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# Financing options for the Trans-European Nature Network (TEN-N)

D2.2 Factsheets on public, private, and blended financial support options for TEN-N and recommendations for each case study



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<b>Deliverable description</b>	These factsheets will be the result of a review and synthesis of the existing and emerging public and private financial mechanisms and funding opportunities, with a dedicated section “how to”, to help practitioners understanding the financial landscape and identify the best funding opportunities
<b>Keywords</b>	EU funding, private finance, costs, eligibility, strengths, limitations, access to funding, TEN-N, green infrastructure, ecological connectivity, biodiversity funding

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## Abbreviations

<b>CAP</b>	Common Agricultural Policy
<b>CF</b>	Cohesion Fund
<b>EAGF</b>	European Agricultural Guarantee Fund
<b>EAFRD</b>	European Agricultural Fund for Rural Development
<b>EMFAF</b>	European Maritime, Fisheries and Aquaculture Fund
<b>EU</b>	European Union
<b>IEEP</b>	Institute for European Environmental Policy
<b>LIFE</b>	EU programme for environment (INSTRUMENT FINANCIER POUR L'ENVIRONNEMENT)
<b>NGO</b>	Non-governmental organisation
<b>TEN-N</b>	Trans-European Nature Network
<b>WWF-CEE</b>	World Wildlife Fund Central and Eastern Europe

# Executive Summary

This factsheet series describes the available sources of funding for the Trans-European Nature Network (TEN-N) and characterises their relevance to the costs involved in setting up the network. Each factsheet outlines the relative strengths and limitations of each source of funding or finance in relation to protected areas and connectivity projects. The review looks at both public funding through EU sources and private finance options.

Public funding opportunities are available for ecological connectivity, but lack of post-project funding as well as protected area under-resourcing are key challenges. EU funds are often still underdelivering on funding for biodiversity and there are bottlenecks to access to some EU funding opportunities. The suggestions for private finance instruments vary from proven mechanisms such as the “user pays-principle” applied to protected areas, to conceptual instruments in initial stages of development such as resilience bonds. Even though private finance is still in its early stages, it has the potential to considerably scale-up the finance available for nature in Europe. Land management tools, such as strategic and targeted use of conservation easements, land banks, habitat banks, and legal compensation obligations, can be used to repurpose land for nature goals, including the creation of ecological corridors. These tools are being increasingly used for ecological connectivity, but the current small-scale and fragmented initiatives should increase.

# 1. Introduction

## 1.1. Scope of report

This review aimed to scope the available sources of funding for the Trans-European Nature Network (TEN-N) and characterise their relevance to TEN-N, outlining their relative strengths and limitations in relation to protected areas and connectivity projects. The review looks at both public funding through EU sources and private finance approaches.

The findings are presented in a series of factsheets which feature in this report.

The EU fund factsheets focus on the principal funds that include ecological connectivity in their scope. The following funds are covered:

- LIFE programme
- Cohesion policy funds – Interreg (European Territorial Cooperation) programme, other European Regional Development Fund and Cohesion Fund opportunities
- Common Agricultural Policy (CAP) funds
- European Marine Fisheries and Aquaculture Fund (EMFAF)

The private finance factsheets look at both novel and established private finance instruments and approaches:

- User pays-principle for protected areas
- Green bonds
- Resilience bonds
- Debt for nature swaps
- Aligning subsidies for nature
- Blended finance approaches

Each factsheet presents the funding instrument and its eligibility criteria (for EU funds) and explains the important elements that applicants for public funding or users of private finance instruments should consider. Each factsheet gives examples of protected areas and connectivity projects that the instrument has funded and useful resources to consult for more information.

The funding instruments are analysed according to a categorisation of the types of activities that require funding to build the Trans-European Nature Network, i.e. the funding and financing



of a network of protected areas, both core natural zones and corridors in between. These funding needs are classified under the following headings:

- Network planning costs: administrative, spatial planning, biogeographical network planning, monitoring and reporting on the protected area network
- Protected area establishment costs: site or corridor designation and management planning, administrative costs, filling knowledge gaps and research needs, one-off establishment investments (e.g. boundary marking, infrastructure removal or establishment), compensation, land purchase.
- Management costs: site or site cluster administration, surveillance and enforcement, monitoring and reporting, maintenance and restoration measures for species and habitats, additional green infrastructure measures outside protected areas, protected area infrastructure maintenance.
- Communication and awareness-raising costs: communication and awareness-raising measures, education and visitor access, best practice exchange.

Each factsheet presents a table listing the activities outlined above and matches them with those that the instrument can (or cannot) fund.

## 1.2 Methodology

The factsheets were developed through desk research complemented by stakeholder consultations including interviews and a workshop. For the EU funds, research included the EU fund regulations, Commission guidance, evaluation reports, and other policy literature. For the private finance instruments, the research approach relied on knowledge gained from international and regional workshops and project events in which one of the report authors participated, as well as desk research. Both the public and private factsheets were also informed by the series of interviews carried out by the NaturaConnect work package 2 team as part of their review and synthesis of best practices in governance and land-use policies to implement TEN-N (accompanying report available [here](#)). All nine factsheets went through an extensive review process, with both internal reviews by NaturaConnect researchers and external reviews (see below).

Partner contributions: IEEP developed the public finance factsheets based on available EU funds that can be used to finance both protected areas and ecological corridors. Rewilding Europe developed the private finance factsheets that look at both novel and established private finance instruments that can be used to finance a network of protected areas, both core natural zones and corridors in between. WWF-CEE gave feedback to the public finance factsheets, contributed to the collection of examples and together with EUROPARC Federation and BirdLife Europe and Central Asia developed the design thereof.

### 1.1.1.Consultations with stakeholders

The factsheets were informed by two in-person stakeholder consultations. At the NaturaConnect Stakeholder Engagement Kick-off meeting in Brussels, Belgium, in February 2023, we presented the concept and research approach and gained valuable feedback from representatives of policy makers and implementers at EU and national levels, researchers, and representatives of protected area networks. At the EUROPARC Federation annual conference in Leeuwarden, Netherlands, in October 2023 we presented the draft factsheets and held a 3-hour workshop in which we examined challenges and bottlenecks to funding and governance, with protected area managers, members of national and local governments, NGOs managing protected areas, and researchers. We thank all participants for the rich insights gained from these conversations, which were used to inform the assessments in the factsheets.

#### 1.1.1.Review process

The factsheets were reviewed and commented by several members of the European Commission, including NaturaConnect advisory board members Joachim Maes and Frank Vassen. There were numerous reviews by NGO members in the BirdLife and WWF-CEE networks, including very useful comments based on direct experience with the use of the EU funds. Comments were also received from some members of regional governments.

## 2. Key findings on funding and finance for TEN-N

### 2.1 Better use of EU funding opportunities

**LIFE:** The LIFE programme is the EU's dedicated funding instrument supporting environmental, nature conservation and climate action projects. The LIFE programme offers great opportunities to contribute to a coherent TEN-N as it encourages investments in designation of additional Natura 2000 sites, and increasing connectivity and cross-border cooperation in green and blue infrastructure projects. However, it is a relatively small and competitive fund and LIFE projects require an important amount of co-financing.

**European Regional Development Fund (ERDF) and Cohesion Fund (CF):** ERDF and CF are key sources of funding particularly in Eastern and Southern Europe. The main avenue for obtaining funding for protected area and corridor measures is to align the project with the objectives of the funds by identifying co-benefits to both socio-economic wellbeing and protected areas, particularly in relation to climate resilience, employment and social benefits. Funding for energy or transport infrastructure should include ecological connectivity components. The funds have considerable potential to fund large-scale restoration and protection projects but are currently underused due to bottlenecks to biodiversity funding.

**Interreg** or European Territorial Cooperation is the EU's instrument to support cooperation across regions and countries in and outside the EU. It supports cross-border mobility and efforts to develop environmental protection. Interreg provides opportunities for funding collaboration for biodiversity conservation across borders and regions, notably for capacity building, cooperation, and planning.

**The Common Agricultural Policy (CAP)** uses two EU funds and is the most important source of funding for management and restoration of agricultural land in protected areas and corridors. It can also provide opportunities for forests. A large share of CAP funding goes to the most productive and most intensive farms, which are in most cases also a significant barrier to ecological connectivity, as the intensively used farmland is hostile to wildlife. However, opportunities for funding farming transitions to sustainable and nature-friendly land uses compatible with the TEN-N are available and are increasingly important also for climate resilience.

**The European Maritime, Fisheries and Aquaculture Fund (EMFAF)** is a relatively small fund but can provide important funding for river restoration and barrier removal to increase connectivity for fish and freshwater life.

## 2.2 Opportunities for developing private finance

**User-pays principle:** The user-pays principle states that the user of a given “natural resource should bear the cost of running down natural capital”. When applied to protected areas, this includes entry payments, fees for business use (tourism operators or nature guides), or charges for overnight stays (accommodation or camping). These have the potential to raise extra funds for the management of protected areas.

**Green bonds:** A bond is a financial instrument made to provide funds for governments or companies. It is similar to a commercial loan but can be traded in the financial market. The issuer (the company or government) receives a loan and agrees to pay back the face value of the bond on a specific day, plus annual interest payments. A Green Bond has a similar structure, but the funds raised must be applied to environmental-related projects.

**Resilience bonds:** Resilience bonds are financial mechanisms designed to decrease the risk of damage by extreme weather events and make available funds to prepare for a natural disaster. Resilience bonds are financial mechanisms designed to decrease the risk of damage by extreme weather events and make available funds to prepare for a natural disaster.

## 2.3 Better aligning public and private finance

**Debt for nature swaps:** This is an agreement that involves the reduction of a country’s debt in exchange for more protection and/or restoration of its natural areas. The structure of the deal involves a voluntary transaction between a debt provider and debt holder, where the provider cancels or reduces the size of the holder’s debt in return for the savings from a reduction in debt repayments to be applied to nature conservation and restoration actions. Poland provides an example in Europe.

**Aligning subsidies for nature:** Public subsidies can unintentionally result in harm to the climate and biodiversity, such as certain subsidies within the sectors of agriculture, forestry, and fisheries. Reforming and eliminating harmful subsidies along with redirecting subsidies to enhance the protection and restoration of nature is key to eliminating threats and closing the funding gap needed for nature recovery. Aligning subsidies for nature means shifting current subsidies which can exploit nature to utilise the subsidies for its recovery. The actions that could be financed include rewetting peatland soils, removing man-made barriers in rivers and streams, and reducing fertiliser/pesticide use.

**Blended finance:** Blended finance is an instrument that involves the use of public and/or philanthropic funds to change the risk/return profile of investment projects with the aim of attracting private investors. Blended finance applied to nature has the goal of providing a return on investment and delivering positive benefits for nature.

## 2.4 Governance instruments

The NaturaConnect review of governance challenges to creating and maintaining ecological corridors and ecological connectivity areas (Deliverable 2.1) highlights that a major challenge is establishing legal and governance structures and adequate funding flows to get private land committed to ecological connectivity objectives. Long-term conservation or stewardship agreements or covenants associated with financial easements for the landowners are being increasingly used to secure private land for conservation both inside and outside protected areas. Land accounts, land banks or habitat banks are local and regional governance tools for restructuring land use in an area to secure certain areas for nature conservation objectives. Habitat banks may be linked to a biodiversity offsetting mechanism but can also function independently from a legal compensation obligation.

The results of this research are described in more detail in the NaturaConnect report Review and synthesis of best practices in governance and land-use policies to implement TEN-N ([available here](#)).



### 3. Conclusion

Public funding opportunities are available for ecological connectivity, but lack of post-project funding as well as protected area under-resourcing are key challenges. EU funds are often still underdelivering on funding for biodiversity and there are bottlenecks to access some EU funding opportunities. Private finance, even though still in its early stages of implementation, is key to grow the funds available to restore and protect nature in Europe and to ensure the funds are in place for longer periods than the common EU funding cycles of 3 to 5 years.

EU funds – notably Interreg and LIFE – offer opportunities for supporting transboundary collaborations, network planning, habitat restoration, land purchase, etc. However, the lack of funding after the project end is a significant threat to long-term success. In some countries, the protected area network is significantly under-resourced. Innovative opportunities for private financing are being developed though are still small scale. Promising tools are payments for ecosystem services schemes and the use of investments tied to insurance schemes or green bonds. The Common Agricultural Policy (CAP) funds and the European Regional Development Fund (ERDF) and Cohesion Fund (CF) could be used in a more targeted way to fund ecological connectivity creation and management. CAP programmes currently have few successful collaborative schemes where farmers work together at the landscape level with conservation experts to restore ecological networks and corridors; this option could be introduced in all programmes, linked to ecological network spatial planning, and supported by farmer advice and knowledge exchanges. ERDF and CF hold considerable untapped potential to fund larger-scale and more effectively targeted nature restoration and ecological connectivity projects, but large biodiversity projects face considerable barriers. Synergies could be gained by linking requirements to linear infrastructure investments such as roads and rail, or to investments in water management.

Private finance aims to unlock a new finance segment that has been absent from the nature funding scene. The list of instruments proposed vary in scale and complexity, from easily implementable business plans for protected areas by implementing the “user pay-principle” or new subsidies to restore nature that aim to shift landowners' practices, to high complexity instruments through Blended Finance, Green Bonds or Resilience Bonds, that require time to develop and implement but have a potential to restore nature on a landscape scale (+100,000 hectares) and secure financing for long periods of time.

Land management tools, such as strategic and targeted use of conservation easements, land banks, habitat banks, and legal compensation obligations, can be used to repurpose land for nature goals, including the creation of ecological corridors. These tools are being increasingly used for ecological connectivity, but the current small-scale and fragmented initiatives should be scaled up.

### 3.1 Next steps

The TEN-N funding and finance work will be further developed in the following activities during the rest of the NaturaConnect project:

**Learning platform module:** The team will develop a module on funding and finance opportunities for TEN-N as part of the NaturaConnect learning platform to be published in May 2025. The module will feature the factsheets. It will also include interviews, teaching videos, tasksheets, and other learning materials.

**Case study specific recommendations:** The team is using the research to make specific analyses and recommendations on how to upscale funding and finance in the NaturaConnect case study regions. This work will be included in the Report on comparison of TEN-N implementation across case studies (Deliverable 8.3).

**Webinars:** The team will develop and deliver at least two webinars using the materials that have been developed. One webinar will be based on the first prototype of the learning platform module and will provide a live test of its impact as a teaching tool, gathering feedback from the participants. The feedback will be used to improve the module before its public release. The second webinar will provide a tailored overview to the Danube-Carpathian case study region, adapted to the funding and finance context in those countries and responding to stakeholder needs.

**Policy brief(s):** The team will produce at least one policy brief. The brief will focus on the question of how to upscale funding and finance for the TEN-N in order to deliver more and larger scale action over the long term, in accordance with the EU Nature Restoration Regulation.

## 4. References

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