

Environmental Policy



1999



# NATURA 2000

opportunities and obstacles

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Möjligheter och hinder  
Muligheder og forhindringer  
Δυνατότητες και δυσκολίες

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*In many countries of the European Union authorities are at last waking up to the challenge of the Habitats Directive<sup>1</sup> and are starting to look for ways of fulfilling its objectives. This report examines which EU policy instruments present opportunities to national and regional authorities for the establishment and conservation of Natura 2000 as well as for promoting the wider aims of the Habitats Directive. The report also identifies certain key obstacles, also present in EU and national policies, which must be overcome if the aims of the Directive are to be achieved in a cost-effective way.*

## 1. The Habitats Directive: a commitment to conserve nature

By adopting the Habitats Directive in 1992, the governments of the European Community committed themselves to the creation of the Natura 2000 ecological network, with the aim of conserving an extensive range of European habitat types and wildlife species. In doing so, they set in motion potentially the most significant initiative for nature conservation in the history of Europe.

The Natura 2000 network will be made up of Special Protection Areas (SPA) for wild birds, designated under the Birds Directive<sup>2</sup>, and Special Areas of Conservation (SAC), which will be designated in order to conserve the habitats and species identified in the Habitats Directive.

However, the Habitats Directive recognises that the effective conservation of biodiversity cannot be achieved by means of the Natura 2000 network alone. Thus, in Article 12, the Member States commit themselves to providing strict protection throughout their territory to a wide range of "species of Community interest" (listed in Annex IV), as well as to all of their resting places and areas of reproduction. Annex IV includes species that survive in many rural areas of Europe, such as the otter (*Lutra lutra*). In addition, Article 10 of the Directive urges Member States to maintain landscape features (hedges, streams, drovers' roads, etc.) which act as ecological corridors and stepping stones for wildlife.

These commitments represent an enormous challenge for the authorities of the Member States. Sadly, so far, many have shown themselves not to be up to this challenge. The designation of SPAs is still far from complete, twenty years after the Birds Directive was agreed. The initial proposal, selection and protection of SACs, due to be completed by mid 1998, has been greatly delayed by the lack of planning, resources and commitment which most governments have dedicated to the

task. Several Member States have not fully implemented the global protection of Annex IV species, required from mid 1994.

In addition, doubts about the economic implications of Natura 2000 (for example, the question of whether landowners should be compensated for restrictions on their activities), combined with a lack of understanding about who should pay the costs of conservation management, seem to have caused some national and regional authorities to drag their heels in proposing Natura 2000 sites.

The partial paralysis suffered by such an important Directive casts serious doubts on the credibility of EU environmental policies and especially on the commitment of national governments to these policies and to the principles of sustainable development in a coherent territorial approach (see Box 1).

Nevertheless, the timetable set out in the Habitats Directive remains legally binding so that, during the coming months, the Member States must agree with the European Commission a list of Sites of Community Importance (SCI) and, by 2004 at the latest, designate these as Special Areas of Conservation. Table 1 summarises the key steps in selecting, designating and conserving SACs. As this shows, Member States' responsibilities for Natura 2000 sites come in two stages: first to protect the SCIs from damaging developments as soon as they are agreed and then to take measures to manage and conserve the sites once they are designated as SACs, by mid-2004 at the latest.

## 2. The nature of Natura 2000

By definition, the European ecological network will be extremely varied. Natura 2000 sites will range from offshore marine areas (for dolphins and seals, for example) to mountain crags and caves. They will include habitats such as forests, grasslands, rivers and bogs, to name just a few.

<sup>1</sup> Council Directive 92/43 of 21.5.1992 on the conservation of natural habitats and of wild fauna and flora

<sup>2</sup> Council Directive 79/409 of 2.4.1997 on the conservation of wild birds

# Natura 2000: opportunities and obstacles

Individual Natura 2000 sites will vary greatly in size, depending on factors such as the habitats and species present, their particular conservation requirements and current patterns of land use. Some Natura 2000 sites will be small (one or two hectares) and may be dedicated exclusively or principally to wildlife conservation, as happens with most nature reserves. At the other extreme will be sites covering over a thousand square kilometres where conservation must be integrated with many other land uses, including farming, forestry, hunting, transport infrastructure and housing.

These differences in the scale of Natura 2000 sites to some extent reflect the varied characteristics of European regions. It is perhaps not surprising that the average size of SPA in Spain (195 ha), with vast rural areas under extensive land uses which often are of high nature value, is far larger than in Germany (24 ha), where the exploitation of land and resources is more intense and habitats are more fragmented.

However, it is clear that the difference in attitude between one government and another is also having a determining influence on the make up of Natura 2000 as it develops. In Italy and France, for example, the average size of proposed SCIs is less than 20 hectares, whereas in Austria it is 120 hectares and in Portugal 187 hectares. In fact, these national averages hide some of the more extreme cases. For example, several proposed SCIs in Spain cover more than 100,000 hectares.

It seems that some governments may genuinely believe, as does WWF, that nature conservation can and should be integrated with socio-economic development and therefore are prepared to designate large Natura

2000 areas, which could become models for sustainable development (see Box 1). Some other governments appear to have a more short-sighted vision of SACs and SPAs as small, protected enclaves.

Throughout the continent, it is clear that a large proportion of the Natura 2000 network will be directly under the influence of human activities. The larger sites will generally include a high proportion of land which is managed for productive purposes, whether under private or public ownership. Even in the case of smaller sites, private farm or forest management may be present or even predominant.

In some cases, these activities may be beneficial for wildlife. In a continent where very little wilderness survives, semi-natural habitats resulting from human intervention are of great importance. This is reflected in the list of habitat types identified in the Habitats Directive for inclusion in Natura 2000. For example, it includes 17 different types of grassland, most of which are forms of vegetation currently maintained by low-intensity livestock raising, such as traditional hay-meadows and grazing marshes. Some other types of farmland provide essential habitats for the conservation of Natura 2000 species. The arable steppes of the Iberian Peninsula, with their characteristic bird communities, provide one notable example.

Because so many habitat types are intimately associated with human use of the land and other resources, they are also extremely vulnerable to changes in the nature of this exploitation.

In many regions of Europe, particularly in the southern, central and eastern parts, the intensification of farming and forestry

**Table 1: Timetable set by the Habitats Directive for the creation of Natura 2000**

Deadlines	Actions	Significance
June 1995	Member States to have delivered to the European Commission complete lists of the sites they propose as Sites of Community Importance.	The proposed sites should be sufficient to ensure the "favourable conservation status" of the habitats and species of Annexes I and II of the Habitats Directive (see Box 2, below).
June 1998	Member States and the European Commission to agree a final list of Sites of Community Importance.	From this time, all agreed sites must be protected from deterioration of the habitats and disturbance of the species for which they have been proposed.
June 2004	By this date at the latest, all agreed Sites of Community Interest should have been designated as SACs by the Member States.	Once SACs are designated, Member States must establish whatever measures are necessary in order to maintain in (or restore to) a "favourable conservation status" the habitats and species present.

continues to pose a major threat to habitats and species. At the same time, in some more marginal areas, the abandonment of traditional land uses may result in the loss of valued habitats, particularly grasslands.

Such is the close relationship between the 198 habitat types in Annex I of the Habitats Directive and farming and forestry activities that one study<sup>3</sup> has found that one third (65) could be adversely affected in the event of an intensification of farming activities, whilst 57 types could be affected by an intensification of forest exploitation. According to the same study, 28 Annex I habitat types would be threatened if the low-intensity farming practices which currently maintain them were abandoned.

Overall, whatever the particular regional patterns of Natura 2000, and whether sites are small or large, the pattern of exploitation of the land, of rivers and of other natural resources in the wider countryside will have a major influence on the conservation of designated sites, as well as on the habitats and species which the Habitats Directive aims to conserve, through a combination of pollution, habitat fragmentation, disturbance of wildlife, etc. These global factors cannot be ignored in the management of individual Natura 2000 sites or in devising effective strategies for ensuring the "favourable conservation status" which the Habitats Directive requires for all habitats and species of Community interest in Annexes I, II and IV (see Box 2).

Box 1

## What do we mean by "sustainable development"?

Article 6 of the EU Treaty of Amsterdam states that "**environmental protection requirements must be integrated into the definition and implementation of the Community policies and activities...in particular with a view to promoting sustainable development**".

The term "sustainable development" can be understood in different ways by different people. Depending on their point of view, they may put more emphasis on either social, economic or environmental sustainability. In fact, each of these aspects should be given equal importance. WWF aims to reflect this balanced approach in the following definition:

**"Sustainable development means improving the quality of human life while living within the carrying capacity of supporting ecosystems"**

The conservation of habitats and species makes a fundamental contribution to the quality of human life and should be an integral part of development programmes. Similarly, the conservation status of the most vulnerable habitats and species in the EU territory provides one indicator of whether our development model is truly sustainable.

By identifying these habitats and species and by establishing the aim of providing them with a "favourable conservation status", the Habitats Directive effectively establishes a nature conservation baseline for sustainable development throughout the EU territory. Development which does not enable this baseline to be maintained cannot be considered sustainable.

## 3. The needs of Natura 2000

### 3.1 Protection and conservation of the network

The protection of Natura 2000 sites from "the deterioration of habitats ... as well as disturbance of the species for which the areas have been designated"<sup>4</sup> is a first and vital step in achieving their conservation. A Member State may only allow a

project with damaging implications for a site to be carried out for "imperative reasons of overriding public interest" and if compensatory measures are taken "to ensure that the overall coherence of Natura 2000 is protected" (for example, habitat restoration)<sup>5</sup>.

It is essential that governments, the European Commission and the European Court take seriously this clear presumption against allowing the

<sup>3</sup> Ostermann, O.P. 1998. *The need for management of nature conservation sites designated under Natura 2000*. *Journal of Applied Ecology* 35: (in press)

<sup>4</sup> Habitats Directive Article 6,2.

<sup>5</sup> Habitats Directive Article 6,4.

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damage or deterioration of Natura 2000 areas, other than in very exceptional circumstances. If, on the contrary, it is assumed that practically any new road, dam, or other development is justifiable for "imperative reasons of overriding public interest", then the Natura 2000 network will become meaningless as a tool for the conservation of biodiversity in Europe.

Once an SAC is designated, Member States must establish whatever measures are necessary in order to maintain in a "favourable conservation status" the habitats and species for which it is designated (restoration measures should be taken if needed to achieve this status). A broad definition

of "favourable conservation status" is given in the Habitats Directive but ultimately it is up to the national authorities to establish effective monitoring of the habitats and species concerned and to demonstrate that they are fulfilling this fundamental objective of the Directive.

The Habitats Directive does not dictate which conservation measures must be taken in Natura 2000 sites in order to achieve this objective, although Article 6 points to the development of appropriate management plans as an obvious starting point. At the very least, we would expect Natura 2000 management plans to establish conservation strategies for the habitats and species present in

## Box 2

### Favourable Conservation Status as defined by the Habitats Directive (Article 1)

For a **habitat**, conservation status is considered as "favourable" when:

- its natural range and the areas it covers within that range are stable or increasing, and
- the specific structure and functions which are necessary for its long-term maintenance exist and are likely to continue to exist for the foreseeable future, and
- the conservation status of its typical species is favourable.

For a **species**, conservation status is considered as "favourable" when:

- population dynamics data on the species concerned indicate that it is maintaining itself on a long-term basis as a viable component of its natural habitats, and
- the natural range of the species is neither being reduced nor is likely to be reduced for the foreseeable future, and
- there is, and will probably continue to be, a sufficiently large habitat to maintain its populations on a long-term basis.

the site, including clear targets and mechanisms for achieving them. It is up to national or regional governments, with the participation of local people and other concerned parties, to develop appropriate mechanisms for pursuing the aims of the Habitats Directive in a cost-effective way.

For example, they might choose to introduce legal restrictions on activities which are known to damage habitats in a particular Natura 2000 area, such as overgrazing by livestock, drainage of wetlands or intensive forest management. Whether or not to pay compensation to land users for such restrictions is a question to be decided at the national or regional level. Alternatively, authorities may prefer to promote conservation management on a voluntary basis, by means of incentive payments and conservation advice to landowners, or by purchasing private land and dedicating it to

conservation management. Given the diversity of European regions and of political and legal traditions, there are bound to be variations in the package of measures selected.

In some Natura 2000 areas, particularly where existing land uses constitute a low-intensity exploitation of natural resources and are well integrated with the conservation of natural values, the mere maintenance of existing uses, with appropriate controls on new developments, may meet the basic conservation objectives of the Habitats Directive, without making significant changes. In such instances, authorities will need to ensure that current uses have a viable future, particularly in the light of developments such as Common Agricultural Policy (CAP) reform and international free-trade agreements (the next round of world trade negotiations begins at the end of 1999).

If existing land-use patterns are found not to be viable, or the cost of maintaining them through support measures is likely to become prohibitive, then strategies should be developed to guide land use change in order to create new models, which conserve natural values in a different form. Natura 2000 should not mean fossilising land uses in rural areas: alternative options, such as substituting wild herbivores for domestic livestock, should be taken into consideration where appropriate.

### 3.2 Beyond conservation and towards sustainable development

However, Natura 2000 sites will require far more than merely drawing up management plans and mechanisms for protecting and conserving habitats and species. These areas require an ambitious and visionary approach, in which the social and economic needs of the local population are taken fully into account.

The designation of a Natura 2000 site should not lead to a total ban on development, provided that this is ecologically sustainable and that it does not adversely affect the integrity of the site in question, or the favourable conservation status of the habitats and species present. Indeed, investment in

socio-economic development is urgently needed in many of the larger Natura 2000 areas in some of the more marginal regions of the EU, where rural abandonment and unemployment present genuine social problems.

Natura 2000 should be seen as an opportunity to promote new models of development, which build on natural values rather than degrading them, and which enable the local population to benefit from the network. The aim of development should be to improve the lives of people living in these areas whilst maintaining or improving the special natural values of the areas for the benefit of society at large and not, for example, to enable people to drive their cars more quickly through them.

Table 2 provides an overview of the measures which will need to be taken in Natura 2000 areas to promote this vision and identifies the EU instruments and funds which could be used in each case, and have been, in some instances. More information on the individual instruments and funds is shown in Table 3. Potential new opportunities under the Commission's Agenda 2000 proposals are discussed later in the paper.

**Road construction is a major threat to Natura 2000 areas throughout the EU**

- The **Middle Enns Valley in Styria, Austria**, is an area of outstanding natural value harbouring several habitats from Annex I and species from Annex II of the Habitats Directive, as well as species from Annex I of the Birds Directive. The area has been the subject of a LIFE conservation project but is now threatened with catastrophic impacts as a result of the "Ennsnahe Trasse" road construction project.
- The **Kennet and Lambourn Valley Site of Special Scientific Interest (SSSI) near Newbury, England**, has been seriously damaged by the construction of a road through the site, despite being proposed for Natura 2000 by the Government for its internationally important population of Desmoulin's whorl snail (*Vertigo moulinsiana*). The marshes are the finest of the few that remain in the valley, the rest having been destroyed by intensive agriculture and river engineering. Over 90 SSSIs (the UK's most valued habitats) are threatened by roads.
- In the **region of Sarthe in France**, the forest habitat of a beetle (*Osmoderma eremita*) identified as a priority species on Annex II of the Habitats Directive is threatened by the building of the A28 motorway. The beetle is also on Annex IV of the Directive, meaning that this important site for the species requires protection from deterioration or damage even if it is not proposed for inclusion in Natura 2000. Ironically, in Sweden the same species of beetle has been the subject of a LIFE conservation project costing some 4 MECU.

Box 3

# Natura 2000: opportunities and obstacles

**Table 2: Overview of the needs of Natura 2000 and possible EU funding sources.**

Natura 2000 needs	Possible EU instruments and sources of funding
Protection of habitats and species, including evaluation of plans and projects to prevent damaging developments.	<ul style="list-style-type: none"> <li>• Stricter controls in Natura 2000 areas could be built into implementation of the EIA Directive.</li> <li>• ESF (Social Fund) can be used for the training of wardens, leading to greater vigilance and job creation.</li> </ul>
Research into the distribution and conservation status of habitats and species, interactions with existing and potential resource uses and opportunities for habitat restoration.	<ul style="list-style-type: none"> <li>• Cohesion Fund can finance studies (100% of costs).</li> <li>• FIFG (Fisheries Fund) can finance studies.</li> <li>• LIFE for habitat/species inventories but basic research not eligible.</li> <li>• ERDF (Regional Development Fund) has funded local habitat mapping (Greece).</li> <li>• EAGGF (Agriculture Fund) rural development programmes have funded conservation research (Spain).</li> </ul>
Management plans with clear conservation aims, targets and mechanisms, developed in consensus with stakeholders and the public.	<ul style="list-style-type: none"> <li>• LIFE has funded pilot projects for developing management plans in proposed SCIs (UK, France).</li> <li>• PESCA is being used for planning marine reserves (Spain).</li> <li>• Cohesion Fund can be used for this.</li> <li>• ERDF has funded species management plans (Greece).</li> <li>• EAGGF programmes have funded management plans (Spain).</li> </ul>
Practical measures for habitat and species conservation and restoration.	<ul style="list-style-type: none"> <li>• LIFE–Nature is intended for such measures.</li> <li>• CAP agri-environment programme.</li> <li>• CAP aids for afforestation and forest improvement.</li> <li>• EAGGF rural development programmes.</li> </ul>
Adaptation of land and resource uses to the conservation needs of habitats and species, for example, through legal restrictions, incentives, management agreements and compensation payments.	<ul style="list-style-type: none"> <li>• CAP agri-environment programme.</li> <li>• Less Favoured Areas compensation payments adapted to environmental conditions.</li> <li>• CAP aids for afforestation and forest improvement and forest development programmes in rural areas.</li> <li>• Attaching environmental conditions to CAP subsidies.</li> </ul>
Conservation advice and training for farmers, foresters, fishermen, hunters, etc.	<ul style="list-style-type: none"> <li>• CAP agri-environment training for farmers.</li> <li>• Forest development programmes (Reg. 1610/91)</li> <li>• FIFG and the PESCA initiative for fishermen.</li> <li>• ESF for training and education of all types.</li> </ul>
A well-informed and sympathetic public, through dissemination of information and effective mechanisms for public participation.	<ul style="list-style-type: none"> <li>• ERDF and Cohesion Fund for information centres.</li> <li>• FIFG provides for demonstration projects and information dissemination.</li> <li>• ESF can support awareness-raising under Agenda 2000.</li> </ul>
Strategic territorial or spatial planning which takes account of Natura 2000 and Annex IV species.	<ul style="list-style-type: none"> <li>• ERDF has funded a measure of this sort in Portugal.</li> <li>• Cohesion Fund is ideal for this, especially for planning transport networks to avoid environmental damage.</li> </ul>
Promotion of sustainable development and employment through appropriate forms of farming, forestry, fishing, hunting, tourism, etc.	<ul style="list-style-type: none"> <li>• CAP agri-environment programme and aids for diversifying farm activities, product-labelling, forest improvement, etc.</li> <li>• EAGGF rural development programmes.</li> <li>• LEADER for local rural development initiatives.</li> <li>• ERDF for infrastructure (visitor centres, environmentally sensitive transport systems, etc.).</li> <li>• ESF for job training.</li> <li>• FIFG for sustainable fishing, PESCA for diversification.</li> <li>• Cohesion Fund for environmental infrastructure, such as waste treatment and recycling plants.</li> </ul>
Monitoring of the conservation status of habitats and species.	<ul style="list-style-type: none"> <li>• LIFE has been used for monitoring (Germany, UK).</li> <li>• FIFG could be used in marine areas.</li> <li>• Cohesion Fund potentially could be used.</li> </ul>



The challenges presented by the Habitats Directive are considerable. The preamble to the Directive points out that, in the EU territory, "natural habitats are continuing to deteriorate and an increasing number of wild species are seriously threatened", a situation confirmed by the EEA's Dobris Assessment<sup>6</sup>, suggesting that something is wrong with many of our existing models of resource use. Consequently, to achieve the conservation aims of the Directive, the mere designation and protection of Natura 2000 sites, followed by the continuation of "business as usual", will not be sufficient. Both within many sites and in the wider countryside, measures will have to be taken to change current patterns of farming, forestry, exploitation of rivers and seas, transport, etc., in order to make these compatible with the conservation of habitats and species.

The extent of change required will depend on the site in question. In many SPAs and proposed SCIs, relatively small adjustments in land use or in farming, forestry, fishing or hunting practices may be enough to secure the "favourable conservation status" of habitats and species. The effective application of specific schemes, such as the agri-environment programme (Regulation 2078/92) or LIFE projects, may achieve such adjustments satisfactorily.

But many other Natura 2000 sites, including some of Europe's most valuable areas for biodiversity, are suffering from severe and continuing degradation as a result of intensive pressure from activities in or around the area. One of Europe's most important wetlands and a veritable corner stone of the Natura 2000 network, Doñana National Park in Spain, provides a notable example. The disastrous pollution incident in April 1998 resulting from the release of toxic mining waste is only the latest in a long series of continuing threats to this Park, including intensive irrigated agriculture and building developments for mass tourism. Throughout the EU, there are well-documented examples of grassland habitats suffering from overgrazing, of forest habitats being degraded by insensitive management practices, of the over-exploitation and pollution of freshwater and marine habitats and of the destruction of highly valued habitats by construction projects such as roads, dams and building developments.

In certain cases, a fundamental reassessment of existing models of resource use is required, with important socio-economic implications, for example, employment shifts from one sector to another. Governments must take active steps to promote the change from unsustainable activities, such as the tobacco cultivation de-

**CAP tobacco subsidies lead to the degradation of freshwater habitats protected under Article 12 of the Habitats Directive and threaten a bird SPA**

In La Vera in Cáceres, Spain, massive quantities of water are extracted from the river Tiétar and its tributaries to satisfy the irrigation needs of tobacco, which is cultivated up to the river bank in many areas. The valley includes several breeding sites for the otter (*Lutra lutra*), which is on Annex IV of the Habitats Directive. According to Article 12, these areas require strict protection from deterioration or degradation whether or not they are included in the Natura 2000 network.

Otter habitats in La Vera are degraded by the dramatic reductions in river flow and by agro-chemical pollution and are threatened by dams intended to increase the supply of water for irrigation. A designated Natura 2000 site in neighbouring Toledo (an SPA which includes populations of the rare black stork) is threatened by a project to build a canal to transfer water from the Tiétar river to two reservoirs whose principal use is to supply irrigated tobacco crops.

Tobacco is the most heavily subsidised crop in the EU: the average payment from EAGGF for this crop in Spain was 6,868 ECU per hectare in 1996. A "reform" of the regime has been agreed separately from Agenda 2000. It offers practically nothing to resolve the environmental conflicts: the production subsidies are maintained, as is the incentive to intensive cultivation.

<sup>6</sup> European Environment Agency, 1995. *Europe's Environment – The Dobris Assessment*

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scribed in Box 4, to new, environmentally-sustainable economies, rather than merely supporting the interests of established sectors. These issues can only be resolved through an imaginative and committed application of a range of policies and legal instruments, such as those indicated in Table 2. Sustainable development does not just happen, it has to be created.

In many cases, damaging forms of over-exploitation are themselves driven in part by other EU policies, such as the CAP and regional, "cohesion" and transport policies, or by the way in which these policies are applied by national or regional governments. Trying to correct the negative effects of these policy obstacles at the level of individual sites, by means of legal or economic instruments, is often not effective and almost certainly not efficient. There is a clear need for the policies which currently promote an unsustainable model of development to be reformed, so that the environment is fully integrated at the level of strategic planning. Tackling this particular problem of "policy obstacles" is fundamental to achieving the aims of the Habitats Directive and is reviewed later on in this paper.

## 4. Policy opportunities for supporting the Habitats Directive

Article 8 of the Habitats Directive makes provision for the EU to co-finance measures which are essential for the conservation of priority habitats and/or species (marked with an asterisk in the Annexes) within Natura 2000 areas. In order for this provision to be applied, Member States must supply the European Commission with estimates of the costs of implementing the necessary conservation measures for these sites. So far, Member States have not supplied these estimates, so the co-financing provision cannot yet be applied.

However, it is important to recognise that the provision in the Habitats Directive is for the co-financing of certain measures, not for full funding of Natura 2000 from EU budgets. There is a clear obligation on Member States to fund Natura 2000 partly from their own resources. Furthermore considerable opportunities have existed for several years, particularly in the poorer regions of the EU, for using the

Structural and Cohesion Funds to promote the objectives of Natura 2000. It is therefore unacceptable that national and regional authorities should use their doubts over sources of funding as an excuse to shirk their responsibilities under the Habitats Directive, to which they committed themselves over six years ago.

Article 8 states that co-financing will depend on "available sources of funding under relevant Community instruments". At present, the only instrument specifically linked to the Habitats and Birds Directives is LIFE-Nature. This fund supports many valuable nature conservation projects but its budget is hopelessly inadequate for the wide-ranging needs of Natura 2000, amounting to about 0.08% of total EU budgetary resources (see Table 4). Currently there is no intention to create a new budget line or special instrument for funding Natura 2000. Table 3 therefore provides an overview of other EU policy instruments which include possibilities for supporting different aspects of the Habitats Directive, including sustainable development.

Although the range of instruments is wide, many of them are only available in certain regions or areas. The regions with the greatest possibilities are those designated under Objectives 1, 5b and 6 of the Structural Funds and all of Spain, Portugal, Greece and Ireland (beneficiaries of the Cohesion Fund). In practice, these are the regions where the Habitats Directive presents some of the biggest challenges, because of the large areas potentially covered by Natura 2000, the weakness of existing conservation measures and the particular challenge of achieving sustainable rural development.

In fact, rural development programmes partly-financed by the Agriculture Fund (EAGGF) in Objective 1, 6 and 5b regions in the period 1994-99 have offered some of the clearest opportunities for promoting the aims of the Habitats Directive. Measures which promote environmental protection and the conservation of the landscape and of rural heritage are eligible for funding. Although some specific examples are known to exist of nature conservation initiatives being included in these programmes<sup>7</sup>, such cases tend to be locally specific and very much on the margins of the overall thrust of development.

<sup>7</sup> Sunyer C. and Manteiga M., 1998, *Financial instruments for the Natura 2000 network*. Terra, Madrid.

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Table 3: EU policy opportunities for supporting the Habitats Directive, 1994-1999

<b>LIFE-Nature Regulation 1973/92</b>	
Fund for specific projects to conserve the species and habitats of the Birds and Habitats Directives.	
<b>STRUCTURAL FUNDS Regulation 2081/93</b>	
These four funds finance programmes both "horizontally" and in certain designated regions (Objectives 1, 2, 5b and 6). Programmes are drawn up by national and/or regional authorities and can support various aspects of environmental protection and nature conservation, as well as sustainable development. The environmental objectives or measures which may be financed, according to the Regulations covering each Fund, are summarised below.	
ERDF (European Regional Development Fund) Regulation 2083/93	Productive investments and investment in infrastructure aimed at environmental protection, in accordance with the principles of sustainable development, in Objective 1, 2, 5b and 6 regions.
ESF (European Social Fund) Regulation 2084/93	Training and education which promotes employment in any field, including nature conservation. All regions.
EAGGF (European Agriculture Guidance and Guarantee Fund) Guidance Section Regulation 2085/93	In Objective 1, Objective 5b and 6 regions, measures promoting the protection of the environment; the maintenance, enhancement and restoration of the landscape; and the protection and conservation of rural heritage. Objective 5a measures (all regions) are covered below according to specific CAP measures.
FIFG (Financial Instrument for Fisheries Guidance) Regulation 2080/93	Measures to help reach a sustainable balance between resources and their exploitation, including adapting fishing to the demands of EU environment policies. Also studies, demonstration projects and dissemination of information. All regions.
INTERREG Official Journal C180 1.7.94 and C200 10.7.96.	Initiative for cross-border development including spatial planning and measures "compatible with the environment".
LEADER Official Journal C180 1.7.94	Local rural development projects in Objective 1, 5b & 6 regions. May include protection and rehabilitation of natural resources.
PESCA Official Journal C180 1.7.94	Diversification of the fisheries sector, fisheries management and other specific projects in Objective 1, 2, 5b and 6 regions.
<b>COHESION FUND</b>	
Large funds for Spain, Portugal, Greece and Ireland. Fifty per cent of expenditure should be on environmental measures, including projects which coincide with EU environmental policy priorities (e.g. Habitats Directive), funded at 80-85% of costs. Also studies, especially related to projects financed by this fund and/or to ensure their coherence with other Community policies, 100% funded.	
<b>COMMON AGRICULTURAL POLICY</b>	
The CAP is a combination of market and income support measures and "accompanying" measures (funded from EAGGF Guarantee Section) and structural measures (EAGGF Guidance Section). Relevant opportunities are summarised below. Unless indicated otherwise, all regions are eligible.	
Agri-environment programme Regulation 2078/92	Incentives to farmers for undertaking practices which benefit the environment, including nature conservation. Also training.
Less Favoured Areas compensatory allowances Regulation 950/97	These payments to farmers in designated LFAs may be adjusted in accordance with the use of farm practices which are compatible with protection of the environment.
Afforestation of farmland and forest "improvement" Regulation 2080/92	Can provide an incentive to farmers to recreate forest habitats on farmland or to promote sustainable forest management, although these aims are not mentioned specifically in the Regulation.
Development of woodlands in rural areas Regulation 1610/89	"Improvement" of woodland in Objective 1, 5b and 6 regions, including objectives of soil and water conservation and social and recreational functions. Also awareness and advisory campaigns.
Farm investment aids Regulation 950/97	Aids to farmers in all regions for investments which may include safeguarding the environment and preserving the countryside.
CAP product support regimes Regulations – various	Environmental conditions can be attached to subsidies under certain regimes (e.g. beef, sheep and goat headage payments).

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It should be emphasised that, with the exception of LIFE, in no case do the Regulations which establish these instruments make any specific reference to the Habitats or Birds Directive or Natura 2000. In fact, the opportunities often are obscured or limited by the wording of Regulations. For example, investments aimed at environmental protection are eligible for support from the Regional Development Fund (ERDF), but these should be "productive investment and investment in infrastructure linked to regional development". Whereas nature conservation can (and should) be regarded as a part of regional development, few government departments would consider it to be an area for "productive investment".

In practice, the wording of regulations is open to interpretation in a number of ways. Thus, ERDF has been used to finance nature conservation measures, including species management plans and habitat mapping (Greece) and studies aimed at integrating territorial planning with the aims of the Habitats Directive (Portugal). Such initiatives, and those in other countries, are to be applauded and encouraged, but they are localised and relatively limited in scope. For example, it is estimated that nature conservation projects account for only about 0.34% of Structural Fund spending in Greece.<sup>8</sup>

The Cohesion Fund is often thought to be for infrastructure projects only but, according to the Regulation, this is the case only for transport projects. The key criterion for funding environmental measures is that they should promote EU environmental policy priorities, amongst which the Habitats Directive surely must be counted. Unfortunately, the fact that eligible projects must cost at least 10 million ECU tends to encourage authorities to use the Fund for large-scale projects involving expensive technology. However, Member States can combine several projects in one integrated programme in order to satisfy this funding criteria.

The widespread failure of authorities in the eligible countries to use the Cohesion Fund as a major source of funding for Natura 2000 is especially disappointing. For example, given that many important habitats are threatened in the Cohesion countries by road-building projects, the Fund could support the integration of nature conservation priorities (Natura 2000 sites, Annex IV species, ecological corridors

and stepping stones) into the planning of national transport networks, by means of Geographic Information Systems or other mechanisms. It has also been suggested that the establishment of Natura 2000 in Cohesion countries could be co-financed by the Fund as an integrated project for the creation of a "conservation infrastructure".

The Fisheries Fund (FIFG) also offers clear possibilities for promoting conservation in all marine areas and could be widely used. Eligible measures include those which promote a sustainable balance between resources and their exploitation and which adapt fishing to the demands of EU policies for environmental protection, which include the Habitats Directive.

For regions not targeted for special attention under the EU regional and cohesion policies, the available range of funding instruments until now has been narrower, being limited principally to LIFE, the agri-environment programme, aids for afforestation and forest improvement, compensation payments to farmers in Less Favoured Areas and FIFG in marine areas. However, the Commission's Agenda 2000 proposals offer important new opportunities for these regions, as explained below.

## 5. The opportunities presented by Agenda 2000

"Agenda 2000" is the name applied to the European Commission's proposals, previewed in 1997 and presented in March 1998, for reforming the Common Agricultural Policy and the Structural and Cohesion Funds. These proposals are to be negotiated during 1998-99 with a view to initiating a new phase of programmes from the year 2000. This report presents a summary of the various opportunities in Agenda 2000 for supporting the aims of the Habitats Directive. It does not enter in detail into the many aspects of the proposals which need improvement; these are covered in other WWF papers dealing with the individual regulations proposed under Agenda 2000, referenced at the end of this report.

### 5.1 Overall aims of the Structural Funds

A positive aspect of the proposals is that environmental protection and sustainable development are included amongst the ge-

<sup>8</sup> WWF European Policy Office, 1997, *Tools for economic and social cohesion in the European Union: An environmental mid-term review.*

neral aims of the Structural Funds: Member States should make a renewed effort to use the Funds in pursuit of these aims. The regional classifications and objectives of the Structural Funds are rationalised under the Commission's proposals. In simple terms, new Objective 1 regions will replace those under the existing Objectives 1 and 6, while new Objective 2 regions replace the current Objectives 2 and 5b. The total population covered by these targeted regions will be reduced, but there are important new opportunities outside these areas under the proposed Regulation for rural development, as explained below.

## 5.2 New opportunities under specific Funds and instruments

The possibilities for funding nature conservation from the ERDF in the new Objective 1 and 2 regions are enhanced by the wording in the proposals. This allows measures for environmental protection to be supported in their own right under the objective "the protection and improvement of the environment taking account of the principles of precaution and preventive action".

The proposal for the Social Fund (ESF), which applies in all regions, makes information and awareness-raising initiatives explicitly eligible for support. Such initiatives should be related to employment and human resource development, which is likely to be an issue of concern for people in many Natura 2000 areas. Opportunities under the Cohesion and Fisheries Funds and INTERREG are expected to continue largely as at present, whilst the LEADER initiative is to become applicable in all regions, rather than being limited to Objective 1 and 5b regions (further details are to be expected in future Commission guidelines).

Agenda 2000 also proposes a special fund for countries preparing for accession to the EU. The Instrument for Structural Policies for Pre-Accession (ISPA) would be able to fund "environmental measures enabling the beneficiary countries to comply with the requirements of Community environmental law". Worryingly, the Explanatory Memorandum which accompanies the proposal refers only to legislation relating to water quality and waste management. As in the case of the Cohesion Fund, it seems that an important opportunity may be missed to use the ISPA to support the Habitats Directive in countries

notable for their natural values.

## 5.3 Rural Development and the Common Agricultural Policy

Probably the most significant new opportunities for the Habitats Directive are found in the proposed rural development Regulation. If approved, this would introduce rural development programmes throughout the EU, thus removing the current restriction to designated regions. In addition to obligatory agri-environment incentive schemes (which can now include aid to farmers for capital investments in support of environmental practices), these programmes include optional measures for "the preservation of the environment and management of rural areas" and for "the protection and conservation of rural heritage". Such measures, along with others included under Article 31 of the proposed Regulation, must be "related to rural activities", but are not limited to farmers only. This Article therefore offers great potential to Member States for promoting the aims of the Habitats Directive in all rural areas by providing support for conservation initiatives.

Existing structural measures for agriculture and rural areas are brought together in this new Regulation, with the aim of achieving more integrated rural development programmes. The forestry measures now have a much greater emphasis on conservation and sustainable management and could have a wide application in Natura 2000 areas. New eligible objectives include improving the ecological value of forests, afforestation of non-farm land and compensatory payments to individuals or associations for the sustainable management of forests in areas with serious natural handicaps, with a view to preserving and improving ecological stability and reducing fire risks, where this role cannot be assured solely by income from silviculture.

The environmental aspects of the Less Favoured Areas scheme are also significantly reinforced. LFA compensatory payments are made conditional upon farmers using practices compatible with environmental protection and conservation of the countryside, to be defined for each area. Also, the payments may take account of the costs to farmers, and income foregone, "resulting from their obligations under environmental

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legislation". There is an obvious opportunity here for Member States to increase the LFA compensatory payments within Natura 2000 areas as a means of compensating farmers for restrictions which might be imposed on their activities. Many Natura 2000 sites will fall within existing LFAs and the Regulation also allows Member States to designate additional areas, up to ten per cent of the national territory, "affected by specific environmental constraints and in which farming should be continued in order to conserve or improve the environment".

There are also important opportunities for the environment under the proposals affecting CAP production-related subsidies. Under Article 3 of the proposed "common rules" Regulation, there is an option for Member States to make direct support (including direct payments and price support) conditional upon compliance by farmers with certain environmental

requirements, which would be defined in each country or region. This mechanism could be used in various ways for promoting the aims of the Habitats Directive. For example, farmers could be required to comply with Article 12, concerning the protection of Annex IV species. In this way, a farmer whose actions cause the deterioration of a site used for breeding and/or resting by otters, for example, would not be able to receive CAP subsidies.

Finally, a significant proposal to give Member States greater autonomy in the use of subsidies in the beef and dairy sectors could be used to promote their adaptation to particular environmental conditions, for example, by setting specific stocking density limits and by replacing payments per animal ("headage" payments, which can encourage over-stocking) with payments per hectare of pasture. Unfortunately, no attempt has been made to introduce similar reforms to sheep and goat subsidies.

## Box 5

### **Promoting the Habitats Directive through cross-compliance, compensatory payments and agri-environment support.**

If the Agenda 2000 proposals are approved, the CAP will acquire a strengthened set of mechanisms for steering the activities of farmers and foresters in a more "nature-friendly" direction. The new package suffers from a certain lack of coherence and consistency but nevertheless presents significant opportunities for promoting the aims of the Habitats Directive, as summarised below. It is up to Member States to take advantage of the measures which will be most effective in their particular circumstances.

- Cross-compliance, in the form of environmental requirements with which farmers must comply in order to receive payments, is proposed as obligatory for LFA compensatory allowances and for farm investment aids. For other forms of support for farmers (direct payments and price support), cross-compliance is proposed as an option for Member States to use when considered necessary. This option should be used to require a basic level of environmental responsibility from farmers, such as not harming protected species and habitats, under the concept of "good farming practice".
- Compensatory allowances are paid to farmers in LFAs with various objectives, including the maintenance of activities which contribute to the environment. Under Agenda 2000, these payments may help to cover the costs to farmers, and income foregone, "resulting from their obligations under environmental legislation", which could include restrictions imposed on farming activities in Natura 2000 areas by national or regional authorities.
- Compensatory payments are also introduced for the sustainable management of forests in areas with serious natural handicaps, with a view to preserving and improving ecological stability and reducing fire risks, where this role cannot be assured by income from silviculture. These payments could be used by Member States as an incentive to promote conservation management in forests in Natura 2000 areas, but unlike for LFA payments, this measure does not include the option of compensation for environmental restrictions.

## 6. Obstacles to the Habitats Directive

The Habitats Directive faces two fundamental obstacles: on the one hand, both the financial resources and the political commitment which it receives are insufficient to achieve its objectives; and on the other hand, several far more powerful policies are continuing to push land uses and other economic activities in an unsustainable direction, often leading directly or indirectly to the degradation of the very nature which the Directive aims to conserve.

### 6.1 An unbalanced allocation of financial resources

Perhaps the most obvious obstacle to achieving the aims of the Habitats Directive is the failure of governments throughout the EU to dedicate sufficient resources to environmental protection and to nature conservation in particular. This is partly a result of the way in which EU budgetary resources are allocated at the Community level, but national and regional governments must also take their share of the blame for failing to take advantage of the funding opportunities which exist, including national resources.

At the EU level, Community budgets continue to be dedicated to supporting particular economic sectors, mainly agricultural production through the CAP and

the construction of infrastructure, especially roads, through the Structural and Cohesion Funds. Meanwhile, the budgets of measures such as LIFE and the agri-environment programme are far too small to address the conservation aims of the Habitats Directive.

The lack of clearly available resources for Natura 2000 presents not only a practical obstacle. It also handicaps the credibility of the ecological network as a new and visionary approach to nature conservation in Europe and acts as a disincentive to authorities to take an ambitious approach to proposing areas for inclusion in Natura 2000. This factor has been illustrated recently in some specific cases, where the availability of funding from LIFE has been important in helping to convince regional authorities to propose areas about which they were otherwise reluctant. How much more advanced would the Natura 2000 process be today if there were real weight behind the LIFE fund, rather than the 0.08% of the EU budget which is currently the case?

Graph 1 illustrates the massive contrast between Community budgets for agricultural subsidies and regional development and those with primarily environmental aims. For example, CAP production-related subsidies have a budget 50 times greater than either the agri-environment programme or the LFA compensation scheme and over 700 times greater than LIFE-Nature. The Agenda 2000 proposals fail to address this fundamental problem of resource allocation at the global level.

	Approximate annual in the period 1994-1999 (MECU)	Approximate annual budget under Agenda 2000 proposals (MEUR)
Structural Funds <sup>1</sup>	23,317	31,200
• ERDF	9,957	Unknown
• ESF	7,278 <sup>2</sup>	Unknown
• EAGGF Guidance	3,771	Unknown
• FIG	299	Unknown
EAGGF Guarantee <sup>3</sup>	40,437	46,181
• Production related subsidies	38,157	42,122
• Rural development <sup>4</sup>	0	1,259
• Accompanying measures <sup>5</sup>	2,280	2,800
• Agri-environment programme	721 <sup>6</sup>	Unknown
LFA compensatory payments <sup>7</sup>	600	810
Cohesion Fund	2,164 <sup>6</sup>	3,000
LEADER	295	Unknown
LIFE Nature	52 <sup>8</sup>	Unknown

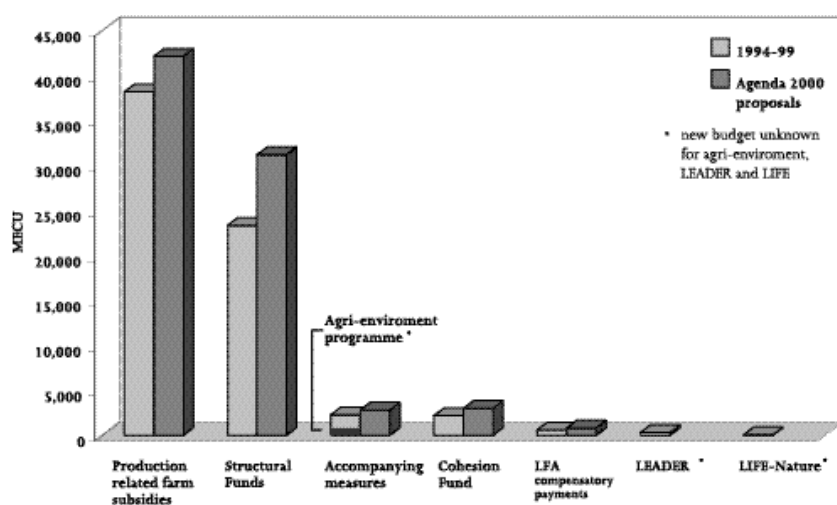
Table 4: Comparison  
of EU budgets

- 1) Includes Community Initiatives (e.g. LEADER). Under Agenda 2000 includes pre-accession funds.
- 2) Figure includes ERDF Objective 2.
- 3) EAGGF Guarantee total available budget for 1998 and average annual figure 2000-2006 under Agenda 2000 (not including pre-accession aid).
- 4) Outside Objective 1 regions.
- 5) These are the agri-environment programme, forest afforestation and forest improvement and early retirement (currently Regulations 2078/92, 2080/92 and 2079/92).
- 6) Figure is for period 1993-99.
- 7) Included in EAGGF Guidance 1994-99 (author's estimate) and in Guarantee under Agenda 2000.
- 8) Figure is for period 1996-1999.

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As Table 4 shows, the amounts proposed after the year 2000 for new measures which might support the Habitats Directive, such as rural development programmes outside Objective 1 regions, are still tiny compared with the budget for CAP production-related subsidies. The important proposal to convert the LFA compensation scheme into a potentially useful instrument for the development of Natura 2000 is handicapped by the financial resources behind the scheme, which remain hopelessly limited.

Graph 1:  
Comparison of EU budgets



There is an important question yet to be decided concerning how the budget for the new Rural Development Regulation should be distributed between Member States. The Agenda 2000 text proposes allocations based on "objective criteria taking into account particular situations and needs, and efforts to be undertaken especially for the environment, job-creation and the maintenance of landscape". These principles should be extended to include a consideration of the conservation needs of individual regions, based on the proportion of land proposed for inclusion in Natura 2000, for example.

It is essential that objective principles of this sort should be followed, and that allocations are not made simply on the basis of past expenditure on rural development measures (agri-environment programmes, LFA schemes, afforestation, etc.). Ministers must accept the need to redistribute funds in favour of environmental measures and the conservation of existing nature values, rather than limiting their vision to the mere defence of the budget currently received by their country.

This need is illustrated by the enormous imbalances currently existing between regions in the implementation of the agri-environment and LFA schemes. For example, Natura 2000 is expected to have a particularly important impact in many rural regions in southern Europe where extensive farming systems predominate, because of the high incidence of biodiversity associated with these land uses. Yet it is precisely in these regions that the two schemes have their weakest application.

For example, only some two per cent of the farmland area in Spain was under agri-environment agreements in 1997, compared with over 50% in Austria, Sweden and Finland. This situation is explained partly by an uneven allocation of resources (the total budget for agri-environment measures in Germany is nearly eight times greater than in Spain); but in the southern Member States, many national and regional authorities have been simply slow to develop effective agri-environment measures.

In Italy, only ten per cent of farmers in LFAs received compensation payments in 1987, compared with nearly 80% in Ireland, partly because so many LFA holdings in Italy are small and/or part-time and do not meet the scheme's criteria. The LFA compensatory payments to farmers tend to be much lower in the southern Member States, with less potential to influence farm practices, because the budgets available for such schemes are limited. The budget for compensatory payments in Germany is ten times greater than in Spain, even though the Spanish LFA is twice as big as the German LFA.

These distortions are explained partly by the inconsistencies in CAP co-financing: whereas production subsidies are financed 100% from the EU budget, the agri-environment programme and the LFA scheme require a proportion of co-financing from the Member State. Even though the rate of EU financing is considerably higher in designated regions, such as Objective 1, than elsewhere, this system nevertheless encourages governments in poorer regions to give greater priority to production subsidies, which are paid for by EAGGF, than to agri-environment and LFA measures, which they must partly finance themselves.

The Agenda 2000 proposals introduce the possibility of awarding a higher rate of co-financing for measures of special environmental merit,



which may help in certain specific cases. Perhaps of more general interest is the idea floated by the European Commission of introducing national co-financing for CAP production subsidies. This proposal has the potential to create a more level playing field between these subsidies and agri-environment, LFA or rural development measures.

However, it should be recognised that individual Member States have a large share of responsibility for the implementation of different CAP and Structural Fund programmes. Thus, governments in Ireland and Spain have opted for ambitious programmes of farmland afforestation under Regulation 2080/92 (the requirement for national co-financing appears not to have acted as a disincentive in this case), whilst showing less enthusiasm for agri-environment schemes. The afforestation programme seems to be more attractive to some governments, as it represents a considerable injection of public money into certain sectors of the rural economy, particularly landowners and forestry companies.

## 6.2 Missed opportunities in implementing EU policy programmes

In spite of the budgetary imbalances described, it is clear from Table 3 that numerous EU policy opportunities exist for supporting the Habitats Directive and that Agenda 2000 has the potential to expand these opportunities. The widespread failure of national and regional governments to take advantage of these measures seems to be due to a lack of awareness of the opportunities and a lack of a genuine political will to use funds for nature conservation which could otherwise be promoting construction projects, greater agricultural production or other forms of "conventional" economic development.

Box 6

### **River and wetland engineering works, promoted by EU and national policies, are a major cause of damage to freshwater ecosystems and to terrestrial habitats and species**

- Flood control, drainage and road works, co-funded by the EU Structural Funds, are causing the drainage of over 300ha of wetlands in the east part of **Lake Vistonida, in Greece**. This will result in the destruction of several habitat types from Annex I of the Habitats Directive. The works are being carried out adjacent to a proposed SCI and partly inside another. Ironically, the LIFE fund is financing a project for the conservation of the pygmy cormorant (*Phalacrocorax pygmaeus*) which feeds and roosts in the area that will be damaged.
- In **Spain**, dam-building projects threaten numerous habitats and species of Community interest. Dams such as Melonares (Seville), Breña II (Córdoba), Iruña (Salamanca) and Andévalo (Huelva) threaten to destroy forest and scrub habitats which, apart from their own value, are used by the Iberian lynx (*Lynx pardina*), a priority species on Annexes II and IV of the Habitats Directive and thought to be the most endangered feline on the planet.

While examples do exist of the Structural Funds being used to promote conservation and sustainable development, these have been localised and small in scope. The missed opportunities are far greater in scale. A clear case is the Cohesion Fund, which was established soon after the Habitats Directive, partly in order to help the four recipient countries to comply with EU environmental legislation, but whose use in support of the Habitats Directive has been extremely limited. Other

missed opportunities include development programmes funded by ERDF and EAGGF in Objective 1 regions, the Fisheries Fund and the LFA scheme, which for many years has included the possibility of targeting on farming systems which provide genuine conservation benefits, an option taken up only by the Netherlands.

Even measures which offer very obvious opportunities for supporting the Habitats Directive

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often are not used to this end. For example, the agri-environment programme has been used for numerous often confused objectives (reflecting those of Regulation 2078/92), combining the support of farm incomes and the reduction of agricultural production with various environmental aims. As a result, many agri-environment schemes have no clear nature-conservation objectives or benefits.

Given the apparent reluctance of Member States to use resources such as the Structural and Cohesion Funds for achieving nature conservation goals, it is necessary to make such possibilities more explicit in EU regulations. Rather than limiting themselves to vague statements on environmental protection or sustainable development, the regulations which define the objectives of Community programmes such as the Structural Funds should spell out clearly the environmental priorities which they support, including the Habitats Directive. This would be an obvious and elementary step towards the integration of environmental concerns into other policies.

## 6.3 Obstacles presented by other policies

Land and resource uses inside and outside Natura 2000 areas are guided to a greater or lesser extent (depending on the region) by a range of EU policies, particularly the CAP, development programmes funded by the Structural Funds and the development of pan-European transport networks. In regions where EU regional policies have less impact (for example, regions that are not Objective 1, 2, 5b or 6), national policies often have similar influences.

In many regions, this set of policies presents profound obstacles to the cost-effective implementation of the Habitats Directive, by maintaining intensive systems of land and resource exploitation and by promoting the construction of roads, dams and other infrastructure. Many of the systems and projects financed by these policies are directly responsible for the degradation of habitats and the decline of species.

### Box 7

#### **CAP livestock subsidies encourage the overgrazing of many "protected" habitats, including designated or proposed Natura 2000 sites, in different regions of the EU**

- **Whernside Peak in North Yorkshire, England**, has been so seriously damaged by overgrazing that it is in danger of losing its designation as a Site of Special Scientific Interest (reserved for the UK's most important habitats). CAP headage payments have encouraged overstocking of sheep and now act as a direct obstacle to reducing numbers, which a 2078/92 scheme is trying to achieve. This site is one of several highly valued habitats in Britain and Ireland that are degraded by excessive grazing by subsidised sheep.
- The **steppeland of La Serena in Badajoz, Spain**, is one of the most important sites in the world for the little bustard (*Tetrax tetrax*). Sheep numbers have increased dramatically since CAP subsidies were introduced in 1986, causing widespread overgrazing. This problem, combined with the spread of fencing promoted by CAP farm investment aids, has had very negative effects on steppeland birds. The little bustard population fell by 75% between 1987 and 1993. A 2078/92 scheme offers incentives to farmers to reduce sheep numbers but these have had no effect – farmers find it more profitable to keep their CAP headage payments.
- The **mountains of Lefka Ori in western Crete**, including a site proposed for Natura 2000 by the Greek government, resemble a lunar landscape due to overgrazing by sheep and goats supported by CAP headage payments. Overgrazing has been even more severe during recent years, causing damage to the regeneration of many plant species, some of which are endemic and are recorded as rare or endangered.

The effects of the CAP in promoting the intensification of many farming systems across the EU are widely documented. Livestock headage payments have promoted an increase in stocking densities in many regions, often with adverse effects on habitat and species conservation (see Box 7). Price-support and area payments for crops ranging from cereals and sugarbeet to olives and tobacco have promoted the development of highly intensive production systems which have caused massive environmental damage in the form of habitat destruction and deterioration, pollution, soil erosion, etc.

Since 1992, a proportion of price support has been converted into direct payments per hectare or per head of livestock. Whilst reducing the incentive for intensification in some sectors, the system of direct payments related to real or historic production levels nevertheless acts as a major obstacle to any attempts to reduce the intensity of production or to take land out of cultivation where this is causing serious environmental damage.

These subsidies thus raise the public costs of conservation enormously and render many agri-environment measures ineffective. One of many examples available from around the EU is shown in Box 8.

EAGGF investment aids (Objectives 1, 5a and 5b) have added to the incentive to intensify and to rationalise production systems, often with very negative environmental consequences. Such aids continue to finance private and public irrigation projects, wetland drainage, scrub clearance, pasture improvement and land consolidation, amongst other actions which tend to lead to a reduction in natural values. Whilst schemes of this type, and their environmental impact, have been reduced considerably in some regions, they continue unabated in others (for example, land consolidation in Galicia, Spain). Measures such as "land improvement" are still included in Article 31 of the Rural Development Regulation proposed under Agenda 2000.

Box 8

### CAP crop subsidies conflict with cost-effective conservation

**Tablas de Daimiel National Park in Spain** was one of the most important wetlands in the Iberian Peninsula. It is now severely degraded due to the destructive effects of irrigated agriculture in the surrounding area. Irrigated crops such as maize and sugarbeet, both enjoying enormous CAP subsidies, have dominated the area in recent years, making massive demands on the aquifer upon which the wetlands depend. CAP farm investment aids have helped to promote more irrigation since Spain joined the EC in 1986. During the drought years of the 1990s, the wetlands almost disappeared.

A 2078/92 scheme has been established with the aim of reducing the extraction of water and restoring the natural water table. The scheme offers a potential 35,000 ECU to each of the 2,500 farmers who are expected to join the scheme. In order to receive the first level of 2078/92 payment, farmers only have to meet the legal limit for extraction set by the water authorities, thus contravening the Polluter Pays Principle. The very high level of CAP support for irrigated crops is in direct conflict with the 2078/92 scheme.

Ironically, while the CAP and regional development policies continue to promote and maintain intensive models of resource use which degrade nature, some extremely marginal areas are threatened with rural abandonment which would lead to the loss of important semi-natural habitats, such as grasslands. The attention received by such areas is insufficient and measures such as the agri-environment programmes are too limited. Often these measures are overshadowed by the afforestation scheme (Regulation 2080/92) which

is economically more attractive to farmers in many of the marginal situations where maintaining extensive farming would be the preferred environmental option. Unfortunately, the targeting mechanisms of EU policies are generally too crude and do not take account of nature conservation priorities. Consequently, the afforestation scheme has caused the destruction of habitats of Community importance in Ireland and Spain, where its impact has been considerable.

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A remodelling of these powerful sectorial policies is essential in order to remove constraints to nature conservation and in order to achieve models of development that are genuinely sustainable. At the same time, the mechanisms for limiting the damaging effects of the policies described above are often inadequate. In particular, there are deficiencies in areas such as the environmental evaluation of projects, programmes and policies and in the development of integrated territorial planning. At the grass-roots level, advisory services to farmers and other land managers are a potentially valuable tool for achieving conservation objectives, but these services are quite inadequate in some regions. Until these wider deficiencies are addressed, it will be impossible to achieve the integration of environmental concerns into other policy areas.

## 7. Conclusions

Of all EU policies, surveys have shown that those which concern the environment are among the most popular with European citizens. It is ironic, then, that national governments repeatedly fail to fulfil their legal commitments under EU environmental legislation. The failure of all governments to meet the deadlines agreed in 1992 for the establishment of the Natura 2000 ecological network is only the latest in a long and depressing line of cases. It seems that most voters are not aware, as yet, of their political leaders' complacency regarding environmental commitments.

The Habitats Directive was adopted in 1992, shortly before the introduction of a range of Community policies with considerable potential for supporting its aims, including the CAP agri-environment programme (1993-99), the Cohesion Fund (1993-99) and the 1994-99 programmes of the Structural Funds. Other measures, such as the support scheme for farmers in Less Favoured Areas, have included the possibility of promoting conservation aims for many years.

Although there are clear limitations to this existing policy package, this report shows that Member States could have taken advantage of numerous opportunities for supporting the development of an effective Natura 2000 network according to the timetable required in the Directive. Some cases of positive action do exist, but the past six years have been more notable for their delays

and missed opportunities. The unwillingness of decision-makers at all political levels to devote sufficient resources to the Habitats Directive is a major reason for the continuing delays in its implementation.

While governments drag their heels over the establishment and protection of the Natura 2000 network, our natural heritage continues to suffer a process of erosion at the hands of other EU and national policies, particularly agriculture and infrastructure policies. The apparent inability of EU governments and institutions to correct the conflict between the conservation of biodiversity and policies which support certain economic sectors is unacceptable, given the increasingly clear commitments to sustainable development and to integrating environmental concerns into all policy areas, as now enshrined in the EU Treaties. The credibility of the EU itself will be called increasingly into doubt as the public becomes aware of the gulf between the rhetoric and the reality.

## 8. Recommendations

The Habitats Directive, and the Natura 2000 network which it aims to establish, should not be seen as a drain on resources but rather as an opportunity to put into practice genuinely sustainable development, in which the conservation of biodiversity is an integral part of socio-economic progress. This aim should be pursued through policy integration and by a more balanced allocation of financial resources.

We are currently half way through the establishment period for Natura 2000 and at a critical moment for the success or failure of the Habitats Directive. The disappointments of the first six years can be made up for if there is a renewed commitment and greater effort in the immediate future. A powerful boost is needed to breathe life into Natura 2000, in the form of sufficient and clearly dedicated resources. All parties concerned (governments, businesses, local people, etc.) would be more positive about the ecological network if they could see that the money and mechanisms were available for the conservation and sustainable development of the designated areas.

During the coming months, there are opportunities to provide this boost, as national and regional authorities draw up their EU policy pro-

programmes for first years of the new millennium, under the umbrella of the Agenda 2000 proposals and subsequent agreements. It is up to these authorities, in partnership with citizens and with the European Commission, to take account of the Habitats and Birds Directives in the design and implementation of every element of the new programmes and to take full advantage of the opportunities highlighted in this paper in order specifically to promote the aims of these Directives. Existing policies which require particular attention include:

- The agri-environment programme (currently Regulation 2078/92).
- Structural Fund and Cohesion Fund programmes.
- Community initiatives, such as LEADER and INTERREG.

In addition, the Agenda 2000 proposals include several new opportunities for supporting the aims of the Habitats Directive, notably:

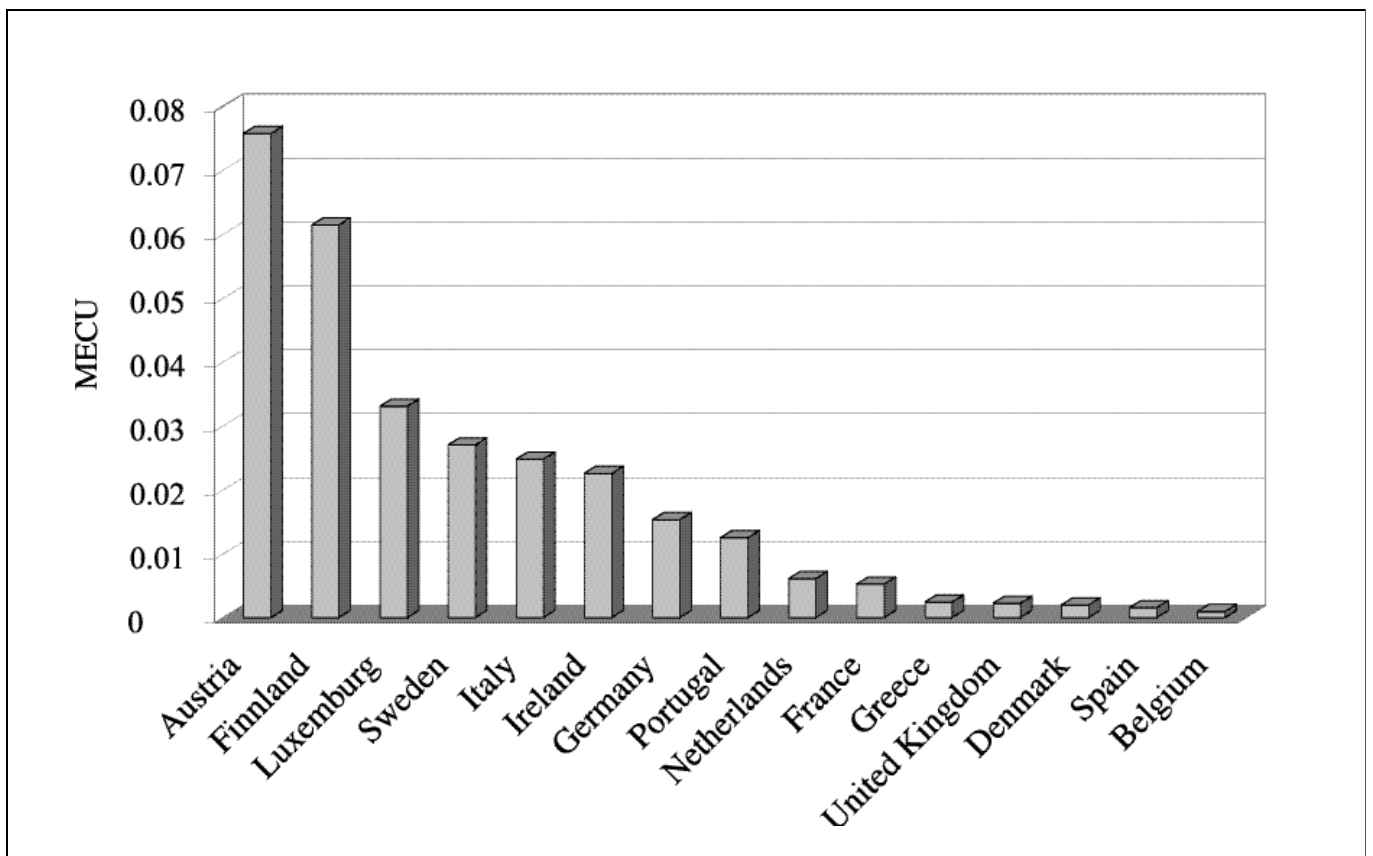
- Increased possibilities for financing nature conservation initiatives from the European Regional Development Fund in the

new Objective 1 and 2 regions.

- Rural development programmes throughout the EU territory which include the option to support nature conservation in all rural sectors (Article 31 of the proposed Rural Development Regulation).
- An environmentally strengthened scheme for supporting farming in Less Favoured Areas (Articles 13-19 of the proposed Rural Development Regulation).
- Measures for supporting forest management with specifically ecological aims (Articles 27-30 of the proposed Rural Development Regulation).
- The option to apply environmental conditions ("cross-compliance") to all CAP subsidies (Article 3 of the proposed Common Rules Regulation), which could include the requirement for farmers not to cause harm to the habitats and species protected by the Habitats Directive.

Member States must make sure that these opportunities are not lost during the Agenda 2000 negotiations. Once approved, they should make

Graph 2: Agri-Environment expenditure from EAGGF (1997)/per ha agricultural land



## Natura 2000: opportunities and obstacles

use of these opportunities at the national and regional levels: the Rural Development Regulation and the cross-compliance proposal provide instruments for a new approach to supporting farming, forestry and rural development throughout the EU territory. Nature conservation objectives should form an integral part of this new approach. Ministers should not approve innovative policies under Agenda 2000 just to continue with business as usual back home.

There is also considerable scope for improving the content of the Agenda 2000 proposals, as detailed in other WWF reports, referenced below. In particular, the opportunities for Natura 2000 summarised above should be made more explicit and provided with greater financial backing. A special priority should be for the Agenda 2000 process to transmit the positive signals of support that Natura 2000 currently lacks and urgently requires. This should be provided in two ways:

- Supporting the aims of EU environmental and nature conservation policies, including the Habitats and Birds Directives, should be made an explicit objective of all Structural, Cohesion and rural development policies, and specific opportunities should be highlighted in the relevant regulations.
- EU budgets should be reallocated in order to provide more finance for measures which have potential for directly supporting the aims of the Habitats and Birds Directives, and which currently are hopelessly under-resourced. In particular, CAP production subsidies and compensation payments should be reduced progressively in order to allow the expansion of funds for LIFE, the agricultural environment programme, the Less Favoured Areas scheme and measures for sustainable rural development.

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Text by Guy Beaufoy

Other recent WWF papers on EU Structural and Cohesion Policies and on the Agenda 2000 reform proposals include:

Structural Funds 1998: WWF's proposals for amending the draft general regulation on the Structural Funds. WWF European Policy Office, 1998.

Agenda 2000 legislative proposals: WWF's general reaction to the proposed reforms for the Common Agricultural Policy. WWF European Policy Office, 1998.

12 steps towards a sustainable European Union Cohesion Policy: WWF's proposals for the Reform of the Structural Fund Regulations 2000-2006. WWF European Policy Office and WWF-Deutschland, 1998.

European Funding for Fisheries Development: an environmental appraisal. IEEP London and WWF European Policy Office, 1998.

A new European Community Policy – Sustainable Regional Development. WWF European Policy Office and WWF-Deutschland, 1997.

Tools for economic and social cohesion in the European Union: An environmental mid-term review. WWF European Policy Office, 1997.

These reports are available from:

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