



Economic instruments as a complement to biodiversity protection

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1. International level



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Biodiversity: definition

The variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part.

This includes diversity within species, between species and of ecosystems

(Convention on Biological Diversity CBD)

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Biodiversity loss

- It is alarming to realize that **global biodiversity is declining** threatening the future survival of humanity
- Without ambitious policies **biodiversity is projected to decline by further 10% globally by 2050** (Organization for the Economic Collaboration and Development – OECD-2012)

Biodiversity decline is manifested as:

- Habitat loss and fragmentation
- Changes in land use patterns
- Pollution
- Invasive species
- Over-exploitation or extinction of wild species

Biodiversity protection

- A global goal
- A top priority of the EU environmental policy as well as of the 7th EU Environment Program

economic instruments

economic instruments for biodiversity conservation
are mechanisms
aiming at
changing behaviors of economic agents
by internalizing costs to natural resource utilization



Convention on Biological Diversity 1992, calls on partners:

*To adopt economically and socially sound
measures*

that act as incentives

for the conservation and

sustainable use of biological diversity

(art. 11)

Convention on Biological Diversity (1992) declares that:

The use of economic instruments for
biodiversity protection

is predicated in the assumption that the
social cost (benefit) of biodiversity use,
degradation and restoration

can be internalized in the price of activities
causing these biodiversity losses (gains)

OECD

- Organization for Economic Collaboration and Development declares that:

Among the strategies to address Biodiversity decline are **economic instruments** (Recommendation 2012)



According to OECD economic instruments:

- Provide a means to internalize costs and benefits
- Aim to influence decision making and behavior in such a way that alternatives are chosen leading to environmentally more desirable situations than in the absence of the instrument

(OECD 1994)

The OECD Recommendation 2004

“On the Use of economic instruments in promoting the conservation and sustainable use of biodiversity”:

Calls to implement a policy framework to ensure long-term biodiversity conservation through **an efficient mix of economic and regulatory instruments**
and integration of biodiversity-related objectives into sectoral policies

Economic instruments are distinguished

- Market based instruments
- Non market based instruments

Market based instruments

- **Economic incentives:** fees, charges and environmental taxes, payments for ecosystem services
- **Funds:** environmental funds, public financing
- **Framework incentives:** market creation, scientific and capacity building

Market based instruments

Examples:

Charges for tourism in natural parks
for use of sensitive lands

Fishing license fees or taxes

Non market based instruments

Standards

Regulations

Management plans etc

Payment for ecosystem services: Costa Rica example

Costa Rica allows **owners of forests** to apply for payments for the ecosystem services the forests provide:

- Carbon sequestration
- Water catchment areas
- Biodiversity protection
- natural beauty

National Forestry Fund buys these rights to these services and **sells** them as credits to developers
These measures helped CR to **expand its forests cover** from 20% in 1980's to 50% today

2. EU level

- The EU framework for financing biodiversity is based on integrating conservation goals into existing funding instruments



EU 2014-2020 Multiannual Financial Framework

offers opportunities for financing biodiversity through the following funds:

- LIFE (2014-2020)
- European Structural and Investment Funds
 - European Regional Development Fund (ERDF)
 - European Social fund (ESF)
 - Cohesion Fund (CF)
 - European Maritime and Fisheries Fund (EMFF)
 - European Agricultural Fund for Rural Development
- Horizon 2020 and COST (European Cooperation in Science and Technology)

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Small proportion of the EU Funds

- the EU under the Multiannual Financial Framework has committed around **420 billion** Euros to support “*sustainable growth: natural resources*” but, only a small proportion of this sum is allocated to biodiversity priorities
- the contribution of the ERDF and CF to *biodiversity related expenditure*, was estimated to amount 3.6% of overall expenditure in the period 2007-2013

EU created the network Natura 2000

Natura 2000 is the largest coordinated network of protected areas in the world (Directives 92/43 and 79/409)

The funding needs of the network are estimated at **5,8 billion Euros per year** across the EU 27

The funding needs for Natura 2000 (report 2010) are:

1. Bulgaria: 155 million Euros /year
2. Cyprus: 201
3. Czech Republic: 105
4. Germany: 620
5. Greece: 98
6. Hungary: 153
7. Estonia: 54
8. Romania: 413
9. Finland: 45

EU funding for Natura 2000

The EU funding only meets
20% of the required level

The national funding is insufficient
to make up the remainder

European Court of Auditors

The current approaches
to managing, financing and monitoring
natura 2000

**are not adequate to meet
its conservation goals**

(report evaluating the implementation of
the natura 2000 network)

Greece 441 protected sites

- **241 Sites of Community Importance (SCI)**
202 Special Protection Areas (SPA).
- Laws 1650/1986 “on the protection of the environment”, (art. 22)
and 3937/2011 “on the protection of biodiversity”
(art. 16 par.2)

foresee the adoption of a Presidential Decree to guarantee financial support and compensation to citizen living in or near protected areas.

This Decree is still pending!

3. Conclusions -Perspectives

Proposal for a new EU Fund

- o **a new Fund for Conservation** should be created with wider scope and bigger budget than LIFE targeting to EU biodiversity priorities:
 - a) Implementation of Natura 2000
 - b) Other EU biodiversity goals

This proposal has been elaborated by the Institute for European Environmental Policy:
“Integration approach to EU biodiversity financing”

report January 2017

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Recommended Improvements to the existing EU Financial Framework

- **Coordination and coherence of funds**
which affect biodiversity
- **Reduce the administration burden**
in applying for funding and in reporting
- **Increase awareness of the importance**
of conservation and its connection to
other socio-economic goals

Part of a broader Strategy

Economic instruments are not panacea
they should be used

as complements and supplements

to other biodiversity conservation strategies

UN Biodiversity Conference CBD

opened on the 18th of November

In Sharm El Sheikn in **Egypt**

EU is a party to the Convention adopted:

Communication (COM 2011,244)

“Our life insurance, our nature capital: an EU Biodiversity Strategy to 2020”

Regulation 511/2014 *“ Access to genetic resources- fair and equitable sharing of benefits arising from their utilization”*

The theme of the Conference is:
“ Investing in biodiversity for people and the planet”

aiming to find the means
to engage the international community

In the **transformation path**

needed for the new global biodiversity
framework to be adopted in 2020

Towards the future

- New economic instruments for biodiversity are needed

“Δει δε χρημάτων και άνευ τούτων ουδέν έστι γενέσθαι των δεόντων”

(Δημοσθένης 330 π.Χ.)

“Money is needed to realize our obligations”

(Demosthenes 330 b.C.)

- New hierarchy of human values are also needed

Towards the future

- A **global collaboration** including all continents and all countries is needed
- A **global mechanism of control and implementation** is needed, much more efficient than the status of the International Conventions

We have high expectations
but accepting reality
we proceed with small steps

As Aristotle said (330 b.C.):

“nature does not create with jumps”

“Η φύσις ουδέν ποιεί άλματα”

(Αριστοτέλης 330 π.Χ.)

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Thank you

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