includes activities to eliminate invasive alien species	Area where IAS is eliminated
Cannot answer due to the lack of monitoring and data	

Does the project result in increased or decreased emission of green-house gases?	
Please provide brief information including indicators about	
<u>Examples for responses (responses vary depending on the type of project concerned)</u>	<u>Examples of possible indicators</u>
The project increases green-house gas emissions in the construction and maintenance phase	Emission of greenhouse gases (tons of CO ₂ equivalent per year)
The project decreases green-house gas emissions through improved technologies	Change in the emission of greenhouse gases (tons of CO ₂ equivalent per year)
Cannot answer due to the lack of monitoring and data	

Does the project impact the emission of toxic and nontoxic pollutants and the generation of waste?	
Please provide brief information including indicators about the amount and type of nontoxic and toxic pollutants emitted and waste generated.	
<u>Examples for responses (responses vary depending on the type of project concerned)</u>	<u>Examples of possible indicators</u>
The project creates new activity leading to increased generation of waste (solid wastes, such as.....,s wastewater including materials such as...., air emission including compounds such as....).	Amount of different types of waste generated (tons per year)
The project improves the technology of the service/production, thus the generated waste (such as...) decreases	Change in the efficiency (tons of waste/product, tons of waste/ profit)
The project introduces new technology to increase efficiency and reduce waste, but the total capacity also increases. These two changes altogether lead to an overall increase of waste generation.	Change in the efficiency (tons of waste/product, tons of waste/ profit) Increase of the amount of waste generated (tons per year)

The project introduces new measures to reuse and recycle waste and thus lead to the overall decrease of waste generation	Decrease of the amount of waste generated (tons per year)
The project introduces new technology to phase out a toxic substance from the production	Decrease of the amount of the toxic substance (tons per year)
Cannot answer due to the lack of monitoring and data	

Does the project increase or decrease ecosystem services in other ways than described above?

Please provide brief information including indicators about other possible ways the project might affect ecosystem services. Ecosystem services include supporting and regulating, provisioning and cultural services.

Examples for responses (responses vary depending on the type of project concerned)	Examples of possible indicators
The project increases the habitat function through improving the ecological conditions for the protected species <i>Otis tarda</i> .	Increase of population Increase of distribution range
The project includes the rehabilitation of the flood plain, which enhances the aesthetic and recreational values of the area.	Number of visitors on the area
The project restores the habitats of the flagship species brown bear.	Increase of population
Cannot answer due to the lack of monitoring and data	

Does the project indirectly lead to positive changes affecting biodiversity through raising environmental awareness, changing behaviours and values in addition to what has been described above?

Please provide brief information including indicators about how the project contributes to changing people's values and behaviour in general and in particular on reducing energy and resource use,

conservation of habitats and reducing pollution and GHG emission, and the spreading of alien genotypes.	
<u>Examples for responses (responses vary depending on the type of project concerned)</u>	<u>Examples of possible indicators</u>
The project contributes to raising environmental awareness through the newly constructed passive house, which is used for community purposes.	Increased interest in passive houses (e.g. number of newsletter subscribers)
The project contributes to raising environmental awareness through providing information on the innovative technologies applied in the project at community sites and through the media	Number of people reached
Cannot answer due to the lack of monitoring and data	

Does the project decrease or increase environmental risk?	
Please provide brief information including indicators about the change of environmental risks as a result of the project.	
<u>Examples for responses (responses vary depending on the type of project concerned)</u>	<u>Examples of possible indicators</u>
The project does not imply any environmental risk	
The project does not led to the change of environmental risk as compared to the previous state	
The project increases environmental risk compared to previous state because of the used toxic materials	
Cannot answer due to the lack of monitoring and data	

Annex II. Guidelines for project planning

If not proposing an innovative pilot project, the project shall reduce at least one of the three types of environmental pressures as compared to the status quo. Some tips are collected below on how to achieve the reduction of the different environmental pressures.

The project can increase (or as a minimum shall not decrease) the area of natural habitats, and increase (or as a minimum shall not decrease) the area of semi-natural habitats on the expense of artificial habitats *inter alia* by:

- minimizing land use, especially green field investments,
- ensuring the optimal use and the rehabilitation of the already used territories, such as brown field investments,
- identifying mitigation, rehabilitation/restoration and compensation measures if the decrease of (semi-natural) habitats is unavoidable,
- the creation of GI elements in urban and/or rural settings.

The project can improve (or as a minimum shall not deteriorate) habitat connectivity *inter alia* by:

- “respecting” the natural habitat structure, the coherence and connectivity of the habitats and avoiding the fragmentation of habitats,
- fitting new buildings, infrastructures into the landscape,
- not harming the ecological network, but improving it e.g. through the creation of stepping stones, ecological corridors,
- mitigating the isolation of habitats through ecoducts, ecobridges,
- making the landscape permeable through creating a mosaic structure.

The project can prevent the overexploitation of species and significant population decline, as well as the negative impacts on protected species and protected areas *inter alia* by:

- taking the impacts of the project on wild species into account,
- involving new breeds and varieties into breeding and cultivation,
- reviewing the protection schemes of the species and areas on the project site and in the surrounding,
- not planning the project site close to any protected area (including Natura 2000 sites) as it should avoid any harmful, irreversible effect on the area in any stage of the development.

The project can prevent the overexploitation of habitats and the decline of ecological conditions of habitats *inter alia* by:

- the use of the conditionally renewable environmental elements (water, air, soil, biodiversity) while not exceeding their regeneration ability,

- the quantitative and the qualitative protection of the soil,
- minimizing its disturbing effect on its environment, such as light pollution, noise and vibration, compaction of the surface, visual disturbing effects,
- the protection of the micro climate, and a better adaptation to the climate change e.g. through creating GI elements.

The project can decrease (or as a minimum shall not increase) total resource and energy use *inter alia* by:

- absolutely decreasing the use of fossil fuels,
- increasing the efficiency of the energy production, storage, transportation or consumption,
- relying on renewable energy resources to the biggest possible extent, but avoiding or thoroughly considering the use of biomass,
- minimizing material use through improved technologies,
- minimizing water use by promoting the recycling of water and the conversation of the water balance or its improvement,
- minimizing the demand for mobilization,
- preferring local (or closest) material use in order to minimize the pressures originating from transport.

The project can decrease (or as a minimum shall not increase) the spreading of IAS and the distribution of GMOs *inter alia* by:

- using local genotypes instead of GMOs and IAS,
- considering potential pathways through which IAS can spread through the project activities,
- keeping natural vegetation intact to prevent the spreading of IAS,
- controlling international transport for the unintentional spreading of IAS.

The project can decrease (or as a minimum shall not increase) the emission of pollutants *inter alia* by:

- identifying the emissions in the whole life cycle and switching technologies to reduce them,
- minimizing the waste production by reuse, recycle,
- using biodegradable materials as much as possible,
- phasing out toxic substances from all phases of the project life cycle.

Annex III. Indicative list of “good” projects with direct or indirect benefits for biodiversity

Projects with direct benefits for biodiversity:

- creating biologically active surfaces, like natural habitats and other GI elements: green roofs, green walls, parks, arboretum, botanical gardens, alleys, rehabilitation of water course, school gardens, orchards, etc.
- rehabilitating soil biodiversity and increasing related ecosystem services by changing the surface cover to breathable and permeable ones,
- developing the infrastructural background for the composting of organic waste at local scale,
- decreasing the volume of the organic waste as a result of leaving organic matter on the ground,
- rehabilitating and reconstructing stepping stones and establishing their buffer zone,
- merging and extending habitat fragments,
- creating ecological corridors,
- creating green corridors along the roads that fit into the landscape,
- eliminating isolating conditions in order to improve habitat connectivity,
- rehabilitating natural water beds,
- revitalizing streams and rehabilitating natural meandering,
- increasing floodplains and ensuring the natural water flow on the flood plains,
- eliminating drainage ditches in order to rehabilitate habitats with constant water cover,
- changing current land management practices of areas with inland inundation to multifunctional land use,
- natural water retention measures through restoring ecosystems, natural features and characteristics of water courses,
- handling the consequences of the unusual and extreme distribution of precipitation, drought and flood with the help of natural water retention measures,
- improving the water balance, increasing the number and extension of wetlands,
- promoting multifunctional, biodiversity friendly land use, such as floodplain cultivation, and the construction of necessary infrastructure,
- creating the infrastructural conditions of no till, minimum till cultivation,
- establishing the infrastructure for composting agricultural organic waste,
- establishing the infrastructure for close to nature no clear-fell forest management with selective cutting,
- decreasing soil degradation by decreasing deflation and erosion, and by constant surface cover,
- mitigating climate change and environmental stress factors (noise and resonance, air pollution) by the increase of GI elements.

Projects with indirect positive effect on the biodiversity:

- decreasing energy use of households, companies and public institutions,
- installing lamps that decrease light pollution and the attraction of the insects to the lamps,

- decreasing energy use in agriculture and forestry,
- increasing the use of renewable resources and developing related innovations,
- decreasing primary material use in the production and consumption,
- mapping local raw materials and natural resources, and supporting their use in order to substitute imported resources,
- establishing the conditions for food self-determination,
- mitigating other sources of disturbance, such as noise, light, other visual disturbing factors,
- placing of electrical lines into the ground and insulating the electrical poles to prevent electrocution of birds,
- decreasing waste production, supporting waste reuse and recycling.
- decreasing environmental pollution,
- developing new technologies that can substitute the use of toxic substances in production processes.